

VASHION GROUP LTD
Company Registration Number: 199906220H

DIFFERENCES BETWEEN AUDITED AND PREVIOUSLY ANNOUNCED UNAUDITED FINANCIAL FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 AND REVISED BALANCE SHEET FOR THE HALF YEAR ENDING 30 JUNE 2013

The Group refer to its full year financial results for the year ending 31 December 2012 ("FY2012") and the half year results for the period ending 30 June 2013 that was announced on 28 February 2013 and 14 August 2013 respectively. Upon the finalisation of the FY2012 audit, certain audit adjustments were made which have a material impact on previously announced FY2012 results, and consequently on balance sheet for the half year ended 30 June 2013. The differences between the previously announced and revised results, with the explanations for the material differences are set out below.

1. The Group's statement of comprehensive income for financial year ended 31 December 2012 ("FY2012")

		Group			
		Year ended 31 December 2012			
		Audited		Previously Announced	Variance
		S\$'000		S\$'000	S\$'000
Revenue	1(a)	20,018		19,735	283
Cost of Sales	1(b)	(10,811)		(10,364)	(447)
Gross profit		9,207		9,371	(164)
Other operating income		76		79	(3)
Selling & distribution expenses	1(c)	(3,846)		(3,966)	120
Administrative expenses	1(c)	(4,168)		(4,064)	(104)
Other operating expenses	1(d)	(5,610)		(581)	(5,029)
Finance expenses	1(e)	(442)		(294)	(148)
(Loss)/profit before income tax		(4,783)		545	(5,328)
Income tax	1(f)	(167)		(924)	757
(Loss) after tax		(4,950)		(379)	(4,571)
- Exchange differences on translation of foreign subsidiaries	1(g)	(125)		(339)	214
Total comprehensive (loss) for the year attributable to equity holders of the Company		(5,075)		(718)	(4,357)

2. The Group's Statement of financial position as at 31 December 2012

		Group Statement of Financial Position as at 31 December 2012			
		Audited S\$'000		Previously Announced S\$'000	Variance S\$'000
ASSETS					
Non-current Assets					
Plant and equipment	2(a)	503		540	(37)
Membership rights		24		24	-
Intangible assets		2,432		2,432	-
Deferred tax assets	2(b)	-		151	(151)
		2,959		3,147	(188)
Current Assets					
Inventories	2(c)	4,101		4,724	(623)
Trade receivables	2(d)	7,086		11,430	(4,344)
Other receivables, deposits and prepayments	2(e)	3,334		3,379	(45)
Fixed deposits		1,256		1,256	-
Cash and bank balances		609		609	-
		16,386		21,398	(5,012)
Total assets		19,345		24,545	(5,200)
EQUITY AND LIABILITIES					
Share Capital and Reserves					
Share capital		22,647		22,647	-
Warrants		1,781		1,781	-
Statutory reserve fund		442		442	-
Performance bonus share reserve	2(f)	1,404		1,652	(248)
Translation reserve	2(g)	344		130	214
Accumulated losses	2(h)	(16,157)		(11,586)	(4,571)
Total equity		10,461		15,066	(4,605)
Non-current Liabilities					
Lease obligations		21		21	-
Current Liabilities					
Trade payables	2(i)	2,178		1,881	297
Other payables and accruals	2(j)	2,063		2,159	(96)
Borrowings		3,643		3,643	-
Lease obligations		13		13	-
Income tax payable	2(k)	966		1,762	(796)
		8,863		9,458	(595)
Total liabilities		8,884		9,479	(595)
Total equity and liabilities		19,345		24,545	(5,200)

Explanatory Notes:

Note 1(a)

The variance is mainly due to the reversal of overstatement of revenue in consultancy business of Hong Kong subsidiary.

Note 1(b)

The variance is mainly due to the understatement of cost of sales in relation to the apparel business of Hong Kong subsidiary.

Note 1(c)

The variance is mainly due to the reclassification of depreciation expenses from selling and distribution expenses to administrative expenses.

Note 1(d)

The variance is mainly due to (i) the allowance for impairment of trade receivables of S\$4.7 million in relation to the wholesales apparel business of Hong Kong subsidiary as announced on 30 December 2013, (ii) the allowance for inventory obsolescence of S\$0.5 million in relation to retail apparel business in PRC subsidiary, and (iii) the overstatement of exchange loss of S\$0.2 million.

Note 1(e)

The variance is mainly due to interest expenses on loans from third parties of S\$0.1 million wrongly charged to other receivable.

Note 1(f)

The variance is mainly due to (i) the reversal of income tax expenses of S\$0.9 million after the allowance for impairment of trade receivables of S\$4.7 million as stated in Note 1(d) and (ii) the reversal of deferred tax assets of S\$0.2 million recognised in PRC subsidiary in previous year.

Note 1(g)

The discrepancy in translation reserve is mainly due to the currency translation adjustment upon finalisation of the auditing of the Hong Kong subsidiaries.

Note 2(a)

The variance is mainly due to the disposal of furniture and fittings in PRC subsidiary.

Note 2(b)

The variance is due to the reversal of deferred tax assets of S\$0.2 million recognised in PRC subsidiary in previous year.

Note 2(c)

The variance is mainly due to the additional allowance for inventory obsolescence of S\$0.5 million as stated in Note 1(d).

Note 2(d)

The variance is mainly due to the additional allowance for impairment of trade receivables of S\$4.7 million as stated in Note 1(d).

Note 2(e)

The variance is mainly arising from PRC subsidiary for (i) the impairment of non-trade receivables of S\$0.1 million and (ii) the reclassification of the credit balance of other receivable of S\$0.2 million to trade payables.

Note 2(f)

The variance is mainly due to the overstatement of the fair value of performance bonus shares after entering the settlement agreement with two of the ex-executive directors of Hong Kong subsidiary. Further details of the settlement agreement are set out in the announcement dated 21 October 2013.

Note 2(g)

Please refer to the Note 1(g) for the main reason of discrepancy.

Note 2(h)

The variance is mainly due to the allowance for impairment of trade receivables of S\$4.7 million as stated in Note 1(d).

Note 2(i)

The variance is mainly due to the reclassification of the credit balance of other receivable of S\$0.2 million to trade payable as stated in Note 2(e).

Note 2(j)

The variance is mainly due to the overstatement of VAT tax payable in PRC subsidiary.

Note 2(k)

The variance is mainly due to the reversal of income tax expenses of S\$0.9 million as stated in Note 1(f).

3. Revised Earnings and NTA per share for the year ended 31 December 2012

	Earnings per Share for FY2012				Variance
	Audited		Previously Announced		
Basis (loss) per ordinary share for the year based on the weighted average number of shares during the year (cents)		(0.20)		(0.02)	(0.18)
Diluted (loss) per ordinary share(cents)		(0.20)		(0.02)	(0.18)

	Net asset value per ordinary share				Variance
	Audited		Previously Announced		
	S\$'000		S\$'000		
Net asset value per ordinary share (cents)		0.42		0.61	(0.19)
Number of ordinary shares		2,481,268,241		2,481,268,241	-

Explanatory Note:

The variances of earning per share and net asset value per share for FY2012 are resulted from the increase in loss after tax due to audit adjustments as stated in paragraph 1.

4. The Group's results half year ended 30 June 2013 ("HY2013") - Unaudited

The audit adjustments for FY2012 mentioned in paragraph 1 and 2 above would not result in any revision in the statement of comprehensive income for HY2013 announced on 14 August 2013. Please refer table below for the revised balance sheet as at 30 June 2013 as a result of the audit adjustments explained in paragraphs 1 and 2 above.

	Balance Sheet as at 30 June 2013					Variance
		Revised		Previously		
		Unaudited		Announced		
		S\$'000		S\$'000	S\$'000	
ASSETS						
Non-current Assets						
Plant and equipment		410		450	(40)	
Membership rights		24		24	-	
Intangible assets		2,513		2,513	-	
Deferred tax assets		-		159	(159)	
		2,947		3,146	(199)	
Current Assets						
Inventories		3,650		4,075	(425)	
Trade receivables		3,903		8,576	(4,673)	
Other receivables, deposits and prepayments		8,946		9,120	(174)	
Fixed deposits		772		772	-	
Cash and bank balances		588		588	-	
		17,859		23,131	(5,272)	
Total assets		20,806		26,277	(5,471)	
EQUITY AND LIABILITIES						
Share Capital and Reserves						
Share capital		27,635		27,635	-	
Warrants		-		-	-	
Statutory reserve fund		442		442	-	
Performance bonus share reserve		1,404		1,652	(248)	
Translation reserve		470		446	24	
Accumulated losses		(15,522)		(10,951)	(4,571)	
Total equity		14,429		19,224	(4,795)	
Non-current Liabilities						
Lease obligations		8		8	-	
Current Liabilities						
Trade payables		835		629	206	
Other payables and accruals		1,633		1,710	(77)	
Borrowings		3,228		3,228	-	
Lease obligations		13		13	-	
Income tax payable		660		1,465	(805)	
		6,369		7,045	(676)	
Total liabilities		6,377		7,053	(676)	
Total equity and liabilities		20,806		26,277	(5,471)	

This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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By Order Of The Board

Tansri Saridju Benui
Executive Chairman

Khoo Yick Wai
Executive Director

Dated: 8 January 2014