

KLW HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199504141D)

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

The Board of Directors of KLW Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the unaudited full year results announcement for the financial year ended 31 March 2016 (“**FY2016**”) released on 30 May 2016 (“**Unaudited Results**”). Further reference is made to the audited financial statements of the Group for FY2016 (“**Audited Financial Statements**”) contained in the Company’s annual report for FY2016 which will be released via the SGXNET and despatched to the Company’s shareholders in due course.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Company would like to announce that subsequent to the release of the Unaudited Results, certain adjustments and reclassifications were made to the Unaudited Results following the finalisation of the audit, which are considered material.

The material variances between the audited financial statements for FY2016 and the Unaudited Results and the explanation thereon are set out as follows.

Consolidated Statement of Comprehensive Income for FY2016

	Audited Financial Statements	Unaudited Results	Variance		Explanation
	(S\$'000)	(S\$'000)	(S\$'000)	%	
Revenue	54,247	55,255	(1,008)	(1.8)	Mainly due to overstatement in revenue contributed by the Company’s subsidiary in Singapore in the Unaudited Results due to oversight in the recognition of certain projects (of approximately S\$1million)
Gross Profit	16,925	17,933	(1,008)	(5.6)	Mainly due to overstatement in revenue contributed by the Company’s subsidiary in Singapore in the Unaudited Results.
Other income	1,551	1,546	5	0.3	Immaterial.
Administrative expenses	(9,944)	(11,236)	1,292	11.5	Mainly due to reclassification to other expenses as proposed by the auditors as the nature of the transactions was similar to those as disclosed in the audited financial statements for the financial year ended 31 March 2015.
Other expenses	(1,298)	-	(1,298)	-	Mainly due to reclassification from administrative expenses.

Profit before tax	4,828	5,836	(1,008)	17.3	Mainly due to adjustments on revenue
Income Tax Expense	(1,080)	(1,251)	171	13.7	Mainly due to the tax impact on the reduction of revenue.
Profit for the year	3,749	4,585	(836)	(18.2)	As a result of the adjustments as stated above

Consolidated Statement of Balance Sheets as at 31 March 2016

	Audited Financial Statements	Unaudited Results	Variance		Explanation
	(S\$'000)	(S\$'000)	(S\$'000)	%	
Group					
<u>Non-current assets</u>					
Property, plant and equipment	20,134	19,756	378	1.9	Due to reclassification from Prepayments.
Prepayments	15	392	(377)	(96.2)	Due to reclassification to Property, plant and equipment ("PPE") as the amount has been capitalised and recognised as PPE subsequent to the announcement of the Unaudited Results.
<u>Current assets</u>					
Gross amount due from customers for contract work	-	6,457	(6,457)	(100)	Subsequent to the completion of the audit and due to the amendments in the presentation of the financial statements, gross amount due from customers for contract work has been reclassified to trade and other receivables.
Trade and other receivables	10,627	5,169	5,458	105.6	Mainly due to the reclassification from gross amount due from customers for contract work, amendments in the presentation of the financial statements and reduction in revenue contributed by the Company's subsidiary in Singapore.

Current liabilities					
Income tax payable	981	1,150	(169)	(14.7)	Mainly due to revision on the tax provision amount for the Company's subsidiary in Singapore.
Equity					
Revaluation and other reserves	4,515	4,433	82	1.8	Immaterial
Accumulated losses	(28,698)	(27,787)	(911)	3.3	As explained in the above Statement of Comprehensive income
Total Equity	78,988	79,817	(829)	(1.0)	As explained above.

Consolidated Statement of Cash Flows

	Audited Financial Statements	Unaudited Results	Variance		Explanation
	(S\$'000)	(S\$'000)	(S\$'000)	%	
Cash flows from operating activities					
Profit before income tax	4,828	5,836	(1,008)	17.3	As explained above in Consolidated Statement of Comprehensive Income.
Loans due from former subsidiaries written off	876	-	876	-	Due to reclassification from trade and other receivables.
Trade and other receivables	211	3,310	(3,099)	(93.6)	Mainly due to reclassification to Loans due from former subsidiaries written off (of approximately \$876,000) and purchase of development property (of approximately S\$1,327,000) and purchase of property, plant and equipment (of approximately S\$2,267,000) and profit before income tax and currency translation adjustments.
Development property	(12,206)	-	(12,206)	100	Mainly due to reclassification from purchase of development property under cash flows from investing activities as the development property is regarded as part of the Group inventories and hence should be recognised in operating activities.
Currency translation adjustments	(717)	(302)	(415)	137.4	Mainly due to reclassification to purchase of property, plant and equipment and finalisation of accounts.

Interest paid	(73)	(1,278)	1,205	94.3	Due to reclassification to interest paid under cash flows from financing activities.
Cash flows from investing activities					
Purchase of property, plant and equipment	(2,682)	(4,998)	2,316	46.3	Mainly due from reclassification from trade and other receivables under cash flows from operating activities and currency translation adjustments
Purchase of development property	-	(13,533)	13,533	100	Mainly due to reclassification from development property (of approximately \$12,206,000) and trade and other receivables (\$1,327,000) under cash flows from operating activities.
Cash flows from financing activities					
Interest paid	(1,205)	-	(1,205)	(100)	Due to reclassification from Interest paid under cash flows from operating activities.

By order of the Board
KLW Holdings Limited

Lim Jit Siew
Independent Director
13 July 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.

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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