



JASON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201119167Z)

UPDATE ON REVIEW BY SPECIAL COMMITTEE:

- (I) **AGREED-UPON PROCEDURES PERFORMED BY BDO LLP**
 - (II) **RESTATEMENT OF UNAUDITED HALF YEAR FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2015 (“HY2015”)**
-

*Unless otherwise defined in this announcement (“**Announcement**”), all capitalised terms have the same meanings as defined in the Company’s announcement dated 14 January 2016.*

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Jason Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 14 January 2016 in relation to, *inter alia*, the commissioning of its external auditors to perform certain agreed-upon procedures (“**AUPs**”) on the Group’s revenue and cost of goods sold (“**COGS**”) for the HY2015, and to quantify the amount of misstatement in the announcement of the unaudited half year financial statements for HY2015 (“**Reported HY2015 Results**”), which was announced by the Company on 14 August 2015 (“**HY2015 Results Announcement**”).

2. APPOINTMENT OF BDO LLP

On 5 January 2016, BDO LLP (“**BDO**”) was engaged by the principal operating subsidiary of the Company, Jason Parquet Specialist (Singapore) Pte Ltd (“**JPS**”) to perform specific tests on the revenue and COGS of JPS for HY2015.

3. SALIENT FINDINGS OF BDO’S REPORT

BDO presented the results of their AUP in a report dated 30 May 2016 (“**BDO AUP Report**”).

The salient findings presented in the BDO AUP Report (“**BDO AUP Findings**”) are set out below:

- (a) Not all criteria under the relevant financial reporting standards for the recognition of material-off-site claim as revenue have been met and as such, those material-off-

site claims that did not meet all the criteria should not be recognized as revenue for HY2015. Material-off-site claim that did not meet the criteria but was recognized as revenue for HY2015 was approximately S\$4.3 million;

- (b) The management of JPS was unable to reconcile the work completed (for all projects under review) from the revenue schedule as at 30 June 2015 to the general ledger for HY2015. The amount recorded in the revenue schedule provided to BDO was less by approximately S\$155,000 as compared to the revenue recorded in the general ledger for HY2015; and
- (c) The management of JPS was unable to reconcile the total COGS of each project under review, from the project actual cost schedule to the general ledger. The COGS schedule provided to BDO was less by approximately S\$238,000 compared to the COGS as recorded in the general ledger.

4. CAUTIONARY NOTE

The restated unaudited financial results for HY2015 (“**Restated HY2015 Results**”) include the financial information of JPS which was the subject of the AUP. Further, the Company wishes to highlight that the Restated HY2015 Results are subject to limitations relating to the preparation of the financial statements for, *inter alia*, HY2015 as set out below:

- (a) The AUPs are limited to specific tests on revenue and COGS of JPS for HY2015, and are performed in accordance with the Singapore Standard on Related Services applicable to AUP engagements. AUPs do not constitute either an audit or a review made in accordance with the Singapore Standards on Auditing or Singapore Standards on Review Engagement. Accordingly, BDO does not express any assurance on the Restated HY2015 Results;
- (b) As respectively described in paragraphs 3(b) and 3(c) of this Announcement, the revenue schedule as at 30 June 2015 was not reconciled to the general ledger for HY2015, and the COGS of each project under review was not reconciled from the project actual cost schedule to the general ledger;
- (c) As announced by the Special Committee of the Company on 24 May 2016, the Special Committee appointed Ernst & Young Advisory Pte. Ltd. (“**EY**”) to perform a review of the findings of an internal audit report for HY2015 and also conduct an assessment into certain account balances of JPS. The report by EY dated 24 May 2016 highlighted potential breaches of fiduciary duties in the management and administration of JPS;
- (d) As announced by the Special Committee of the Company on 24 May 2016, the Special Committee resolved to suspend Mr. Jason Sim Chon Ang from his position of Chief Executive Officer of the Group and Mr. New Sze Wei from his key executive position as Operations Director of the Group;
- (e) Following the HY2015 Results Announcement and up to the date of this Announcement, the Company announced the following matters which are expected to have a material and adverse impact on the financial position, financial performance, business and operations of the Group:

- (i) Orders of Court executed by way of Writs of Seizure and Sale, as announced by the Company on 31 March 2016;
 - (ii) an application to wind up JPS, as announced by the Company on 5 April 2016, 3 May 2016 and 20 May 2016;
 - (iii) potential legal proceedings, appointment of receivers over a mortgaged property, cancellation of banking facilities, and repayments pursuant to demand notices and/or claims from various banks, as announced by the Company on 8 April 2016, 9 May 2016, 10 May 2016 and 17 May 2016;
 - (iv) a charge by the Ministry of Manpower in relation to JPS' alleged failure to take adequate safety measures at a workplace, as announced by the Company on 27 April 2016;
 - (v) termination of a dormitory tenancy agreement, as announced by the Company on 17 May 2016;
 - (vi) demand notices from counterparties on performance bonds executed in connection with various contracts entered into by JPS, as announced by the Company on 17 May 2016 and 26 May 2016; and
 - (vii) potential litigation and repayments pursuant to claims by various contractors and / or counterparties, as announced by the Company on 17 May 2016, 18 May 2016, and 21 May 2016; and
- (f) the Restated HY2015 Results have not been reviewed or audited by the Independent Auditor. As such, the Company would like to remind Shareholders that the Restated HY2015 Results disclosed herein may be subject to further adjustments and revisions, including but not limited to adjustments and revisions to results of prior year(s) and / or period(s).

In view of the foregoing and as the full implications and impact of the findings cannot be ascertained pending further investigation and verification, Shareholders and / or investors of the Company are cautioned against placing undue reliance on the Restated HY2015 Results disclosed herein.

5. RESTATED HY2015 RESULTS

The Restated HY2015 Results, and the explanations for the variances between the Reported HY2015 Results and the Restated HY2015 Results are set out below:

5.1 Consolidated Statement of Comprehensive Income

	Note	Group Unaudited (S\$'000)		
		HY2015 As previously reported	Adjustment	HY2015 As restated
Revenue	1	18,241	(4,252)	13,989
Cost of sales		(13,832)	-	(13,832)
Gross profit		4,409	(4,252)	157
Other items of income				
Interest income		2	-	2
Other income		178	-	178
Other items of expense				
Selling and distribution expenses		(99)	-	(99)
Administrative expenses		(2,694)	-	(2,694)
Other expenses		(1,192)	-	(1,192)
Finance costs		(308)	-	(308)
Profit / (loss) before income tax		296	(4,252)	(3,956)
Income tax credit		27	-	27
Profit / (loss) for the financial period, representing total comprehensive income / (loss) for the financial period		323	(4,252)	(3,929)
Total comprehensive income / (loss) attributable to:				
Owners of the parent		295	(4,252)	(3,957)
Non-controlling interest		28	-	28
		323	(4,252)	(3,929)

Note:

- As highlighted in the BDO AUP Findings, in order for material-off-site claims to be recognized as revenue, all the criteria set out under a “bill and hold” arrangement, as set out under paragraph 1 in the “*Illustrative Example to the Financial Reporting Standards 18 on Revenue*” have to be fulfilled.

BDO AUP Findings indicated that not all criteria have been met and as such, those material-off-site claims that did not meet all the criteria should not be recognized as revenue for HY2015. Material-off-site claims that did not meet the criteria but was recognized as revenue for HY2015 was approximately S\$4,252,000.

5.2 Statements of Financial Position

Group Unaudited (S\$'000)			
	As at 30 June 2015		As at 30 June 2015
Note	As previously reported	Adjustment	As restated
Non-current assets			
	2,316	-	2,316
	25	-	25
	2,341	-	2,341
Current assets			
	11,330		11,330
1	31,204	(4,252)	26,952
	366	-	366
	502	-	502
	43,402	(4,252)	39,150
Current liabilities			
	6,888	-	6,888
	1,313	-	1,313
	1,072	-	1,072
	15,416	-	15,416
	24,689	-	24,689
	18,713	(4,252)	14,461
Non-current liabilities			
	5,960	-	5,960
	15	-	15
	5,975	-	5,975
	15,079	(4,252)	10,827

Equity			
Share capital	9,145	-	9,145
Retained earnings	5,875	(4,252)	1,623
Equity attributable to owners of the parent	15,020	(4,252)	10,768
Non-controlling interest	59	-	59
Total equity	15,079	(4,252)	10,827

Note:

1. BDO Audit Findings indicated that material-off-site claims that did not meet the criteria to be recognized as revenue, but was recognized as revenue for HY2015 was approximately S\$4,252,000. Correspondingly, S\$4,252,000 was reversed from trade and other receivables.

5.3 Consolidated Statement of Cash Flows

	Note	Group Unaudited (S\$'000)		
		HY2015 As previously reported	Adjustment	HY2015 As restated
Operating activities				
Profit / (loss) before income tax	1	296	(4,252)	(3,956)
Adjustments for:				
Amortisation of intangible assets		32	-	32
Allowance for doubtful trade receivable – third party		146	-	146
Depreciation of property, plant and equipment		145	-	145
Unrealised foreign exchange gain, net		(33)	-	(33)
Interest expense		308	-	308
Interest income		(2)	-	(2)
Operating cash inflows / (outflows) before working capital changes		892	(4,252)	(3,360)
Working capital changes:				
Inventories		(794)	-	(794)
Trade and other receivables	2	168	4,252	4,420
Prepayments		(164)	-	(164)
Amount due to a director of the Company		(600)	-	(600)
Trade and other payables		424	-	424
Cash absorbed by operations		(74)	-	(74)
Interest received		2	-	2
Interest paid		(308)	-	(308)
Income tax refund		27	-	27
Income tax paid		-	-	-
Net cash used in operating activities		(353)	-	(353)

Investing activities

Purchase of plant and equipment	(105)	-	(105)
Purchase of intangible asset	(1)	-	(1)
<i>Net cash used in investing activities</i>	(106)	-	(106)

Financing activities

Repayments of finance lease obligations	(14)	-	(14)
Proceeds from bank borrowings	23,355	-	23,355
Repayment of bank borrowings	(22,629)	-	(22,629)
<i>Net cash from financing activities</i>	712	-	712

Net change in cash and cash equivalents	253	-	253
Cash and cash equivalents at beginning of financial period	(86)	-	(86)
Cash and cash equivalents at end of financial period	167	-	167

Notes:

1. Please refer to note 1 under paragraph 5.1 of this Announcement.
2. Please refer to note 1 under paragraph 5.2 of this Announcement.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. The Company will make the necessary announcements when there are material developments on this matter. Shareholders of the Company and potential investors are advised to read all announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the action they should take.

BY ORDER OF THE SPECIAL COMMITTEE
JASON HOLDINGS LIMITED

Lim Chwee Kim
Non-Executive Director and Chairman

31 May 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore 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.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

The contact person for the Sponsor is Mr. Tee Chun Siang, Associate Director, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.