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 2015

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 2015 ('**FY2015**") released on 30 May 2015 ("**Unaudited Results**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Rules of Catalist**"), 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 finalization of the audit, which are considered material.

The variances between the audited financial statements for FY2015 and the Unaudited Results and the explanation are set out as follows;-

Consolidated Statement of Comprehensive Income for FY2015

	Audited	**Announced**	**Variance**		**Explanation**
	(S$'000)	**(S$'000)**	**(S$'000)**	%	
Revenue	41,255	41,067	188	0.46%	Immaterial [3].
Cost of sales	(29,566)	(29,622)	56	0.19%	Immaterial.
Gross Profit	11,689	11,445	244	2.13%	Immaterial.
Other income	1,031	585	446	76.24%	Mainly due to reclassification of exchange gain which was previously net off under administrative expenses.
Selling and distribution expenses	(1,348)	(1,354)	6	0.44%	Immaterial.
Administrative expenses	(9,180)	(9,435)	255	2.70%	Immaterial.
Finance costs	(860)	(838)	(22)	(2.63%)	Immaterial.
Other expenses	(7,381)	-	(7,381)	(100%)	Mainly due to allowance for impairment loss amounted to S$7.2 million related to the commitment fees paid.[2]
(Loss) / profit before income tax	(6,051)	403	NA	NA	As a result of the adjustments and reclassifications as stated above.
Income tax expense	(266)	(324)	58	17.90%	Mainly due to revision on the tax provision for the Company's subsidiary in China.
(Loss) / profit for the financial year	(6,316)	157	NA	NA	As a result of the adjustments and reclassifications as stated above

Note:

1) NA denotes Not applicable
2) Further to the Company's announcement dated 26 June 2015 in relation to the appointment of special auditor and profit guidance, the Company had subsequently received further S$200,000 for the outstanding commitment fees and has made full provision of remaining outstanding S$7.2 million of commitment fees.
3) Variances less than 5% are deemed immaterial and hence no explanation is provided.

Consolidated Statement of Balance Sheets as at 31 March 2015

	Audited	Announced	Variance		Explanation
	(S$'000)	(S$'000)	(S$'000)	%	
Group					
Non-current assets					
Property, plant and equipment	19,555	18,526	1,029	5.55%	Mainly due to recognition of 100% interest in Key Bay during the finalization of accounts.
Investment property	26,578	26,678	(100)	(0.37%)	Immaterial.
Other receivables, deposit and prepayments	2,854	22	2,832	NA	Due to reclassification from trade and other receivables comprising a deposit of approximately S$1.3million for the Melbourne property (Lincoln square) and prepayments of approximately S$1.5 million for several purchase orders to purchase certain plant and equipment for the Company's factory in Vietnam.
Current assets					
Inventories	8,602	8,545	57	0.67%	Immaterial.
Gross amount due from customers for contract work	3,334	-	3,334	100%	Mainly due to reclassification from trade and other receivables in relation to the Company's subsidiary in Singapore.
Trade and other receivables	16,167	28,928	(12,761)	(44.11%)	Mainly due to reclassification to other receivables, deposit and prepayments (S$2.8million) and gross amount due from/to customers for contract work (net) (S$3.1million), as well as allowance for impairment loss related to the commitment fees (S$7.2million).
Current liabilities					
Trade and other payables	4,210	4,185	25	0.6%	Immaterial.
Gross amount due to customers for contract work	250	-	250	100%	Due to reclassification from trade and other receivables in relation to the Company's subsidiary in Singapore.
Income tax payable	623	685	(62)	(9.1%)	Mainly due to revision on the tax provision amount for the Company's subsidiary in China.
Equity					
Share Capital	103,170	106,819	(3,649)	(3.42%)	Immaterial.

Revaluation and other reserves	5,614	1,292	4,322	334.52%	Mainly due to valuation of warrant reserve valuation during finalization of the accounts.
Accumulated losses	(32,446)	(25,973)	(6,473)	(24.92%)	As explained in the Statement of Comprehensive income above.
Non-Controlling interests	Nil	(76)	76	100%	Mainly due to recognition of 100% interest in Key Bay during finalization of accounts.
Total Equity	76,339	82,062	(5,723)	(6.97%)	As explained above.

Consolidated Statement of Cash Flows

	Audited	**Announced**	**Variance**		**Explanation**
	(S$'000)	**(S$'000)**	**(S$'000)**	**%**	
Cash flows from operating activities					
(Loss)/Profit before income tax	(6,051)	403	NA	NA	As explained above in Consolidated Statement of Comprehensive Income.
Reversal of impairment loss of trade receivables	(39)	-	(39)	(100%)	Due to reclassification from trade and other receivables.
Write back of long outstanding other payable	(48)	-	(48)	(100%)	Due to amount being net off under the trade and other payables previously in the Unaudited Results.
Impairment loss of trade and other receivables	7,381	-	7,381	100%	Mainly due to allowance for impairment loss amounted to S$7.2milion in relation to the commitment fees.
Interest expense	860	838	22	2.63%	Immaterial.
Unrealised exchange differences	127	(1,492)	NA	NA	Mainly due to reclassification to purchase of investment property amounted to approximately S$1.0 million.
Inventories	(2,363)	(2,057)	(306)	(14.88%)	Mainly due to inventory amount in relation to the Company's subsidiary in China which was previously under recognized in the Unaudited Results.
Trade and other receivables	(2,959)	(18,130)	15,171	83.68%	Mainly due to reclassification to other receivables – commitment fees of S$16.2 million, and amount due from its former subsidiaries of S$423,000 under cash flows from investing activities.
Trade and other payables	426	3,109	(2,683)	(86.30%)	Mainly due to reclassification to bank borrowings of approximately S$1.1million., approximately S$ 700,000 from unrealized exchange differences, and increase of S$ 24,000 arising from the accrual of directors' fee.
Interest paid	(860)	(838)	22	2.63%	Immaterial.
Cash flows from investing activities					

Other receivables-due from its former subsidiaries	423	-	423	100%	Mainly due to reclassification from trade and other receivables under cash flows from operating activities.
Other receivables-Commitment fees	(16,200)	-	(16,200)	(100%)	Mainly due to reclassification from trade and other receivables under cash flows from operating activities.
Proceeds from disposal of property, plant and equipment	90	64	26	40.63%	Mainly due to amount under-recognised previously in the Unaudited Results.
Purchase of investment property	(27,584)	-	(27,584)	100%	Mainly due to reclassification from purchase of property, plant and equipment amounted to approximately S$26.6million in relation to the property held in Melbourne (301 Flinders Lane) and reclassification from unrealised exchange differences of approximately S$1.0million.
Purchase of property, plant and equipment	(4,324)	(35,063)	30,739	87.67%	Mainly due to reclassification to purchase of investment property amounted to approximately S$26.6 million and over-recognition of cash outflow previously amounted to approximately S$4.0 million related to hire purchase of motor vehicle and carrying amount of the industrial terrace unit.
Net cash inflow on acquisition of a subsidiary	(2,122)	-	(2,122)	(100%)	Mainly due to recognition of 100% interest in Key Bay during the finalization of accounts.
Cash flows from financing activities					
Share issuance expenses	(362)	-	(362)	(100%)	Due to recognition in relation to the issuance of new shares via the placement exercise and rights issue exercise during the financial year.
Bank borrowings drawdown	16,395	15,335	1,060	6.91%	Due to reclassification from trade and other payables.
Repayment of borrowings	(417)	-	(417)	(100%)	Mainly due to recognition of the amount which was previously net off in bank borrowings drawdown.
Withdrawal of pledged fixed deposits	21	-	21	100%	Mainly due to amount previously included in bank borrowings drawdown.
Cash and cash equivalent at the end of the financial year	31,246	21,247	9,999	47.06%	Mainly due to the explanations above.

By order of the Board

Lee Boon Teck
Managing Director
KLW Holdings Limited
13 July 2015

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**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 document, including the correctness of any of the statements or opinions made or reports contained in this announcement. The details of the contact person for the Sponsor are:

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