

CHASWOOD RESOURCES HOLDINGS LTD.

(Company Registration No. 200401894D)

(Incorporated in the Republic of Singapore)

**VARIANCES BETWEEN THE UNAUDITED FULL YEAR FINANCIAL RESULTS ANNOUNCEMENT
AND AUDITED FINANCIAL STATEMENTS IN RESPECT OF THE FINANCIAL YEAR ENDED 31
DECEMBER 2017**

The Board of Directors of Chaswood Resources Holdings Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) refer to the unaudited financial statements for the full year ended 31 December 2017 (“**FY2017**”) released by the Company on 1 March 2018. Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight certain reclassifications or changes to the unaudited financial statements for FY2017 following the finalisation of the audit. The clarification of the aforesaid reclassifications or changes is annexed hereto.

BY ORDER OF THE BOARD

ANDREW ROACH REDDY

Managing Director

2 July 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Asian Corporate Advisors Pte Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**Exchange**”). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange 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.

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Consolidated Statement of Comprehensive Income

	Group		Variance RM'000	Notes
	FY2017 (Unaudited) RM'000	FY2017 (Audited) RM'000		
Revenue	138,105	138,105	-	
Cost of sales	(46,077)	(46,077)	-	
Gross profit/Gross margin	92,028	92,028	-	
<u>Other Items of Income</u>				
Interest income	174	174	-	
Other credits	1,119	1,247	128	N1, N2
<u>Other Items of Expense</u>				
Marketing and distribution costs	(5,928)	(5,916)	12	
Administrative expenses	(92,108)	(93,010)	(902)	N3
Finance costs	(2,975)	(2,622)	353	N4
Other losses	(18,143)	(54,362)	(36,219)	N1, N2, N5
Share of profit/(loss) of Associate	(2)	(1)	1	
Other expenses	(6,629)	(7,052)	(423)	N6
Loss before taxation	(32,464)	(69,514)	(37,050)	
Income tax expense	(348)	736	1,084	N7
Loss after taxation	(32,812)	(68,778)	(35,966)	
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:-				
Exchange differences on translating foreign operations	(863)	(1,615)	(752)	N8
Total comprehensive loss for the year	(33,675)	(70,393)	(36,718)	
Loss attributable to owners of the company, net of tax	(32,784)	(68,750)	(35,966)	
Loss attributable to non-controlling interests, net of tax	(28)	(28)	-	
Loss after tax	(32,812)	(68,778)	(35,966)	
Total comprehensive loss attributable to owners of the company, net of tax	(33,670)	(70,327)	(36,657)	
Total comprehensive loss attributable to non-controlling interests, net of tax	(5)	(66)	(61)	
Total comprehensive loss for the year	(33,675)	(70,393)	(36,718)	

Note 1: Due to the adjustments made for additional gain on disposal of property and equipment ("PE") and gain on disposal of subsidiary amounting to approximately RM138k and RM415k respectively.

Note 2: The additional gain mentioned in Note 1 is offset by the reversal in fair value adjustment on earn out payable amounting to approximately RM425k.

Note 3: Due to the adjustments made for additional rental expenses.

Note 4: Due to the adjustment made for the over accrual of finance cost of the redeemable exchangeable bonds.

Note 5: Due to adjustments made for additional impairment allowance of PE of approximately RM16.3 million, impairment allowance of goodwill of approximately RM13.8 million, unrealized loss on foreign exchange of approximately RM2.7 million, impairment allowance of receivables of approximately RM1.9 million, loss on disposal of PE and fair value adjustment on earn out payable of approximately RM323k.

Note 6: Due to the adjustment on depreciation charges of certain subsidiaries.

Note 7: Due to the deferred tax income adjustment pursuant to the impairment allowance of PE of closed outlets.

Note 8: Due to the adjustment on foreign translations of foreign subsidiaries' net assets.

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Statements of Financial Position

	Group		Variance RM'000	Note
	December 2017 RM'000 Unaudited	December 2017 RM'000 Audited		
ASSETS				
Non-Current Assets				
Property and Equipment	30,814	14,511	(16,303)	N9
Intangible Assets	14,719	282	(14,437)	N10
Investment in Subsidiaries	-	-	-	
Investment in Associate Company	198	199	1	
Total Non-Current Assets	45,731	14,992	(30,739)	
Current Assets				
Inventories	3,007	3,007	-	
Trade and Other Receivables	6,899	2,398	(4,501)	N11 & N12
Tax recoverable	1,053	839	(214)	
Other Assets	10,544	10,606	62	
Cash and Cash Equivalents	5,637	5,635	(2)	
Total Current Assets	27,140	22,485	(4,655)	
Total Assets	72,871	37,477	(35,394)	
EQUITY AND LIABILITIES				
Equity				
Share Capital	24,464	24,464	-	
Other Reserves	(724)	(1,443)	(719)	N12
Accumulated Losses	(48,932)	(84,898)	(35,966)	N13
Total Equity Attributable to Owners of the Parent	(25,192)	(61,877)	(36,685)	
Non-Controlling Interest	(171)	(204)	(33)	
Total Equity	(25,363)	(62,081)	(36,718)	
Non-Current Liabilities				
Deferred Tax Liabilities	2,201	1,647	(554)	N14
Other Financial Liabilities	9,252	333	(8,919)	N15
Total Non-Current Liabilities	11,453	1,980	(9,473)	
Current Liabilities				
Trade and Other Payables	59,074	59,990	916	N11
Other Financial Liabilities	27,305	37,342	10,037	N15
Other Liabilities, current	402	246	(156)	
Total Current Liabilities	86,781	97,578	10,797	
Total Liabilities	98,234	99,558	1,324	
Total Equity and Liabilities	72,871	37,477	(35,394)	

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Note 9: Due to the adjustment made for impairment allowance of PE of closed outlets of approximately RM16.3 million.

Note 10: Due to the adjustment made for impairment allowance of goodwill.

Note 11: Due to the impairment allowance on amount due from receivables of approximately RM1.9 million and reclassification of related balances to other payables.

Note 12: Due to the adjustment on foreign translations of foreign subsidiaries' net assets.

Note 13: Please refer to Note 1 to Note 8.

Note 14: Due to the reversal of deferred tax liabilities pursuant to impairment allowance of PE of closed outlets.

Note 15: Due to the reclassification of term loan balances from non-current liabilities to current liabilities pursuant to the on-going loan restructuring with the financial institutions.

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Consolidated Statement of Cash Flows

	Group		Variance RM'000	Note
	Unaudited FY2017 RM'000	Audited FY2017 RM'000		
Cash Flows From Operating Activities				
Loss before tax	(32,463)	(69,514)	(37,051)	
Adjustment for:				
Amortisation of franchise agreement cost	323	495	172	
Deposits and prepayments written off	1,462	1,462	-	
Depreciation of property and equipment	6,306	6,557	251	
Fair value adjustment on earn-out payable	(425)	323	748	N2
Gain on disposal on non-current assets classified as held for sale	-	(832)	(832)	N1 & N16
Gain on disposal of subsidiary	-	(415)	(415)	N1 & N16
Impairment allowance on franchise agreement cost	719	901	182	
Impairment allowance on property and equipment	13,592	29,979	16,387	N5
Impairment allowance on receivables	-	1,948	1,948	N5
Impairment allowance on goodwill	-	13,817	13,817	N5
Interest expense	2,975	2,622	(353)	
Interest income	(174)	(174)	-	
Inventories written off	-	2	2	
(Gain) / loss on disposal of property and equipment	(694)	938	1,632	N1 & N16
Property and equipment written off	2,370	2,392	22	
Share of loss of associate	-	1	1	
Unrealised (gain) / loss on foreign exchange	(163)	2,600	2,763	N5
Operating Loss Before Working Capital Changes	(6,172)	(6,898)	(726)	
Inventories	711	683	(28)	
Other assets	3,998	5,398	1,400	N18
Trade and Other Receivables	1,033	3,082	2,049	N17 & N18
Trade and Other Payables	10,307	1,630	(8,677)	N17 & N18
Net Cash Flows From Operations	9,877	3,895	(5,982)	
Tax Paid	(638)	(638)	-	
Net Cash Flows From Operating Activities	9,239	3,257	(5,982)	
Cash Flows From Investing Activities				
Interest received	174	174	-	
Net cash inflows arising from disposal of subsidiary	1,600	1,736	136	N18
Proceeds from disposal of non-current assets classified as held for sale	-	1,415	1,415	N18
Proceeds from disposal of property, plant and equipment	826	462	(364)	N18
Purchases of property and equipment	(4,122)	(3,589)	533	N18
Net Cash Flows Used in Investing Activities	(1,522)	198	1,720	
Cash Flows From Financing Activities				
Repayment of Borrowings	(7,276)	(5,417)	1,859	N18
Repayment of Finance Lease Payables	(194)	266	460	N18
Advances from shareholders	-	1,600	1,600	N18
Decrease/(increase) in cash restricted in use	1,653	1,653	-	
Interest Paid	(2,975)	(1,688)	1,287	N18
Decrease in Bills Payable	-	(1,000)	(1,000)	N18
Net Cash Flows From Financing Activities	(8,792)	(4,586)	4,206	
Net Increase/(Decrease) in Cash and Cash Equivalents				
Foreign Exchange Differences	(48)	-	48	
Cash and cash equivalents at the beginning of the financial period / year	447	447	-	
Cash and Cash Equivalents At the End Of The Financial Period	(676)	(684)	(8)	

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Note 16: Due to reclassification of presentation of gain / loss on disposal of PE.

Note 17: Due to adjustment on impairment allowance on receivables.

Note 18: Due to reclassification of presentation of trade and other receivables, other assets, trade and other payables and other financial liabilities in the audited financial statements and re-presentation of cash flow activities.