

SANTAK HOLDINGS LIMITED
(Company Registration Number: 200101065H)

MATERIAL VARIANCES BETWEEN AUDITED FINANCIAL STATEMENTS AND THE PRELIMINARY UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist ("Catalist Rules"), the Board of Directors (the "**Board**") of Santak Holdings Limited (the "**Company**") refers to the announcement of the preliminary unaudited financial statements for the financial year ended 30 June 2017 ("**FY2017**") released by the Company on 28 August 2017 ("**Preliminary Unaudited Financial Statements**").

The Board wishes to announce that subsequent to the release of the Preliminary Unaudited Financial Statement, the external auditor has proposed certain adjustments and reclassifications which the management of the Company has adopted accordingly.

The material variances between the Preliminary Unaudited Financial Statements and the Audited Financial Statements are set out as follows:

Consolidated Income Statement for FY2017	Audited Financial Statements	Preliminary Unaudited Financial Statements	Variance	Explanation
	FY2017	As Announced FY2017	FY2017	
	S\$'000	S\$'000	S\$'000	
Discontinued Operation				
Revenue	3,465	3,465		
Cost of sales	(5,810)	(5,810)		
Gross loss	(2,345)	(2,345)		
Other income	636	636		
Distribution and selling expenses	(514)	(514)		
Administrative expenses	(406)	(406)		
Other operating expenses	(259)	(259)		
Financial income	5	5		
Profit from discontinued operation before taxation	(2,883)	(2,883)		
Gain on disposal of investment in discontinued operation	6,323	7,270	(947)	Note 1
Taxation	-	-		
Profit for the year from discontinued operation	3,440	4,387	(947)	Note 1
Profit/(loss) attributable to equity holders of the Company				
- From continuing operations	(2,637)	(2,637)		
- From discontinued operation	3,440	4,387	(947)	Note 1
Profit for the year	803	1,750	(947)	Note 1

	Audited Financial Statements	Preliminary Unaudited Financial Statements As Announced	Variance	Explanation
	FY2017 S\$'000	FY2017 S\$'000	FY2017 S\$'000	
Profit for the year	803	1,750	(947)	Note 1
Other comprehensive income: Items that may be reclassified subsequently to profit and loss:				
Foreign currency translation	(69)	(69)		
Realisation of translation reserve on disposal/derecognition of a subsidiary	(2,107)	–	(2,107)	Note 2
Net surplus on revaluation of leasehold property	973	973	–	
Total other comprehensive income for the year	(1,203)	904	(2,107)	Note 2
Total comprehensive income for the year	(400)	2,654	(3,054)	
Total comprehensive income attributable to equity holders of the Company	(400)	2,654	(3,054)	

Consolidated Cash Flow Statement for FY2017

	Audited Financial Statements	Preliminary Unaudited Financial Statements As Announced	Variance	Explanation
	S\$'000	S\$'000		
Cash flows from operating activities				
Loss before taxation from continuing operations	(3,144)	(3,144)		
Profit/(Loss) before taxation from discontinued operation	3,440	4,387	(947)	Note 1
Adjustments:				
Depreciation of property, plant and equipment	844	844		
Amortisation of intangible assets	17	17		
Gain on disposal of property, plant and equipment	(174)	(174)		
Gain on disposal of investment in discontinued operation	(6,323)	(7,270)	947	Note 1
Interest expenses	819	819		
Interest income	(43)	(43)		
Unrealised exchange gain	(697)	(697)		
Operating cash flows before working capital changes	(5,261)	(5,261)		
Inventories	3,871	3,871		
Trade receivables	4,342	4,342		
Other receivables, deposits and prepayments	759	759		
Trade payables	(3,035)	(3,035)		
Other liabilities	(2,036)	(2,481)	445	Note 3
Cash flows from operations	(1,360)	(1,805)	445	
Interest received	43	43		
Income taxes paid, net	32	32		
Net cash flows used in operating activities	(1,285)	(1,730)	445	

<u>Consolidated Cash Flow Statement for FY2017</u> <u>(cont'd)</u>	Audited Financial Statements	Preliminary Unaudited Financial Statements As Announced	Variance	Explanation
	S\$'000	S\$'000		
Cash flows from investing activities				
Purchase of property, plant and equipment	(549)	(104)	(445)	Note 3
Proceeds from disposal of property, plant and Proceeds from disposal of investment in discontinued operation, net of cash balance of discontinued operation and disposal cost	191	191		
	26,416	26,416		
Net cash flows generated from investing activities	26,058	26,503	(445)	
Cash flows from financing activities				
Repayment of loans and borrowings	(28,684)	(28,684)		
(Repayment of)/proceeds from finance leases, net	(63)	(63)		
Interest paid	(819)	(819)		
Redemption of restricted fixed deposits	3,605	3,605		
Net cash flows used in financing activities	(25,961)	(25,961)		
Net decrease in cash and cash equivalents	(1,188)	(1,188)		
Effect of exchange rate changes on cash and cash equivalents	(89)	(89)		
Cash and cash equivalents at beginning of	10,962	10,962		
Cash and cash equivalents at end of year	9,685	9,685		

Earnings per ordinary share of the Group:	Audited Financial Statements	Preliminary Unaudited Financial Statements As Announced	Variance	Explanation
(a) Based on the weighted average number of ordinary shares on issue; and	0.75 cents	1.63 cents	(0.88) cents	Note 4
(ii) Profit from discontinued operation attributable to ordinary equity holders of the parent	3.20 cents	4.08 cents	(0.88) cents	Note 4
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	0.75 cents	1.63 cents	(0.88) cents	Note 4
(ii) Profit from discontinued operation attributable to ordinary equity holders of the parent	3.20 cents	4.08 cents	(0.88) cents	Note 4

Notes:

- 1) The gain on disposal of discontinued operation (“**Disposal Gain**”) amounting to S\$7,270,000 was adjusted to S\$6,323,000. The Disposal Gain of S\$7,270,000 had previously included the statutory reserve of S\$947,000. The statutory reserve should be transferred directly to retained earnings instead of recycling through the profit and loss to calculate the Disposal Gain. This is in accordance with FRS 110 Consolidated Financial Statements.
- 2) The variance is due to a change in the presentation to include realisation of translation reserve on disposal of investment in discontinued operation as part of Other Comprehensive Income.
- 3) The variance is due to reclassification of purchase of plant and equipment from operating activities to investing activities.
- 4) The earnings per share was reduced due to the decrease in Disposal Gain as explained in Note 1. There are no material variances for the net asset value per ordinary share of the Company.

Save as disclosed above, there were no material variances for the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Balance Sheets, Consolidated Cash Flow Statement for the Group and the preliminary full year results as announced on 28 August 2017.

By Order of the Board

Lai Foon Kuen
Company Secretary
29 September 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“**Sponsor**”), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**Exchange**”). The Company’s 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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