



**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 2017**

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 2017 (“**FY2017**”) released on 30 May 2017 (“**Unaudited Results**”). Further reference is made to the audited financial statements of the Group for FY2017 (“**Audited Financial Statements**”) contained in the Company’s annual report for FY2017 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 FY2017 and the Unaudited Results and the explanation thereon are set out as follows.

**Consolidated Statement of Comprehensive Income for FY2017**

	<b>Audited Financial Statements</b>	<b>Unaudited Results</b>	<b>Variance</b>		<b>Explanation</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>%</b>	
Other income	10,123	1,275	8,848	694	Mainly due to the recognition on fair value gain on investment property before reclassified to property held-for-sale.
Administrative expenses	(10,176)	(9,616)	560	6	Mainly due to accrual of expenses related to the costs to sell the property.
Profit before tax	13,387	5,099	8,288	163	Due to the adjustments as stated above.
Income Tax Expense	(3,452)	(912)	2,540	279	Mainly due to the tax impact on the recognition of fair value gain on property held-for-sale.
Profit for the year	9,936	4,187	5,749	137	As a result of the adjustments as stated above.
Currency translation differences arising from consolidation and other comprehensive income for the year	408	230	178	77	Due to the net currency translation differences which arise from the fair value gain.

The net effect of the recognition of the fair value of the property held-for-sale based on contracted sale price agreed in December 2016 is A\$5.5 million (net of tax effects) (approximately S\$5.7 million).

In the Unaudited Results, after discussions with the external auditor, the carrying value of the investment property was based on the last revalued amount at 31 March 2016. In October 2016 the Group put the investment property on the market and reclassified it to held-for-sale. As the carrying value approximated the fair value based on the valuation provided by an external valuer at the end of September 2016, no adjustment to the carrying value of the property held-for-sale was necessary.

Subsequent to the release of the Unaudited Results, we had further thorough technical discussions with our external auditor on this matter and were advised that we should instead recognise the fair value gain based on the contracted sale price, which is significantly different from the valuation done in September 2016. The amendment was finalised on 6 July 2017.

**Consolidated Statement of Balance Sheets as at 31 March 2017**

	Audited Financial Statements	Unaudited Results	Variance		Explanation
			(S\$'000)	(S\$'000)	
<b>Group</b>					
<b>Current assets</b>					
Non-current asset classified as held-for-sale	-	27,472	(27,472)	N/M	Due to reclassification to property held-for-sale.
Property held-for-sale	36,594	-	36,594	N/M	Due to the above reclassification and the recognition on fair value gain on investment property before reclassified to property held-for-sale.
<b>Non-current liabilities</b>					
Deferred tax liabilities	4,003	1,385	2,618	189	Mainly due to the tax impact on the recognition of fair value gain on property held-for-sale.
<b>Current liabilities</b>					
Trade and other payables	5,623	5,045	578	11	Mainly due to accrual of expenses related to the costs to sell the property.
<b>Equity</b>					
Revaluation and other reserves	4,922	4,745	177	4	Immaterial.
Accumulated losses	(18,762)	(24,511)	(5,749)	(23)	As explained in the above Consolidated Statement of Comprehensive income.
<b>Total Equity</b>	89,331	83,405	5,926	7	As explained above.

**Consolidated Statement of Cash Flows**

	Audited Financial Statements	Unaudited Results	Variance		Explanation
			(S\$'000)	(S\$'000)	
<b>Cash flows from operating activities</b>					
Profit before income tax	13,387	5,099	8,288	163	As explained above in Consolidated Statement of Comprehensive Income.
Adjustments for : Fair value gain on investment property	(8,848)	-	(8,848)	N/M	Mainly due to the recognition on fair value gain on investment property before reclassified to property held-for-sale.
Trade and other payables	(2,086)	(2,647)	(561)	(21)	Mainly due to accrual of expenses related to the costs to sell the property.

**By order of the Board**  
KLW Holdings Limited

Terence Lam  
Executive Director  
6 July 2017

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*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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