



GKE CORPORATION LIMITED
(Company Registration No. 200001941G)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

PART 1 - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR

1(a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	Period Ended 31 August		
	2012	Restated 2011	% change
	S\$'000	S\$'000	+ / (-)
Continuing operations			
Revenue	6,006	5,125	17.2
Cost of sales	(4,538)	(3,708)	22.4
Gross profit	1,468	1,417	3.6
Other income	11,138	483	2,206.0
Marketing and distribution costs	(45)	(7)	542.9
Administrative expenses	(2,922)	(1,622)	80.1
Finance costs	(2)	(5)	(60.0)
Other credits/ (expenses)	35	(17)	(305.9)
Share of results of associate	187	-	100.0
Profit before tax from continuing operations	9,859	249	
Income tax expense	-	-	-
Profit from continuing operations, net of tax	9,859	249	
Discontinued operation			
Profit from discontinued operation, net of tax	136	888	(84.7)
Profit for the period	9,995	1,137	
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax	9,884	358	2,660.9
Profit from discontinued operation, net of tax	106	889	(88.1)
Profit for the period attributable to the owners of the Company	9,990	1,247	
Non-controlling interests			
Loss from continuing operations, net of tax	(25)	(109)	(77.1)
Profit/ (loss) from discontinued operation, net of tax	30	(1)	(3,100.0)
Profit/ (loss) for the period attributable to non-controlling interests	5	(110)	

Profit for the period includes the following items :

	The Group		
	Period Ended 31 August		
	2012	2011	% change
	S\$'000	S\$'000	+ / (-)
Gain/ (loss) on foreign exchange	35	(209)	(116.7)
Gain on disposal of available-for-sale investments	-	399	(100.0)
Depreciation of property, plant and equipment	(824)	(982)	(16.1)
Amortisation of land used rights	(18)	-	100.0
Dividend income from available-for-sale investments	-	38	(100.0)
Interest income	5	42	(88.1)
Gain on disposal of property, plant and equipment	74	-	100.0
Allowance for doubtful debts and bad debts written off	(976)	-	100.0
Legal and professional fees	(99)	(106)	(6.6)
Gain on disposal of subsidiaries	6,943	-	100.0
Gain on remeasurement of investment in associate to fair value	4,106	-	100.0



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1 (a)(i) Consolidated Statement of Comprehensive Income for the period ended 31 August 2012

The Statement of Comprehensive Income included as part of the results of the announcement is in compliance with the revised Financial Reporting Standard (FRS) 1 (effective from 1 January 2009).

	The Group		
	Period Ended 31 August		
	2012	Restated 2011	% change
	S\$'000	S\$'000	+ / (-)
Profit for the period	9,995	1,137	779.1
Other comprehensive income, net of tax			
Foreign currency translation	(48)	139	(134.5)
Fair value transfer to profit or loss on disposal of available-for-sale investments	-	(411)	(100.0)
Fair value (loss)/ gain on available-for-sale investments	(90)	749	(112.0)
Total comprehensive income for the period	<u>9,857</u>	<u>1,614</u>	
Attributable to:			
Owners of the Company	9,877	37	26,594.6
Non-controlling interests	(20)	1,577	(101.3)
Total comprehensive income for the period	<u>9,857</u>	<u>1,614</u>	
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax	9,774	37	26,316.2
Total comprehensive income from discontinued operation, net of tax	103	-	100.0
Total comprehensive income for the period attributable to the owners of the Company	<u>9,877</u>	<u>37</u>	

	The Company		
	Period Ended 31 August		
	2012	Restated 2011	% change
	S\$'000	S\$'000	+ / (-)
Profit for the period	11,552	94	12,189.4
Other comprehensive income, net of tax			
Fair value transfer to profit or loss on disposal of available-for-sale investments	-	(411)	(100.0)
Fair value (loss)/ gain on available-for-sale investments	(90)	749	(112.0)
Total comprehensive income for the period	<u>11,462</u>	<u>432</u>	
Attributable to:			
Owners of the Company	<u>11,462</u>	<u>432</u>	2,553.2



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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	31.08.2012 S\$'000	31.05.2012 S\$'000	31.08.2012 S\$'000	31.05.2012 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	37,449	36,815	294	336
Intangible assets	-	-	-	-
Land use rights	3,525	3,569	-	-
Investments in subsidiaries	-	-	33,138	32,735
Investments in associate	5,746	-	4,498	-
Available-for-sale investments	2,148	2,257	2,148	2,257
Deferred tax assets	44	26	44	26
Total non-current assets	48,912	42,667	40,122	35,354
Current assets				
Trade and other receivables	5,281	4,358	2,956	5,792
Prepaid operating expenses	232	326	23	14
Cash and bank balances	19,036	7,964	15,024	4,705
	24,549	12,648	18,003	10,511
Assets of disposal groups classified as held for sale	-	15,612	-	799
Total current assets	24,549	28,260	18,003	11,310
Total assets	73,461	70,927	58,125	46,664
EQUITY AND LIABILITIES				
Equity				
Share capital	62,215	62,215	62,215	62,215
Accumulated losses	(1,857)	(12,878)	(5,423)	(16,975)
Other reserves	4,168	4,278	(469)	(379)
Reserves of disposal groups classified as held for sale	-	1,055	-	-
Equity attributable to owners of the Company	64,526	54,670	56,323	44,861
Non-controlling interests	1,919	2,292	-	-
Total equity	66,445	56,962	56,323	44,861
Non-current liability				
Deferred tax liabilities	2,258	2,258	-	-
Current liabilities				
Trade and other payables	1,868	1,171	808	541
Other liabilities	2,111	2,197	752	1,020
Finance lease liabilities	255	293	-	-
Tax payable	524	524	242	242
	4,758	4,185	1,802	1,803
Liabilities directly associated with disposal groups classified as held for sale	-	7,522	-	-
Total current liabilities	4,758	11,707	1,802	1,803
Total liabilities	7,016	13,965	1,802	1,803
Total equity and liabilities	73,461	70,927	58,125	46,664



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1(b)(ii) Aggregate amount of group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

	<u>The Group</u>		<u>The Group</u>	
	<u>As at 31 August 2012</u>		<u>As at 31 May 2012</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Finance lease liabilities	255	-	293	-
Borrowings				
- continuing operations	-	-	-	-
- discontinued operation	-	-	1,945	-

(b) Amount repayable after one year

	<u>The Group</u>		<u>The Group</u>	
	<u>As at 31 August 2012</u>		<u>As at 31 May 2012</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Finance lease liabilities	-	-	-	-
Borrowings	-	-	-	-

(c) Details of any collateral

Finance leases are entered into for certain motor vehicles, trailers and forklifts that are secured by the lessor's charge over the leased assets and are secured by Corporate Guarantee from GKE Corporation Limited ("GKEC").



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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	Period Ended 31 August	
	2012	2011
	S\$'000	S\$'000
Cash flow from operating activities:		
Profit before tax from continued operations	9,859	249
Profit before tax from discontinued operations	167	967
Profit before tax	10,026	1,216
Adjustments for:		
Dividend income from available-for-sale investments	-	(38)
Interest income	(5)	(42)
Interest expense	-	37
Depreciation of property, plant and equipment	824	982
Gain on disposal of subsidiaries	(6,943)	-
Amortisation of land use rights	18	-
Gain on disposal of property, plant and equipment	(74)	-
Gain on remeasurement of investment in associate to fair value	(4,106)	-
Gain on disposal of available-for-sale investments	-	(399)
Share of results of associate	(187)	-
Effect of exchange rate changes	(40)	-
Operating cash flows before changes in working capital	(487)	1,756
Changes in working capital:		
Inventories	-	19
Trade and other receivables	(3,475)	(5,049)
Prepaid operating expenses	94	303
Trade and other payables	2,136	281
Other liabilities	(86)	1,177
Cash generated used in operations	(1,818)	(1,513)
Interest received	5	42
Income tax paid	(31)	-
Net cash flows used in operating activities	(1,844)	(1,471)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,480)	(499)
Capital contribution from non-controlling interests	-	1,707
Net cash inflow on disposal of subsidiaries ⁽²⁾	6,936	-
Proceeds from disposal of available-for-sale investments	-	812
Dividend received from available-for-sale investments	-	38
Proceeds from disposal of property, plant and equipment	92	-
Net cash flows generated from investing activities	5,548	2,058
Cash flows from financing activities		
Interest paid	-	(37)
Repayment of obligation under finance leases	(38)	64
Net cash (used in)/ generated from financing activities	(38)	27
Net increase in cash and cash equivalents	3,666	614
Cash and cash equivalents at the beginning of financial period ⁽¹⁾	15,374	17,128
Effect of exchange rate changes on cash and cash equivalents	(4)	17
Cash and cash equivalents at the end of financial period ⁽¹⁾	19,036	17,759



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Explanatory Notes:

(1) Cash and cash equivalents in the cash flow statement comprise the following:-

	The Group	
	31.08.2012	31.08.2011
	S\$'000	S\$'000
Cash and bank balances	19,036	17,259
Fixed deposits - current	-	500
Cash and cash equivalents	19,036	17,759

	The Group	
	01.06.2012	01.06.2011
	S\$'000	S\$'000
Cash and bank balances		
- Continuing operations	7,964	13,128
- Discontinued operation	7,410	-
Fixed deposits - current	-	4,000
Cash and cash equivalents	15,374	17,128

(2) During the period, the Group disposed its 51% shareholding interest in its wholly-owned subsidiary, GKE Metal Logistics Pte Ltd ("GKEML") and its entire 52% shareholding interest in Liaoning China Starzyme Co., Ltd ("LCS"). The effects of the disposal on the cash flows of the Group were:

Carrying amounts of assets and liabilities disposed of

	GKEML S\$'000	LCS S\$'000	Total S\$'000
Property, plant and equipment	73	4,112	4,185
Trade and other receivables	2,736	140	2,876
Cash and bank balances	1,036	28	1,064
Total assets	3,845	4,280	8,125
Trade and other Payables	1,747	4,119	5,866
Income tax payable	329	28	357
Deferred tax liabilities	-	1,069	1,069
Total liabilities	2,076	5,216	7,292
Net assets derecognised	1,769	(936)	833
Less: Non controlling interests	(263)	487	224
Net assets disposed of	1,506	(449)	1,057
Gain on disposal	6,494	449	6,943
Cash proceeds from disposal	8,000	-	8,000
Less: Cash and cash equivalents in subsidiaries disposed of	(1,036)	(28)	(1,064)
Net cash inflow on disposal of subsidiaries	6,964	(28)	6,936



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

Statement of Changes in Equity for the period ended 31 August 2012

The Group	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Reserves of disposal groups classified as held for sale S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance as at 1 June 2011	62,215	(8,767)	7,109	-	60,557	2,383	62,940
Profit/ (loss) for the period	-	1,247	-	-	1,247	(110)	1,137
<u>Other comprehensive income:</u>							
Fair value transfer to profit or loss on disposal of available-for-sale investments	-	-	(411)	-	(411)	-	(411)
Fair value gain on available-for-sale investments	-	-	749	-	749	-	749
Foreign currency translation	-	-	159	-	159	(20)	139
Other comprehensive income for the period, net of tax	-	-	497	-	497	(20)	477
Total comprehensive income for the period	-	1,247	497	-	1,744	(130)	1,614
Capital contribution from non-controlling interests that do not result in a loss of control, representing total transactions with owners in their capacity as owners	-	-	-	-	-	1,707	1,707
Balance as at 31 August 2011	62,215	(7,520)	7,606	-	62,301	3,960	66,261
Balance as at 1 June 2012	62,215	(12,878)	4,278	1,055	54,670	2,292	56,962
Profit for the period	-	9,990	-	-	9,990	5	9,995
<u>Other comprehensive income:</u>							
Fair value loss on available-for-sale investments	-	-	(90)	-	(90)	-	(90)
Foreign currency translation	-	-	(20)	(3)	(23)	(25)	(48)
Other comprehensive income for the period, net of tax	-	-	(110)	(3)	(113)	(25)	(138)
Total comprehensive income for the period	-	9,990	(110)	(3)	9,877	(20)	9,857
<u>Contributions by and distributions to owners</u>							
Dividend paid	-	-	-	-	-	(326)	(326)
Disposal of subsidiaries	-	1,031	-	(1,052)	(21)	(27)	(48)
Total contributions by and distributions to owners	-	1,031	-	(1,052)	(21)	(353)	(374)
Balance as at 31 August 2012	62,215	(1,857)	4,168	-	64,526	1,919	66,445



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

Statement of Changes in Equity for the period ended 31 August 2012

The Company	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
Balance as at 1 June 2011	62,215	(14,486)	1,262	48,991
Profit for the period	-	94	-	94
<u>Other comprehensive income:</u>				
Fair value transfer to profit or loss on disposal of available-for-sale investments	-	-	(411)	(411)
Fair value gain on available-for-sale investments	-	-	749	749
Other comprehensive income for the period, net of tax	-	-	338	338
Total comprehensive income for the period	-	94	338	432
Balance as at 31 August 2011	62,215	(14,392)	1,600	49,423
Balance as at 1 June 2012	62,215	(16,975)	(379)	44,861
Profit for the period	-	11,552	-	11,552
<u>Other comprehensive income:</u>				
Fair value loss on available-for-sale investments, representing other comprehensive income for the period, net of tax	-	-	(90)	(90)
Total comprehensive income for the period	-	11,552	(90)	11,462
Balance as at 31 August 2012	62,215	(5,423)	(469)	56,323



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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of any changes in the Company's issued share capital

	<u>31.08.2012</u>	<u>31.05.2012</u>
Total number of issued shares (excluding treasury shares)	<u>463,363,636</u>	<u>463,363,636</u>

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Please refer to 1(d)(ii). There were no treasury shares as at 31 August 2012.

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or used of treasury shares as at end of the current financial year reported on

Not Applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or equivalent standard)

The figures have not been reviewed nor audited.

3. Where these figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not Applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those used in the most recently audited financial statements for the year ended 31 May 2012, except for the adoption of new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") applicable to the Group for the financial period beginning 1 June 2012.

The adoption of new/revised FRS and INT FRS have no material financial impact on the financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not Applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends

	<u>The Group</u>	
	<u>Period Ended 31 August</u>	
	<u>2012</u>	<u>2011</u>
Earnings per share (in SGD cents)		
- Basic ⁽¹⁾	2.16	0.27
- Fully diluted ⁽²⁾	2.16	0.27

Notes:

(1) The calculation of basic earnings per share is based on the profit for the period of S\$9,990,000 (2011: S\$1,247,000) divided by the weighted number of ordinary shares in issue during the year of 463,363,636 (2011: 463,363,636).

(2) The calculation of fully diluted earnings per share is based on the profit for the year of S\$9,990,000 (2011: S\$1,247,000) divided by the weighted number of ordinary shares in issue during the year of 463,363,636 (2011: 463,363,636). Diluted earnings per share for financial period ended 31 August 2012 is the same as basic earnings per share as the Group does not have any dilutive potential ordinary shares.



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7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial period

	The Group		The Company	
	31.08.2012	31.05.2012	31.08.2012	31.05.2012
Net assets (S\$'000)	64,526	54,670	56,323	44,861
Net asset value per share (in SGD cents)	13.93	11.80	12.16	9.68
Number of shares used in calculating NAV	463,363,636	463,363,636	463,363,636	463,363,636

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected cash flow, working capital, assets or liabilities of the group during the current financial period reported on

8 (a) REVIEW OF THE PERFORMANCE OF THE GROUP

The Group's revenue increase by 17.2% from S\$5.1 million to S\$6 million mainly contributed by the increase in volume handled from our local transportation and freight services during the period under review.

The significant increase in other income from S\$0.5 million to S\$11.1 million is mainly due to gain on disposal of subsidiaries and gain on remeasurement of investment in associate to fair value during the period under review.

The increase in marketing and distribution costs is largely due to increase in business volume.

Administrative expenses registered a 80.1% increase from S\$1.6 million to S\$2.9 million mainly due to provision of doubtful debts and increase in staff costs during the period under review.

The reduction in finance costs is largely due to the settlement of finance lease liability by the Group's subsidiary, GKE Warehousing & Logistics Pte Ltd in the previous financial year.

Other credits for the period under review represents gain on foreign exchange resulted from the strengthening of US dollars receivables.

The share of results of associate represents the share of profit from investment in an associate, GKE Metal Logistics Pte Ltd.

8 (b) REVIEW OF THE FINANCIAL POSITION OF THE GROUP

The increase in property, plant and equipment from S\$36.8 million to S\$37.4 million is mainly due to renovation work performed at our warehouse located at No. 1 Jalan Besut and preliminary construction of the Shanghai warehouse.

Investment in associate represents the investment of 49% interest in GKE Metal Logistics Pte Ltd.

Available-for-sale investments decreased from S\$2.3 million to S\$2.1 million due to the downwards adjustment of fair valuation.

Deferred tax assets represents the deferred tax recognised due to fair value loss of available-for-sale investments.

Increase in trade and other receivables from S\$4.4 million to S\$5.3 million is mainly due to increase in revenue towards the end of the period under review.

Cash and bank balances increase mainly due to proceeds from disposal of subsidiaries received.

The increase in trade and other payables is in line with the increase in cost of sales during the period.



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9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results

No forecast or prospect statement was previously announced.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The global economic outlook for the next 12 months remains uncertain, there are signs of general slowdown and volatility in the financial market.

Going forward, the Group will continue to strengthen its core logistics business and pursue new opportunities to develop new markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not Applicable.

(d) Books closure date

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect

Not Applicable.



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13. Interest Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Chippel Overseas Supplies	Rental income - \$743	NIL

14. Negative confirmation pursuant to Rule 705(5)

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the first quarter financial results of the Company and of the Group for the period ended 31 August 2012 to be false or misleading.

BY ORDER OF THE BOARD

Neo Cheow Hui
Executive Director and Chief Executive Officer
5 October 2012

This announcement has been reviewed by the Company's Sponsor, RHT Capital 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 details of the contact person for the Sponsor is:-

*Name: Mr Wong Chee Meng Lawrence (Registered Professional, RHT Capital Pte. Ltd.)
Address: Six Battery Road, #10-01, Singapore 049909
Tel: 6381 6757*