



GKE CORPORATION LIMITED
(Company Registration No. 200001941G)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2015

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

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 | | |
|-----------------------------------|-------------------|----------|-------------------|
| | Year ended 31 May | | |
| | 2015 | 2014 | % |
| | S\$'000 | S\$'000 | change + / (-) |
| Revenue | 36,200 | 31,381 | 15.4 |
| Cost of sales | (26,965) | (24,994) | 7.9 |
| Gross profit | 9,235 | 6,387 | 44.6 |
| Other income | 423 | 554 | (23.6) |
| Expenses | | | |
| Marketing and distribution costs | (190) | (318) | (40.3) |
| Administrative expenses | (10,321) | (12,311) | (16.2) |
| Finance costs | (1,780) | (1,340) | 32.8 |
| Other expenses | (378) | (133) | 184.2 |
| Share of results of associates | 7 | 286 | (97.6) |
| Share of results of joint venture | (1) | (1) | - |
| Loss before tax | (3,005) | (6,876) | (56.3) |
| Tax expense | (578) | (254) | 127.6 |
| Loss for the year | (3,583) | (7,130) | (49.7) |
| Loss attributable to: | | | |
| Owners of the Company | (3,106) | (5,915) | (47.5) |
| Non-controlling interests | (477) | (1,215) | (60.7) |
| | (3,583) | (7,130) | (49.7) |

Loss before tax includes the following items :

| | The Group | | |
|--|-------------------|---------|-------------------|
| | Year ended 31 May | | |
| | 2015 | 2014 | % |
| | S\$'000 | S\$'000 | change + / (-) |
| Audit fees paid to: | | | |
| - auditors of the Company | (151) | (150) | 0.7 |
| - other auditors | (19) | (9) | 111.1 |
| Non-audit fees paid to: | | | |
| - auditors of the Company | (24) | (24) | - |
| - other auditors | (93) | (57) | 63.2 |
| Allowance for doubtful trade receivables | (237) | (5) | 4,640.0 |
| Amortisation of land use rights | (91) | (75) | 21.3 |
| Bad debts written off | (23) | (1) | 2,200.0 |
| Depreciation of property, plant and equipment | (7,915) | (6,877) | 15.1 |
| Dividend income from available-for-sale investments | 5 | 5 | - |
| Gain on disposal of available-for-sale investments | - | 41 | (100.0) |
| (Loss)/gain on disposal of property, plant and equipment | (788) | 226 | (448.7) |
| Grant income from government | 201 | 192 | 4.7 |
| Impairment of available-for-sale investments | (199) | (415) | (52.0) |
| Interest income | 38 | 18 | 111.1 |
| Legal and professional fees | (1,084) | (3,133) | (65.4) |
| Net foreign exchange gain/(loss) | 658 | (133) | (594.7) |
| Under provision of prior year tax | (23) | (215) | (89.3) |
| Property, plant and equipment written off | (2) | - | - |



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1 (a)(i) Consolidated Statement of Comprehensive Income for the year ended 31 May 2015

| | The Group | | |
|--|-------------------|----------------|-------------------|
| | Year ended 31 May | | |
| | 2015 | 2014 | % |
| | S\$'000 | S\$'000 | change + / (-) |
| Loss for the year | (3,583) | (7,130) | (49.7) |
| Other comprehensive income, net of tax | | | |
| Foreign currency translation | 1,554 | (130) | (1,295.4) |
| Revaluation gain on property, plant and equipment | - | 947 | (100.0) |
| Fair value transfer to profit or loss on disposal of available-for-sale investments | - | (19) | (100.0) |
| Fair value (loss)/gain on available-for-sale investments | (125) | 131 | (195.4) |
| Share of foreign currency translation of associates | 311 | (40) | (877.5) |
| Other comprehensive income for the year, net of tax | 1,740 | 889 | 95.7 |
| Total comprehensive income for the year | <u>(1,843)</u> | <u>(6,241)</u> | (70.5) |
| Loss attributable to: | | | |
| Owners of the Company | (1,643) | (5,338) | (69.2) |
| Non-controlling interests | (200) | (903) | (77.9) |
| Total comprehensive income for the year | <u>(1,843)</u> | <u>(6,241)</u> | (70.5) |
| | | | |
| | The Company | | |
| | Year ended 31 May | | |
| | 2015 | 2014 | % |
| | S\$'000 | S\$'000 | change + / (-) |
| Loss for the year | (3,349) | (1,543) | 117.0 |
| Other comprehensive income, net of tax | | | |
| Fair value transfer to profit or loss on disposal of available-for-sale investments | - | (19) | (100.0) |
| Fair value (loss)/gain on available-for-sale investments | (125) | 131 | (195.4) |
| Total comprehensive income for the year | <u>(3,474)</u> | <u>(1,431)</u> | 142.8 |
| Loss attributable to: | | | |
| Owners of the Company | (3,474) | (1,431) | 142.8 |



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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 | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31.05.2015 S\$'000 | 31.05.2014 S\$'000 | 31.05.2015 S\$'000 | 31.05.2014 S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 115,422 | 121,267 | 89 | 169 |
| Land use rights | 5,389 | 3,506 | - | - |
| Investments in subsidiaries | - | - | 48,764 | 50,188 |
| Investments in associates | 9,830 | 9,513 | 6,615 | 6,615 |
| Investments in joint venture | 4,511 | 4,202 | - | - |
| Available-for-sale investments | 509 | 859 | 509 | 859 |
| Other receivables | - | - | 7,159 | 8,167 |
| Prepayments | - | 2,081 | - | - |
| Total non-current assets | 135,661 | 141,428 | 63,136 | 65,998 |
| Current assets | | | | |
| Trade and other receivables | 12,028 | 10,671 | 9,007 | 6,291 |
| Prepaid operating expenses | 349 | 346 | 25 | 38 |
| Cash and cash equivalents | 18,442 | 5,256 | 12,672 | 330 |
| Total current assets | 30,819 | 16,273 | 21,704 | 6,659 |
| Total assets | 166,480 | 157,701 | 84,840 | 72,657 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 74,831 | 62,215 | 74,831 | 62,215 |
| Treasury shares | (848) | (848) | (848) | (848) |
| Accumulated losses | (13,306) | (10,200) | (12,565) | (9,216) |
| Other reserves | 17,851 | 16,346 | - | 125 |
| Equity attributable to owners of the Company | 78,528 | 67,513 | 61,418 | 52,276 |
| Non-controlling interests | 4,711 | 4,916 | - | - |
| Total equity | 83,239 | 72,429 | 61,418 | 52,276 |
| Non-current liabilities | | | | |
| Borrowings | 61,155 | 65,170 | 17,595 | 18,667 |
| Deferred tax liabilities | 4,748 | 4,764 | 10 | 36 |
| Finance lease liabilities | 595 | - | - | - |
| Loan from non-controlling interests | 365 | 337 | - | - |
| Total non-current liabilities | 66,863 | 70,271 | 17,605 | 18,703 |
| Current liabilities | | | | |
| Trade and other payables | 2,896 | 2,340 | 403 | 70 |
| Other liabilities | 2,949 | 4,084 | 763 | 566 |
| Borrowings | 8,219 | 4,491 | 4,576 | 1,042 |
| Finance lease liabilities | 1,097 | 3,472 | - | - |
| Tax payable | 1,217 | 614 | 75 | - |
| Total current liabilities | 16,378 | 15,001 | 5,817 | 1,678 |
| Total liabilities | 83,241 | 85,272 | 23,422 | 20,381 |
| Total equity and liabilities | 166,480 | 157,701 | 84,840 | 72,657 |



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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

| | The Group | | The Group | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | As at 31 May 2015 | | As at 31 May 2014 | |
| | Secured | Unsecured | Secured | Unsecured |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Finance lease liabilities | 1,097 | - | 3,472 | - |
| Borrowings | 8,219 | - | 4,491 | - |

(b) Amount repayable after one year

| | The Group | | The Group | |
|-------------------------------------|-------------------|-----------|-------------------|-----------|
| | As at 31 May 2015 | | As at 31 May 2014 | |
| | Secured | Unsecured | Secured | Unsecured |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Loan from non-controlling interests | - | 365 | - | 337 |
| Finance lease liabilities | 595 | - | - | - |
| Borrowings | 61,155 | - | 65,170 | - |

(c) Details of any collateral

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

The borrowings repayable in one year or less comprise:

(a) Scheduled repayment of borrowings that was entered into to finance the acquisition of warehouses located at No. 6 Pioneer Walk and No. 39 Benoi Road, the warehouse constructed in Yangshan Shanghai, China and funds used as working capital of the Group due within one year.

The borrowing is secured by Corporate Guarantee from GKEC, first legal mortgage over the properties located at No. 1 Jalan Besut, No. 30 Pioneer Road, No. 6 Pioneer Walk and No. 39 Benoi Road and fixed charged over 100% shareholdings in the share capital of a subsidiary, Van der Horst (Shanghai) Logistics Co. Ltd.

The loan from non-controlling interests repayable after one year are entered into to finance the construction of the warehouse in Yangshan Shanghai, China. The loan from non-controlling interests is unsecured.



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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 | |
|--|---------------------------|-----------------|
| | Year ended 31 May 2015 | 2014 |
| | S\$'000 | S\$'000 |
| Cash flow from operating activities | | |
| Loss before tax | (3,005) | (6,876) |
| Adjustments for: | | |
| Allowance of doubtful trade receivables | 237 | 5 |
| Amortisation of land use rights | 91 | 75 |
| Bad debts written off | 23 | 1 |
| Depreciation of property, plant and equipment | 7,915 | 6,877 |
| Dividend income from available-for-sale investments | (5) | (5) |
| Gain on disposal of available-for-sale investments | - | (41) |
| Loss/(gain) on disposal of property, plant and equipment | 788 | (226) |
| Impairment of available-for-sale investments | 199 | 415 |
| Interest expense | 1,780 | 1,340 |
| Interest income | (38) | (18) |
| Property, plant and equipment written off | 2 | - |
| Share of results of joint venture | 1 | 1 |
| Share of results of associates | (7) | (286) |
| Effect of exchange rate changes | (141) | (3) |
| Operating cash flows before changes in working capital | <u>7,840</u> | <u>1,259</u> |
| <u>Changes in working capital:</u> | | |
| Trade and other receivables | (1,856) | (4,534) |
| Prepaid operating expenses | (31) | (51) |
| Trade and other payables | 910 | 897 |
| Other liabilities | (1,103) | 796 |
| Cash generated from/(used in) operations | <u>5,760</u> | <u>(1,633)</u> |
| Interest received | 38 | 18 |
| Income tax refunded | 9 | 170 |
| Net cash flows generated from/(used in) operating activities | <u>5,807</u> | <u>(1,445)</u> |
| Cash flows from investing activities | | |
| Capital contribution from non-controlling interests | - | 2,131 |
| Dividend income from available-for-sale investments | 5 | 5 |
| Net cash outflow on disposal of subsidiary ⁽²⁾ | (59) | - |
| Net cash outflow on acquisition of associate | - | (2,365) |
| Net cash outflow on investment in joint venture | - | (4,203) |
| Prepayments relating to acquisition of property, plant and equipment | - | (3,493) |
| Proceeds from disposal of available-for-sale investments | - | 83 |
| Proceeds from disposal of property, plant and equipment | 2,845 | 583 |
| Purchase of property, plant and equipment | (2,875) | (13,336) |
| Net cash flows used in investing activities | <u>(84)</u> | <u>(20,595)</u> |
| Cash flows from financing activities | | |
| Proceeds from right issue | 12,616 | - |
| Dividends paid | - | (1,374) |
| Interest paid | (1,759) | (1,303) |
| Proceeds from borrowings | 3,500 | 23,214 |
| Repayment of obligation under finance leases | (2,841) | (1,181) |
| Repayments of loans and borrowings | (4,271) | (3,014) |
| Net cash generated from financing activities | <u>7,245</u> | <u>16,342</u> |
| Net increase/(decrease) in cash and cash equivalents | 12,968 | (5,698) |
| Cash and cash equivalents at the beginning of financial year ⁽¹⁾ | 5,210 | 10,924 |
| Effect of exchange rate changes on cash and cash equivalents | 264 | (16) |
| Cash and cash equivalents at the end of financial year ⁽¹⁾ | <u>18,442</u> | <u>5,210</u> |



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Explanatory Notes:

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

| | The Group | |
|----------------------------------|---------------|--------------|
| | 31.05.2015 | 31.05.2014 |
| | S\$'000 | S\$'000 |
| Cash and bank balances | 18,442 | 5,256 |
| Bank overdrafts | - | (46) |
| Cash and cash equivalents | 18,442 | 5,210 |

(2) The Group disposed its 60% shareholding interest in its subsidiary, GKE Air Logistics Pte Ltd on 30 April 2015. The effects of the disposal on the cash flows of the Group were:

Carrying amounts of assets and liabilities disposed of

| | Total |
|---|-------------|
| | S\$'000 |
| Property, plant and equipment | 23 |
| Trade and other receivables | 239 |
| Prepaid operating expenses | 28 |
| Cash and bank balances | 5 |
| Total assets | 295 |
| Trade and other payables | 354 |
| Other liabilities | 32 |
| Total liabilities | 386 |
| Net liabilities derecognised | (91) |
| Less: Non controlling interests | 37 |
| Net liabilities settled by cash payment | (54) |
| Add: Cash and bank balances of subsidiary disposed | (5) |
| Net cash outflow on disposal of subsidiary | (59) |



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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 year.

Statement of Changes in Equity for the year ended 31 May 2015

| The Group | Share capital S\$'000 | Treasury shares S\$'000 | Accumulated losses S\$'000 | Other reserves 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 2013 | 62,215 | (848) | (2,911) | 15,769 | 74,225 | 3,688 | 77,913 |
| Loss for the year | - | - | (5,915) | - | (5,915) | (1,215) | (7,130) |
| <u>Other comprehensive income:</u> | | | | | | | |
| Fair value gain on available-for-sale investments | - | - | - | 131 | 131 | - | 131 |
| Fair value transfer to profit or loss on disposal of available-for-sale investments | - | - | - | (19) | (19) | - | (19) |
| Revaluation gain on property, plant and equipment | - | - | - | 616 | 616 | 331 | 947 |
| Foreign currency translation | - | - | - | (111) | (111) | (19) | (130) |
| Share of other comprehensive income of associate | - | - | - | (40) | (40) | - | (40) |
| Other comprehensive income for the year, net of tax | - | - | - | 577 | 577 | 312 | 889 |
| Total comprehensive income for the year | - | - | (5,915) | 577 | (5,338) | (903) | (6,241) |
| <u>Contributions by and distributions to owners:</u> | | | | | | | |
| Dividends paid by the Company | - | - | (1,374) | - | (1,374) | - | (1,374) |
| Total contributions by and distributions to owners | - | - | (1,374) | - | (1,374) | - | (1,374) |
| <u>Changes in ownership interests in subsidiaries:</u> | | | | | | | |
| Capital contribution from non-controlling interests that do not result in a loss of control | - | - | - | - | - | 2,131 | 2,131 |
| Total changes in ownership interests in subsidiaries | - | - | - | - | - | 2,131 | 2,131 |
| Total transactions with owners in their capacity as owners | - | - | (1,374) | - | (1,374) | 2,131 | 757 |
| Balance as at 31 May 2014 | 62,215 | (848) | (10,200) | 16,346 | 67,513 | 4,916 | 72,429 |



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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 year.

Statement of Changes in Equity for the year ended 31 May 2015

| The Group | Share capital | Treasury shares | Accumulated losses | Other reserves | Total attributable to owners of the Company | Non-controlling interests | Total equity |
|---|---------------|-----------------|--------------------|----------------|---|---------------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 June 2014 | 62,215 | (848) | (10,200) | 16,346 | 67,513 | 4,916 | 72,429 |
| Loss for the year | - | - | (3,106) | - | (3,106) | (477) | (3,583) |
| <u>Other comprehensive income:</u> | | | | | | | |
| Fair value loss on available-for-sale investments | - | - | - | (125) | (125) | - | (125) |
| Foreign currency translation | - | - | - | 1,277 | 1,277 | 277 | 1,554 |
| Share of other comprehensive income of associate | - | - | - | 311 | 311 | - | 311 |
| Other comprehensive income for the year, net of tax | - | - | - | 1,463 | 1,463 | 277 | 1,740 |
| Total comprehensive income for the year | - | - | (3,106) | 1,463 | (1,643) | (200) | (1,843) |
| <u>Contributions by and distributions to owners:</u> | | | | | | | |
| Issue of new shares | 12,616 | - | - | - | 12,616 | - | 12,616 |
| Total contributions by and distributions to owners | 12,616 | - | - | - | 12,616 | - | 12,616 |
| <u>Changes in ownership interest in subsidiaries</u> | | | | | | | |
| Disposal of subsidiary | - | - | - | - | - | 37 | 37 |
| Acquisition of non-controlling interests | - | - | - | 42 | 42 | (42) | - |
| Total changes in ownership interests in subsidiaries | - | - | - | 42 | 42 | (5) | 37 |
| Total transactions with owners in their capacity as owners | 12,616 | - | - | 42 | 12,658 | (5) | 12,653 |
| Balance as at 31 May 2015 | 74,831 | (848) | (13,306) | 17,851 | 78,528 | 4,711 | 83,239 |



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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 year.

Statement of Changes in Equity for the year ended 31 May 2015

| The Company | Share capital S\$'000 | Treasury shares S\$'000 | Accumulated losses S\$'000 | Other reserves S\$'000 | Total equity S\$'000 |
|---|--------------------------|----------------------------|-------------------------------|---------------------------|-------------------------|
| Balance as at 1 June 2013 | 62,215 | (848) | (6,299) | 13 | 55,081 |
| Loss for the year | - | - | (1,543) | - | (1,543) |
| <u>Other comprehensive income:</u> | | | | | |
| Fair value gain on available-for-sale investments | - | - | - | 131 | 131 |
| Fair value transfer to profit or loss on disposal of available-for-sale | - | - | - | (19) | (19) |
| Other comprehensive income for the year, net of tax | - | - | - | 112 | 112 |
| Total comprehensive income for the year | - | - | (1,543) | 112 | (1,431) |
| <u>Contributions by and distributions to owners:</u> | | | | | |
| Dividends paid on ordinary shares | - | - | (1,374) | - | (1,374) |
| Total contributions by and distributions to owners | - | - | (1,374) | - | (1,374) |
| Balance as at 31 May 2014 | 62,215 | (848) | (9,216) | 125 | 52,276 |
| Balance as at 1 June 2014 | 62,215 | (848) | (9,216) | 125 | 52,276 |
| Loss for the year | - | - | (3,349) | - | (3,349) |
| <u>Other comprehensive income:</u> | | | | | |
| Fair value loss on available-for-sale investments | - | - | - | (125) | (125) |
| Other comprehensive income for the year, net of tax | - | - | - | (125) | (125) |
| Total comprehensive income for the year | - | - | (3,349) | (125) | (3,474) |
| <u>Contributions by and distributions to owners:</u> | | | | | |
| Issue of new shares | 12,616 | - | - | - | 12,616 |
| Total contributions by and distributions to owners | 12,616 | - | - | - | 12,616 |
| Balance as at 31 May 2015 | 74,831 | (848) | (12,565) | - | 61,418 |



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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, 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>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|
| Total number of issued shares (excluding treasury shares): | | |
| At beginning of financial year | 457,946,636 | 457,946,636 |
| Add: Issue of new shares | 183,178,654 | - |
| At end of financial year | <u>641,125,290</u> | <u>457,946,636</u> |
| Total number of treasury shares: | | |
| At beginning and end of financial year | <u>5,417,000</u> | <u>5,417,000</u> |

1(d)(iii) To show the 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).

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

Treasury shares relate to ordinary shares of the Company that are bought-back and held by the Company.

There are no sale, transfer, disposal, cancellation and/or use of treasury shares as at 31 May 2015.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been reviewed nor audited.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a 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 2014.

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.



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

| | The Group | |
|-----------------------------------|--------------------------|-------------|
| | Year ended 31 May | |
| | 2015 | 2014 |
| Earnings per share (in SGD cents) | | |
| - Basic ⁽¹⁾ | (0.63) | (1.26) |
| - Fully diluted ⁽²⁾ | (0.63) | (1.26) |

Notes:

(1) The calculation of basic earnings per share is based on the loss for the year of S\$3,106,000 (2014: loss of S\$5,915,000) divided by the weighted number of ordinary shares in issue during the year of 489,363,030 (2014: 470,158,546).

(2) The calculation of fully diluted earnings per share is based on the loss for the year of S\$3,106,000 (2014: loss of S\$5,915,000) divided by the weighted number of ordinary shares in issue during the year of 489,363,030 (2014: 470,158,546). Diluted earnings per share for financial year ended 31 May 2014 is the same as basic earnings per share as the Group does not have any dilutive potential ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year.

| | The Group | | The Company | |
|---|-------------------|-------------------|--------------------|-------------------|
| | 31.05.2015 | 31.05.2014 | 31.05.2015 | 31.05.2014 |
| Net assets (S\$'000) | 78,528 | 67,513 | 61,418 | 52,276 |
| Net asset value per share (in SGD cents) | 12.25 | 14.74 | 9.58 | 11.42 |
| Number of shares used in calculating NAV | 641,125,290 | 457,946,636 | 641,125,290 | 457,946,636 |

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) 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; and (b) 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
INCOME STATEMENT

The Group's total revenue increased by 15.4% year-on-year to S\$36.2 million for the financial year ended 31 May 2015 ("FY2015") from S\$31.4 million in FY2014. This was mainly contributed by the increase in the volume handled by its local transportation services as well as higher revenue generated from its warehouses at 30 Pioneer Road, 6 Pioneer Walk and Yangshan, China.

In tandem with the increase in revenue, cost of sales rose 7.9% year-on-year from S\$25 million in FY2014 to S\$27 million in FY2015.

Gross profit grew by 44.6% year-on-year to S\$9.2 million in FY2015 compared to S\$6.4 million in FY2014. This was attributed to higher revenue and better cost management and as a result, gross margin improved from 20.4% in FY2014 to 25.5% in FY2015.

Other income was lower at S\$0.4 million in FY15 from S\$0.6 million in FY2014, due to a lower gain on disposal of property, plant and equipment in FY2015.

Marketing and distribution costs decreased by 40.3% year-on-year to S\$0.2 million in FY2015. FY2014 included advertising and entertainment expenses.

Administrative expenses decreased by 16.2% year-on-year to S\$10.3 million in FY2015 from S\$12.3 million, due to a decrease in legal and professional fees as compared to FY2014 in relation to the Group's acquisition and corporate activities. The decrease was partially offset by increase in staff costs and provision for doubtful debts.

In FY2015, finance costs increased by 32.8% year-on-year to S\$1.8 million due to higher borrowings for its working capital.

Share of results of associates profit dipped by 97.6% year-on-year from S\$0.3 million in FY2014 to S\$7,000 in FY2015. This was mainly attributed to lower profit contribution from GKE Metal logistics Pte Ltd ("GKE Metal") as a result of a weaker commodity market as compared to FY2014, and the share of losses from Maoming City Hung Ji Construction Materials Co., Ltd ("Maoming").

The share of results of joint venture represents the share of losses from joint venture, Steadfast (HK) Co. Limited ("Steadfast").

Tax expenses increased by 127.6% year-on-year from S\$0.3 million in FY2014 to S\$0.6 million in FY2015. This was mainly due to non-deductible tax depreciation charges as well as the Singapore government's phasing out of the industrial building allowance.



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The Group's net loss attributable to the owners of the Company narrowed by 47.5% year-on-year to S\$3.1 million in FY2015 as compared to S\$5.9 million in FY2014. The improvement was mainly due to higher revenue contribution and gross margin and lower legal and professional fee in relation to the Group's acquisition and corporate activities.

8 (b) REVIEW OF THE FINANCIAL POSITION AND CASH FLOW OF THE GROUP

STATEMENT OF FINANCIAL POSITION

Non-current assets decreased from S\$141.4 million as at 31 May 2014 to S\$135.7 million as at 31 May 2015. This was mainly due to:-

- (i) the decrease in property, plant and equipment as a result of the disposal of crane equipment in GKE Mohseng Pte Ltd as the Group decided to cease crane service operations, which was partially offset with the purchase of fixed assets including trailers, motor vehicles, forklift, and warehouse equipment for the ready-mix plant located in Wuzhou, China;
- (ii) increase in land use rights from the acquisition of land for the ready-mix plant located in Wuzhou, China;
- (iii) the marginal increase from investments in associates and joint ventures due to exchange rate translation for its interests in GKE Metal, Miaoming and Steadfast; and
- (iv) the non-recurring prepayment for a land acquisition for a location in Wuzhou, China in FY2014.

Current assets as at 31 May 2015 increased to S\$30.8 million from S\$16.3 million as at 31 May 2014. This was primarily due to an increase in trade and other receivables to S\$12.0 million as at 31 May 2015 which was in line with higher revenue, as well as an increase in cash and cash equivalents from S\$5.3 million as at 31 May 2014 to S\$18.4 million as at 31 May 2015 from the Rights Issue in April 2015.

Non-current liabilities as at 31 May 2015 decreased to S\$66.9 million from S\$70.3 million as at 31 May 2014 as a result of decrease in loans as compared to FY2014, which had loans in relation to the financing of the construction of the warehouse in Yangshan Shanghai, China, and the acquisition of warehouses located at No. 6 Pioneer Walk and No. 39 Benoi Road.

Current liabilities increased from S\$15.0 million as at 31 May 2014 to S\$16.4 million as at 31 May 2015. The increase was mainly due to:-

- (i) increase in trade and other payables due to outstanding professional fees payable in relation to right issue,
- (ii) increase in borrowings to finance ongoing business expansion projects, and (iii) higher tax payable as a result of tax provision for the financial year; which was partially offset by repayment of finance lease liabilities.

Shareholders' equity increased from S\$67.5 million as at 31 May 2014 to S\$78.5 million as at 31 May 2015. This was largely attributed to the increase in share capital arising from the share issuance in relation to the Rights Issue in April 2015.

STATEMENT OF CASH FLOWS

Net cash generated from operations amounted to S\$5.8 million in FY2015 after adjusting for non-cash items and changes in working capital.

Net cash used in investing activities of S\$0.1 million in FY2015 was mainly due to cash outlay for the purchase of trailers, motor vehicles, forklift, warehouse equipment and the construction of a ready-mix plant in Wuzhou, China, which was offset by the proceeds received from the disposal of the crane equipment in GKE Mohseng Pte Ltd.

Net cash generated from financing activities in FY2015 was S\$7.2 million, mainly attributed to net proceeds of S\$12.6 million from issuance of new ordinary shares in relation to the Rights Issue and increase of short-term financing of S\$3.5 million. This was

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

Not applicable.



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10. A commentary at the date of the announcement of the significant trends and 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 Group has on 14 July 2015 announced a memorandum of understanding with Viva Industrial Trust Management Pte. Ltd. for the proposed sale-and-leaseback of its property at 30 Pioneer Road, Singapore ("Proposed Disposal"). The Proposed Disposal is currently undergoing property due diligence. The Group will update shareholders on the developments as and when appropriate.

The Group remains cautious of the business outlook due to the uncertainties in the global economy which may have an impact on the local logistics industry.

In view of the inflationary cost pressures and difficulties in recruiting manpower, the Group will continue to monitor and increase its operational efficiency and manage its business prudently.

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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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or half year results)

13. Segmental revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

(a) Operating Segments

| | Investment Holding | Third Party Logistics | Shipping Logistics | Infrastructural Logistics | Eliminations | Total |
|--|--------------------|-----------------------|--------------------|---------------------------|-----------------|----------------|
| 31 May 2015 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Revenue | | | | | | |
| - External customers | - | 36,200 | - | - | - | 36,200 |
| - Inter-segment ⁽¹⁾ | - | 329 | - | - | (329) | - |
| Total revenue | - | 36,529 | - | - | (329) | 36,200 |
| Results: | (1,382) | 8,586 | 1 | (186) | 548 | 7,567 |
| Depreciation and amortisation | (86) | (7,887) | - | (18) | - | (7,991) |
| Allowance for doubtful trade receivables | - | (237) | - | - | - | (237) |
| Bad debts written off | - | (23) | - | - | - | (23) |
| Property, plant and equipment written off | (2) | - | - | - | - | (2) |
| Impairment of investments in subsidiaries | (1,424) | - | - | - | 1,424 | - |
| Impairment of available-for-sale investments | 199 | - | - | - | - | 199 |
| Gain (loss) on disposal of property, plant and equipment | 75 | (862) | - | - | - | (787) |
| Share of results of associate | - | 11 | - | (4) | - | 7 |
| Share of results of joint venture | - | - | (1) | - | - | (1) |
| Dividend income from available-for-sale investments | 5 | - | - | - | - | 5 |
| Interest income | - | 29 | - | 9 | - | 38 |
| Finance costs | (471) | (1,509) | - | - | 200 | (1,780) |
| Segment loss | (3,086) | (1,892) | - | (199) | 2,172 | (3,005) |
| Tax expense | | | | | | (578) |
| Loss for the year | | | | | | (3,583) |
| Investments in associates | 6,616 | 1,075 | - | 2,139 | - | 9,830 |
| Additions to non-current assets ⁽²⁾ | 7 | 1,027 | - | 4,983 | - | 6,017 |
| Segment assets⁽³⁾ | 84,840 | 130,575 | 4,527 | 10,249 | (63,711) | 166,480 |
| Segment liabilities⁽³⁾ | 23,337 | 67,792 | 27 | 3,081 | (16,960) | 77,277 |
| Unallocated liabilities: | | | | | | |
| Tax payable | | | | | | 1,217 |
| Deferred tax liabilities | | | | | | 4,747 |
| Total liabilities | | | | | | 83,241 |

(1) Inter-segment revenues are eliminated on consolidation.

(2) Additions to non-current assets consist of additions to property, plant and equipment and prepayments relating to acquisition of property, plant and equipment.

(3) Inter-segment assets and liabilities are eliminated to arrive at the total assets and liabilities reported in the consolidated balance sheet.



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(a) Operating Segments (continued)

| | Investment Holding | Third Party Logistics | Shipping Logistics | Infrastructural Logistics | Eliminations | Total |
|--|--------------------|-----------------------|--------------------|---------------------------|--------------|---------|
| 31 May 2014 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Revenue | | | | | | |
| - External customers | - | 31,381 | - | - | - | 31,381 |
| - Inter-segment ⁽¹⁾ | - | 356 | - | - | (356) | - |
| Total revenue | - | 31,737 | - | - | (356) | 31,381 |
| Results: | 215 | 1,622 | (12) | (604) | 41 | 1,262 |
| Depreciation and amortisation | (77) | (6,861) | - | (14) | - | (6,952) |
| Allowance for doubtful trade receivables | - | (5) | - | - | - | (5) |
| Bad debts written off | - | (1) | - | - | - | (1) |
| Impairment of investments in subsidiaries | (875) | - | - | - | 875 | - |
| Impairment of available-for-sale investments | (415) | - | - | - | - | (415) |
| Gain on disposal of property, plant and equipment | - | 226 | - | - | - | 226 |
| Gain on disposal of available-for-sale investments | 41 | - | - | - | - | 41 |
| Share of associate results | - | 670 | - | (384) | - | 286 |
| Share of results of joint venture | - | - | (1) | - | - | (1) |
| Dividend income | 5 | - | - | - | - | 5 |
| Interest income | 1 | 6 | - | 11 | - | 18 |
| Finance costs | (336) | (1,183) | - | - | 179 | (1,340) |
| Segment loss | (1,441) | (5,526) | (13) | (991) | 1,095 | (6,876) |
| Tax expense | - | - | - | - | - | (254) |
| Loss for the year | - | - | - | - | - | (7,130) |
| Investments in associates | 6,616 | 931 | - | 1,966 | - | 9,513 |
| Additions to non-current assets ⁽²⁾ | 61 | 7,087 | - | 2,157 | - | 9,305 |
| Segment assets⁽³⁾ | 72,657 | 137,831 | 4,217 | 6,836 | (63,840) | 157,701 |
| Segment liabilities⁽³⁾ | 20,343 | 74,086 | 26 | 22 | (14,583) | 79,894 |
| Unallocated liabilities: | | | | | | |
| Tax payable | | | | | | 614 |
| Deferred tax liabilities | | | | | | 4,764 |
| Total liabilities | | | | | | 85,272 |

(1) Inter-segment revenues are eliminated on consolidation.

(2) Additions to non-current assets consist of additions to property, plant and equipment and prepayments relating to acquisition of property, plant and equipment.

(3) Inter-segment assets and liabilities are eliminated to arrive at the total assets and liabilities reported in the consolidated balance sheet.

(b) Geographical Segments

| | Revenue | | Non-current assets ⁽⁴⁾ | |
|----------------------------|---------|---------|-----------------------------------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Singapore | 34,864 | 30,892 | 96,242 | 106,434 |
| People's Republic of China | 1,336 | 486 | 24,569 | 20,417 |
| Indonesia | - | 3 | - | 3 |
| | 36,200 | 31,381 | 120,811 | 126,854 |

(4) Non-current assets information presented above consist of property, plant and equipment, land use rights and prepayments relating to acquisition of property, plant and equipment as presented in the consolidated balance sheet.



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14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Investment Holdings

The investment holding is involved in Group level corporate services and investment activities. The segment result was due to impairment of investments in subsidiaries and intercompany receivable S\$2.3 million which was eliminated at the group level.

Third Party Logistics

The segment loss was partially due to additional depreciation charge of S\$1.3 million due to appreciation in its property value. The segment loss was lower compare to FY2014 as its revenue increase came from warehouse at 30 Pioneer Road, 6 Pioneer Walk, 1 Jalan Besut and Yangshan, Shanghai, PRC and lower legal and professional expense.

Shipping Logistics

During FY2015, the Group's joint venture company; Steadfast (HK) Co., Ltd's shipbuilding contract with China Shipbuilding Trading Company Limited and Jiangnan Shipyard (Group) Co., Ltd., for construction of one 83,000 CBM gas carrier vessel was still in progress.

Infrastructural Logistics

The segment loss was lower mainly due to reduction in share of loss of associate; Maoming City Hung Ji Constuction Materials Co., Ltd. The current year segment loss was due to start up cost at Wuzhou Xing Jian Readymix Co., Ltd office. Presently, the cement mixing plant at Wuzhou is still under construction.

15. A breakdown of sales

| | <u>The Group</u> | | % |
|---|---|---|--------|
| | <u>Actual Full Year Ended 31 May 2015</u> | <u>Actual Full Year Ended 31 May 2014</u> | |
| Sales reported for first half year | 18,914 | 14,748 | 28.2 |
| Operating profit after tax before non-controlling interest reported for first half year | (567) | (2,695) | (79.0) |
| Sales reported for second half year | 17,286 | 16,633 | 3.9 |
| Operating profit after tax before non-controlling interest reported for second half year including discontinued operation | (3,016) | (4,435) | (32.0) |

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previously full year.

| | ⁽¹⁾ Latest Full Year | Previous Full Year |
|-------------------------------|------------------------------------|-----------------------|
| | S\$'000 | S\$'000 |
| Total Annual Dividend | - | - |
| Ordinary, tax exempt one tier | - | - |

⁽¹⁾ Proposed dividend payable



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17. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

| Name of interested person | Aggregate value of all interested person transactions during the financial year 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) |
|---------------------------|---|---|
| | NIL | NIL |

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such person, the issuer must make an appropriate negative statement.

| Name | Age | Family relationship with any director and / substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|--------------|-----|---|--|---|
| Neo Hwee Lee | 47 | Sister of Mr Neo Cheow Hui (Chief Executive Officer and Executive Director) | Managing Director of GKE Warehousing & Logistics Pte Ltd since 1 June 2011 | Nil |

BY ORDER OF THE BOARD

Neo Cheow Hui
Executive Director and Chief Executive Officer
30 July 2015

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:-

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Tel: 6381 6757*