



GKE CORPORATION LIMITED  
(Company Registration No. 200001941G)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 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		
	Period ended 31 August		
	2015	2014	%
	S\$'000	S\$'000	change + / (-)
<b>Revenue</b>	8,707	9,652	(9.8)
Cost of sales	(6,495)	(7,291)	(10.9)
<b>Gross profit</b>	2,212	2,361	(6.3)
<b>Other income</b>	289	24	1,104.2
<b>Expenses</b>			
Marketing and distribution costs	(14)	(38)	(63.2)
Administrative expenses	(2,135)	(2,413)	(11.5)
Finance costs	(473)	(417)	13.4
Other (expenses)/ credits	-	(22)	(100.0)
Share of results of associates	19	41	(53.7)
<b>Loss before tax</b>	(102)	(464)	(78.0)
Tax expense	-	-	-
<b>Loss for the period</b>	(102)	(464)	(78.0)
<b>Loss attributable to:</b>			
Owners of the Company	(109)	(434)	(74.9)
Non-controlling interests	7	(30)	(123.3)
	(102)	(464)	(78.0)

Loss before tax includes the following items :

	The Group		
	Period ended 31 August		
	2015	2014	%
	S\$'000	S\$'000	change + / (-)
Audit fees paid to:			
- auditors of the Company	(45)	(35)	28.6
Non-audit fees paid to:			
- auditors of the Company	-	(8)	(100.0)
- other auditors	-	(5)	(100.0)
Allowance for doubtful trade receivables	(3)	-	NM
Amortisation of land use rights	(29)	(18)	61.1
Depreciation of property, plant and equipment	(1,925)	(1,981)	(2.8)
Gain on disposal of property, plant and equipment	115	4	2,775.0
Impairment of available-for-sale investments	42	-	NM
Interest income	15	3	400.0
Legal and professional fees	(72)	(223)	(67.7)
Net foreign exchange (loss)/gain	99	(22)	(550.0)



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**1 (a)(i) Consolidated Statement of Comprehensive Income for the period ended 31 August 2015**

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).

	<b>The Group</b>		
	<b>Period ended 31 August</b>		
	<b>2015</b>	<b>2014</b>	<b>%</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>change</b>
			<b>+ / (-)</b>
<b>Loss for the period</b>	(102)	(464)	(78.0)
<b>Other comprehensive income, net of tax</b>			
Foreign currency translation	259	(78)	(432.1)
Fair value gain on available-for-sale investments	222	49	353.1
Share of foreign currency translation of associates	99	(8)	(1,337.5)
Other comprehensive income for the year, net of tax	<u>580</u>	<u>(37)</u>	<u>(1,667.6)</u>
<b>Total comprehensive income for the period</b>	<u>478</u>	<u>(501)</u>	<u>(195.4)</u>
<b>Profit / (loss) attributable to:</b>			
Owners of the Company	470	(458)	(202.6)
Non-controlling interests	8	(43)	(118.6)
<b>Total comprehensive income for the period</b>	<u>478</u>	<u>(501)</u>	<u>(195.4)</u>
	<b>The Company</b>		
	<b>Period ended 31 August</b>		
	<b>2015</b>	<b>2014</b>	<b>%</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>change</b>
			<b>+ / (-)</b>
<b>Profit / (loss) for the period</b>	42	(108)	(138.9)
<b>Other comprehensive income, net of tax</b>			
Fair value gain on available-for-sale investments	222	49	353.1
<b>Total comprehensive income for the period</b>	<u>264</u>	<u>(59)</u>	<u>(547.5)</u>
<b>Profit / (loss) attributable to:</b>			
Owners of the Company	<u>264</u>	<u>(59)</u>	<u>(547.5)</u>



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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	
	31.08.2015 S\$'000	31.05.2015 S\$'000	31.08.2015 S\$'000	31.05.2015 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	116,530	115,422	265	89
Land use rights	5,363	5,389	-	-
Investments in subsidiaries	-	-	45,998	45,998
Investments in associates	9,997	9,830	6,615	6,615
Investment in joint venture	9,621	4,511	-	-
Available-for-sale investments	735	509	735	509
Other receivables	-	-	6,393	7,159
<b>Total non-current assets</b>	<b>142,246</b>	<b>135,661</b>	<b>60,006</b>	<b>60,370</b>
<b>Current assets</b>				
Trade and other receivables	7,340	12,028	15,290	9,007
Prepaid operating expenses	422	349	34	25
Cash at banks and on hand	15,142	18,442	6,653	12,672
<b>Total current assets</b>	<b>22,904</b>	<b>30,819</b>	<b>21,977</b>	<b>21,704</b>
<b>Total assets</b>	<b>165,150</b>	<b>166,480</b>	<b>81,983</b>	<b>82,074</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	74,831	74,831	74,831	74,831
Treasury shares	(848)	(848)	(848)	(848)
Accumulated losses	(14,130)	(14,021)	(15,289)	(15,331)
Other reserves	18,430	17,851	222	-
<b>Equity attributable to owners of the Company</b>	<b>78,283</b>	<b>77,813</b>	<b>58,916</b>	<b>58,652</b>
Non-controlling interests	4,334	4,326	-	-
<b>Total equity</b>	<b>82,617</b>	<b>82,139</b>	<b>58,916</b>	<b>58,652</b>
<b>Non-current liabilities</b>				
Borrowings	59,897	61,155	17,332	17,595
Deferred tax liabilities	4,793	4,748	55	10
Finance lease liabilities	1,488	595	-	-
Loan from non-controlling interests	365	365	-	-
<b>Total non-current liabilities</b>	<b>66,543</b>	<b>66,863</b>	<b>17,387</b>	<b>17,605</b>
<b>Current liabilities</b>				
Trade and other payables	2,126	3,996	353	403
Other liabilities	2,661	2,949	572	763
Borrowings	8,394	8,219	4,583	4,576
Finance lease liabilities	1,591	1,097	97	-
Tax payable	1,218	1,217	75	75
<b>Total current liabilities</b>	<b>15,990</b>	<b>17,478</b>	<b>5,680</b>	<b>5,817</b>
<b>Total liabilities</b>	<b>82,533</b>	<b>84,341</b>	<b>23,067</b>	<b>23,422</b>
<b>Total equity and liabilities</b>	<b>165,150</b>	<b>166,480</b>	<b>81,983</b>	<b>82,074</b>



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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 August 2015		As at 31 May 2015	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Finance lease liabilities	1,591	-	1,097	-
Borrowings	8,394	-	8,219	-

(b) Amount repayable after one year

	The Group		The Group	
	As at 31 August 2015		As at 31 May 2015	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Loan from non-controlling interests	-	365	-	365
Finance lease liabilities	1,488	-	595	-
Borrowings	59,897	-	61,155	-

(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) the current portion of the borrowings entered into to finance the acquisition of warehouses located at No. 6 Pioneer Walk and No. 39 Benoi Road, the construction of the warehouse in Yangshan Shanghai, China and funds used as working capital of the Group.

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	
	Period ended 31 August 2015	2014
	S\$'000	S\$'000
<b>Cash flow from operating activities</b>		
Loss before tax	(102)	(464)
Adjustments for:		
Allowance of doubtful trade receivables	3	-
Amortisation of land use rights	29	18
Depreciation of property, plant and equipment	1,925	1,981
Gain on disposal of property, plant and equipment	(115)	(4)
Impairment of available-for-sale investments	42	-
Interest expense	473	417
Interest income	(15)	(3)
Share of results of associates	(19)	(41)
Effect of exchange rate changes	(150)	61
<b>Operating cash flows before changes in working capital</b>	2,071	1,965
<u>Changes in working capital:</u>		
Trade and other receivables	4,685	(1,038)
Prepaid operating expenses	(73)	(65)
Trade and other payables	(1,870)	84
Other liabilities	(288)	(192)
<b>Cash generated from operations</b>	4,525	754
Interest received	15	3
<b>Net cash flows generated from operating activities</b>	4,540	757
<b>Cash flows from investing activities</b>		
Capital contribution into joint venture	(4,706)	-
Prepayments relating to acquisition of property, plant and equipment	-	(169)
Proceeds from disposal of property, plant and equipment	159	4
Purchase of property, plant and equipment	(1,554)	(387)
<b>Net cash flows used in investing activities</b>	(6,101)	(552)
<b>Cash flows from financing activities</b>		
Interest paid	(463)	(368)
Repayment of obligation under finance leases	(129)	(370)
Repayments of loans and borrowings	(1,306)	(1,014)
<b>Net cash used in financing activities</b>	(1,898)	(1,752)
<b>Net decrease in cash and cash equivalents</b>	(3,459)	(1,547)
Cash and cash equivalents at the beginning of financial period <sup>(1)</sup>	18,442	5,210
Effect of exchange rate changes on cash and cash equivalents	159	(55)
Cash and cash equivalents at the end of financial period <sup>(1)</sup>	15,142	3,608

Explanatory Notes:

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

	The Group	
	31.08.2015	31.08.2014
	S\$'000	S\$'000
Cash at banks and on hand	15,142	4,031
Bank overdrafts	-	(423)
<b>Cash and cash equivalents</b>	15,142	3,608

  

	The Group	
	01.06.2015	01.06.2014
	S\$'000	S\$'000
Cash at banks and on hand	18,442	5,256
Bank overdrafts	-	(46)
<b>Cash and cash equivalents</b>	18,442	5,210



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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 period ended 31 August 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 2014	62,215	(848)	(10,200)	16,346	67,513	4,916	72,429
Loss for the period	-	-	(434)	-	(434)	(30)	(464)
<u>Other comprehensive income:</u>							
Fair value gain on available-for-sale investments	-	-	-	49	49	-	49
Foreign currency translation	-	-	-	(65)	(65)	(13)	(78)
Share of other comprehensive income of associate	-	-	-	(8)	(8)	-	(8)
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	(24)	(24)	(13)	(37)
<b>Total comprehensive income for the period</b>	-	-	(434)	(24)	(458)	(43)	(501)
<b>Balance as at 31 August 2014</b>	<b>62,215</b>	<b>(848)</b>	<b>(10,634)</b>	<b>16,322</b>	<b>67,055</b>	<b>4,873</b>	<b>71,928</b>

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 2015	74,831	(848)	(14,021)	17,851	77,813	4,326	82,139
Loss for the year	-	-	(109)	-	(109)	7	(102)
<u>Other comprehensive income:</u>							
Fair value gain on available-for-sale investments	-	-	-	222	222	-	222
Foreign currency translation	-	-	-	258	258	1	259
Share of other comprehensive income of associate	-	-	-	99	99	-	99
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	579	579	1	580
<b>Total comprehensive income for the period</b>	-	-	(109)	579	470	8	478
<b>Balance as at 31 August 2015</b>	<b>74,831</b>	<b>(848)</b>	<b>(14,130)</b>	<b>18,430</b>	<b>78,283</b>	<b>4,334</b>	<b>82,617</b>



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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 period ended 31 August 2015**

The Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
<b>Balance as at 1 June 2014</b>	62,215	(848)	(9,216)	125	52,276
Loss for the period	-	-	(108)	-	(108)
<u>Other comprehensive income:</u> Fair value gain on available-for-sale investments, representing other comprehensive income for the period, net of tax	-	-	-	49	49
<b>Total comprehensive income for the period</b>	-	-	(108)	49	(59)
<b>Balance as at 31 August 2014</b>	<u>62,215</u>	<u>(848)</u>	<u>(9,324)</u>	<u>174</u>	<u>52,217</u>
The Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
<b>Balance as at 1 June 2015</b>	74,831	(848)	(15,331)	-	58,652
Loss for the period	-	-	42	-	42
<u>Other comprehensive income:</u> Fair value gain on available-for-sale investments, representing other comprehensive income for the period, net of tax	-	-	-	222	222
<b>Total comprehensive income for the period</b>	-	-	42	222	264
<b>Balance as at 31 August 2015</b>	<u>74,831</u>	<u>(848)</u>	<u>(15,289)</u>	<u>222</u>	<u>58,916</u>



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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**

	31.08.2015	31.05.2015	31.08.2014	31.05.2014
Total number of issued shares (excluding treasury shares)	641,125,290	641,125,290	457,946,636	457,946,636
Total number of treasury shares	5,417,000	5,417,000	5,417,000	5,417,000

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 August 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 2015.

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 year, after deducting any provision for preference dividends

	<u>The Group</u>	
	<u>Period ended 31 August</u>	<u>2014</u>
	2015	2014
Loss per share (in SGD cent)		
- Basic <sup>(1)</sup>	(0.02)	(0.09)
- Fully diluted <sup>(2)</sup>	(0.02)	(0.09)

Notes:

(1) The calculation of basic loss per share is based on the loss for the period of S\$109,000 (2014: loss of S\$434,000) divided by the weighted number of ordinary shares in issue during the year of 641,125,290 (2014: 470,158,546).

(2) The calculation of fully diluted loss per share is based on the loss for the period of S\$109,000 (2014: loss of S\$434,000) divided by the weighted number of ordinary shares in issue during the year of 641,125,290 (2014: 470,158,546). Diluted loss per share for financial period ended 31 August 2015 is the same as basic loss 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 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	
	31.08.2015	31.05.2015	31.08.2015	31.05.2015
Net assets (S\$'000)	78,283	77,813	58,916	58,652
<b>Net asset value per share (in SGD cents)</b>	<b>12.21</b>	<b>12.14</b>	<b>9.19</b>	<b>9.15</b>
Number of shares used in calculating NAV	641,125,290	641,125,290	641,125,290	641,125,290

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 recorded revenue of S\$8.7 million for the first quarter ended 31 August 2015 ("1QFY2016"), a decrease of 9.8% or S\$0.9 million, over the S\$9.7 million recorded in the previous corresponding period. The decrease in revenue was mainly due to the cessation of the business operations of GKE & Mohseng Pte Ltd, the disposal of GKE Air Logistics Pte Ltd in April 2015 and a decrease in business volume handled by its local operations.

Cost of sales decreased by 10.9% from S\$7.3 million in 1QFY2015 to S\$6.5 million in 1QFY2016, in line with the lower revenue.

This resulted in gross profit decreasing by 6.3% or S\$0.1 million, to S\$2.2 million in 1QFY2016. Gross margin improved from 24.5% in 1QFY2015 to 25.5% in 1QFY2016.

Other income was higher at S\$0.3 million in 1QFY2016 compared with S\$24,000 in 1QFY2015, mainly due to the gain on disposal of property, plant and equipment as well as foreign exchange gain.

Total operating expenses decreased by 9.3% from S\$2.9 million in 1QFY2015 to S\$2.6 million in 1QFY2016, mainly due to lower marketing and distribution costs and administrative expenses. The decrease was partially offset by higher finance costs.

Marketing and distribution costs decreased by 63.2% to S\$14,000 in 1QFY2016 from S\$38,000 in 1QFY2015, mainly due to the absence of additional marketing expenses. The Group had incurred advertising, commission and expenses in the previous corresponding quarter to market its warehouses in Yangshan Shanghai, China and at 6 Pioneer Walk.

Administrative expenses decreased by 11.5% to S\$2.1 million in 1QFY2016 from S\$2.4 million in 1QFY2015, mainly due to a decrease in staff cost as well as legal and professional fees.

Finance costs was 13.4% higher at S\$0.5 million in 1QFY2016, due to an increase in interest rates and higher borrowings undertaken for working capital purposes.

Share of results of associates decreased by 53.7% from S\$41,000 in 1QFY2015 to S\$19,000 in 1QFY2016. This was mainly attributable to lower profit contribution from GKE Metal logistics Pte Ltd ("GKE Metal") as a result of a weaker commodity market compared to the previous corresponding period.

As a result, the Group recorded a loss before tax of S\$0.1 million in 1QFY2016, compared with a loss before tax of S\$0.5 million in 1QFY2015.

With lower operating expenses and improved gross margins, the Group was able to narrow its net loss attributable to the owners of the Company by 74.9% from S\$0.4 million in 1QFY2015 to S\$0.1 million in 1QFY2016.



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

**STATEMENT OF FINANCIAL POSITION**

Non-current assets increased from S\$135.7 million as at 31 May 2015 to S\$142.2 million as at 31 August 2015, mainly due to increases in property, plant and equipment and investment in joint venture. The increase in property, plant and equipment to S\$116.5 million as at 31 August 2015 was mainly due to the purchase of warehouse equipment, prime movers, pallets and motor vehicles for the ready-mix plant in Wuzhou, China which was partially offset by the depreciation charge during the period. The increase in investment in joint venture was due to its outstanding capital contribution to its 50%-owned joint venture company, Steadfast (HK) Co., Limited, towards the payment for the construction of the carrier vessel.

The Group's investments in associates represent its 49% interest in GKE Metal Logistics Pte Ltd and its 40% interest in Maoming City Hung Ji Construction Materials Co., Ltd.

Current assets decreased to S\$22.9 million as at 31 August 2015, from S\$30.8 million as at 31 May 2015. This was mainly due to a decrease in trade and other receivables from S\$12.0 million as at 31 May 2015 to S\$7.3 million as at 31 August 2015. The Group's subsidiary, GKE China Investment Pte Ltd ("GKE China") received a refund of US\$3.5 million (approximately S\$4.9 million) from the Waigaoqiao Vendor, for the 30% initial payment the Group had made in relation to the acquisition of Uniplas (Shanghai) Co., Ltd. Cash at banks and on hand decreased to S\$15.1 million as at 31 August 2015, from S\$18.4 million as at 31 May 2015.

Non-current liabilities decreased slightly, to S\$66.5 million as at 31 August 2015, from S\$66.8 million as at 31 May 2015 as a result of the repayment of loans, partially offset by an increase in finance lease liabilities. Non-current borrowings represent the loan undertaken to finance the construction of the warehouse in Yangshan Shanghai, China and the acquisitions of the warehouses located at No. 6 Pioneer Walk and No. 39 Benoi Road.

Current liabilities decreased from S\$17.5 million as at 31 May 2015 to S\$16.0 million as at 31 August 2015. The decrease was mainly due to lower trade and other payables, partially offset by increases in borrowings and finance lease liabilities. Trade and other payables decreased mainly due to the payment by GKE China to the Waigaoqiao Vendor for the latter's legal and other costs amounting to S\$1.1 million, as well as a repayment of S\$0.7 million due to non-controlling interest. The increase of S\$175,000 in current borrowings was mainly due to a reclassification of loan amount from non-current borrowings. The increase in finance lease liabilities was due to the purchase of mixer trucks and prime movers during the quarter.

Shareholders' equity increased from S\$77.8 million as at 31 May 2015 to S\$78.3 million as at 31 August 2015, due mainly to an increase in other reserves.

**STATEMENT OF CASH FLOWS**

During 1QFY2016, the Group generated net cash from operations of S\$4.5 million after adjustments for non-cash items and changes in working capital.

Net cash used in investing activities of S\$6.1 million was mainly due to the cash outlay for payment of its capital contribution to joint venture company, Steadfast (HK) Co., Limited and the purchase of warehouse equipment, prime movers, pallets and motor vehicles for the ready-mix plant in Wuzhou, China. This was partially offset by the proceeds received from the disposal of property, plant and equipment.

Net cash used in financing activities was S\$1.9 million, mainly attributable to repayments of loan and obligations under finance leases.

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

Not applicable.

**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 is cautiously optimistic of its outlook. The weak global economic conditions and the keen competitive landscape of the local logistics industry could impact the Group's operations. Inflationary cost pressures and the labour crunch is not expected to ease up soon either. Nevertheless, the Group remains committed to managing its operations in a prudent and efficient manner.

While its earlier investments in the shipping logistics and infrastructure materials are taking shape, the Group will continue to seek out viable strategic investments to expand its earnings base.

The Group will update shareholders on the development of the proposed disposal of 30 Pioneer Road property as and when appropriate.



GKE CORPORATION LIMITED  
(Company Registration No. 200001941G)

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**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.

**13. 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.**

The Company has not obtained an IPT mandate. There are no interested person transactions exceed \$100,000 during the financial period under review.

**14. Negative confirmation by the Board 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 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Neo Cheow Hui  
Executive Director and Chief Executive Officer  
14 October 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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