



GKE CORPORATION LIMITED
(Company Registration No. 200001941G)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

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		
	2016	2015	%
	S\$'000	S\$'000	change + / (-)
Revenue	36,873	36,200	1.9
Cost of sales	(27,157)	(26,965)	0.7
Gross profit	9,716	9,235	5.2
Other income	15,749	964	N.M.
Expenses			
Marketing and distribution costs	(123)	(190)	(35.3)
Administrative expenses	(14,973)	(12,340)	21.3
Finance costs	(2,066)	(1,780)	16.1
Other expenses	(308)	-	N.M.
Share of results of associates	(543)	7	N.M.
Share of results of joint venture	(211)	(1)	N.M.
Profit/(loss) before tax	7,241	(4,105)	N.M.
Tax expense	(1,367)	(578)	136.5
Profit/(loss) for the year	5,874	(4,683)	N.M.
Profit/(loss) attributable to:			
Owners of the Company	5,709	(3,821)	N.M.
Non-controlling interests	165	(862)	N.M.
	5,874	(4,683)	N.M.

Profit/(loss) before tax includes the following items :

	The Group		
	Year ended 31 May		
	2016	2015	%
	S\$'000	S\$'000	change + / (-)
Audit fees paid to:			
- auditors of the Company	(176)	(151)	16.6
- other auditors	(21)	(19)	10.5
Non-audit fees paid to:			
- auditors of the Company	(31)	(24)	29.2
- other auditors	(31)	(93)	(66.7)
Allowance for doubtful trade receivables	(11)	(237)	(95.4)
Amortisation of land use rights	(113)	(91)	24.2
Bad debts written off	(26)	(23)	13.0
Depreciation of property, plant and equipment	(6,909)	(7,915)	(12.7)
Dividend income from available-for-sale investments	-	5	N.M.
Gain/(loss) on disposal of property, plant and equipment	13,917	(788)	N.M.
Grant income from government	325	201	61.7
Impairment of available-for-sale investments	(98)	(199)	(50.8)
Impairment of investment in associate	(3,916)	-	N.M.
Gain on disposal of associate	1,168	-	N.M.
Interest income	41	38	7.9
Legal and professional fees	(793)	(2,184)	(63.7)
Net foreign exchange (loss) /gain	(308)	658	(146.8)
Property, plant and equipment written off	(76)	(2)	3,700.0

N.M. denotes not meaningful.



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1 (a)(i) Consolidated Statement of Comprehensive Income for the year ended 31 May 2016

	The Group		
	Year ended 31 May		
	2016	2015	%
	S\$'000	S\$'000	change + / (-)
Profit/(loss) for the year	5,874	(4,683)	(225.4)
Other comprehensive income, net of tax			
Foreign currency translation	(564)	1,554	N.M.
Disposal of property, plant and equipment	2,328	-	N.M.
Fair value gain/(loss) on available-for-sale investments	312	(125)	N.M.
Share of foreign currency translation of associates	(57)	311	N.M.
Other comprehensive income for the year, net of tax	2,019	1,740	16.0
Total comprehensive income for the year	<u>7,893</u>	<u>(2,943)</u>	<u>(368.2)</u>
Profit/(loss) attributable to:			
Owners of the Company	7,884	(2,358)	(434.4)
Non-controlling interests	9	(585)	(101.5)
Total comprehensive income for the year	<u>7,893</u>	<u>(2,943)</u>	<u>(368.2)</u>

	The Company		
	Year ended 31 May		
	2016	2015	%
	S\$'000	S\$'000	change + / (-)
Profit/(loss) for the year	3,975	(6,115)	(165.0)
Other comprehensive income, net of tax			
Fair value gain/(loss) on available-for-sale investments	312	(125)	(349.6)
Total comprehensive income for the year	<u>4,287</u>	<u>(6,240)</u>	<u>(168.7)</u>
Profit/(loss) attributable to:			
Owners of the Company	<u>4,287</u>	<u>(6,240)</u>	<u>(168.7)</u>

N.M. denotes not meaningful.



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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	
	31.05.2016 S\$'000	31.05.2015 S\$'000	31.05.2016 S\$'000	31.05.2015 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	90,422	115,422	185	89
Land use rights	5,083	5,389	-	-
Intangible assets	3,323	-	-	-
Investments in subsidiaries	-	-	53,202	45,998
Investments in associates	3,189	9,830	2,699	6,615
Investments in joint venture	9,237	4,511	-	-
Available-for-sale investments	723	509	723	509
Other receivables	-	-	5,778	7,159
Total non-current assets	111,977	135,661	62,587	60,370
Current assets				
Inventories	281	-	-	-
Trade and other receivables	12,119	12,028	23,479	9,007
Prepaid operating expenses	520	349	25	25
Cash and cash equivalents	30,768	18,442	98	12,672
Total current assets	43,688	30,819	23,602	21,704
Total assets	155,665	166,480	86,189	82,074
EQUITY AND LIABILITIES				
Equity				
Share capital	74,831	74,831	74,831	74,831
Treasury shares	(1,537)	(848)	(1,537)	(848)
Accumulated profit/(losses)	5,425	(14,021)	(11,356)	(15,331)
Other reserves	6,289	17,851	312	-
Equity attributable to owners of the Company	85,008	77,813	62,250	58,652
Non-controlling interests	4,928	4,326	-	-
Total equity	89,936	82,139	62,250	58,652
Non-current liabilities				
Other liabilities	408	-	385	-
Borrowings	43,516	61,155	-	17,595
Deferred tax liabilities	1,910	4,748	-	10
Finance lease liabilities	910	595	-	-
Loan from non-controlling interests	348	365	-	-
Total non-current liabilities	47,092	66,863	385	17,605
Current liabilities				
Trade and other payables	4,442	3,996	21,295	403
Other liabilities	3,702	2,949	2,163	763
Borrowings	4,302	8,219	-	4,576
Finance lease liabilities	2,072	1,097	83	-
Tax payable	3,484	1,217	13	75
Loan from non-controlling interests	635	-	-	-
Total current liabilities	18,637	17,478	23,554	5,817
Total liabilities	65,729	84,341	23,939	23,422
Total equity and liabilities	155,665	166,480	86,189	82,074



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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 2016		As at 31 May 2015	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Loan from non-controlling interests	-	635	-	-
Finance lease liabilities	2,072	-	1,097	-
Borrowings	4,302	-	8,219	-

(b) Amount repayable after one year

	The Group		The Group	
	As at 31 May 2016		As at 31 May 2015	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Loan from non-controlling interests	-	348	-	365
Finance lease liabilities	910	-	595	-
Borrowings	43,516	-	61,155	-

(c) Details of any collateral

The loans from non-controlling interests repayable in one year or less was meant for working capital financing of newly acquired subsidiary Marquis Services Ltd and for the acquisition of warehouse located at 7 Kwong Min Road. The loan from non-controlling interests repayable after one year are entered into for the financing of the construction of the warehouse in Yangshan Shanghai, China. The loans from non-controlling interests is unsecured.

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 and the borrowings repayable after one year comprise of the current portion of the borrowings entered into to finance the acquisition of warehouses located at No. 6 Pioneer Walk, 7 Kwong Min Road and No. 39 Benoi Road and the construction of the warehouse in Yangshan Shanghai, China.

The borrowings are secured by proportional corporate guarantee from the GKEC and non-controlling interests, first legal mortgage over the properties located at No. 1 Jalan Besut, 6 Pioneer Walk, No. 7 Kwong Min Road 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.



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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 2016	2015
	S\$'000	S\$'000
Cash flow from operating activities		
Profit/(loss) before tax	7,241	(4,105)
Adjustments for:		
Allowance of doubtful trade receivables	11	237
Amortisation of customer relationship	127	-
Amortisation of land use rights	113	91
Bad debts written off	26	23
Depreciation of property, plant and equipment	6,909	7,915
Dividend income from available-for-sale investments	-	(5)
Gain on disposal of associate	(1,168)	-
(Gain)/loss on disposal of property, plant and equipment	(13,917)	788
Impairment of investment in associate	3,916	-
Impairment of available-for-sale investments	98	199
Interest expense	2,066	1,780
Interest income	(41)	(38)
Property, plant and equipment written off	76	2
Share of results of joint venture	211	1
Share of results of associates	543	(7)
Effect of exchange rate changes	529	(141)
Operating cash flows before changes in working capital	<u>6,740</u>	<u>6,740</u>
Changes in working capital:		
Inventories	(281)	-
Trade and other receivables	1,579	(1,406)
Prepaid operating expenses	(171)	(31)
Trade and other payables	(2,471)	2,010
Other liabilities	767	(1,104)
Cash generated from operations	<u>6,163</u>	<u>6,209</u>
Interest received	41	38
Net income tax (paid)/refunded	(370)	9
Net cash flows generated from operating activities	<u>5,834</u>	<u>6,256</u>
Cash flows from investing activities		
Dividend income from available-for-sale investments	-	5
Net cash outflow on acquisition of subsidiary ⁽¹⁾	(743)	-
Net cash outflow on disposal of subsidiary	-	(59)
Cash inflow on disposal of associate	3,300	-
Cash outflow on investment in joint venture	(4,712)	-
Proceeds from disposal of property, plant and equipment	44,842	2,845
Purchase of property, plant and equipment and land use rights	(11,298)	(3,325)
Net cash flows generated from (used in) investing activities	<u>31,389</u>	<u>(534)</u>
Cash flows from financing activities		
Interest paid	(2,066)	(1,759)
Loan from non-controlling interests	635	-
Purchase of treasury shares	(689)	-
Proceeds from rights issue	-	12,675
Proceeds from loans and borrowings	4,320	3,500
Repayment of obligation under finance leases	(1,056)	(2,841)
Repayments of loans and borrowings	(25,981)	(4,271)
Share issuance expense	-	(59)
Net cash (used in) generated from financing activities	<u>(24,837)</u>	<u>7,245</u>
Net increase in cash and cash equivalents	<u>12,386</u>	<u>12,967</u>
Cash and cash equivalents at the beginning of financial year	18,442	5,210
Effect of exchange rate changes on cash and cash equivalents	(60)	265
Cash and cash equivalents at the end of financial year	<u>30,768</u>	<u>18,442</u>



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Explanatory Notes:

(1) On 15 December 2015, the Group acquired a 70% equity interest in Marquis Services Pte Ltd ("Marquis") for the purchase consideration consist of cash S\$2,315,000 and up to 5,000,000 ordinary shares in the capital of the Company upon fulfilment of the conditions precedent.

The fair value of net assets acquired in the transaction, and the intangible arising, are as follows:-

	Fair value recognised on acquisition S\$'000
Customer relationship	2,135
Property, plant and equipment	371
Trade and other receivables	1,707
Cash at bank and on hand	1,572
Trade and other payables	(2,917)
Other liabilities	(9)
Finance leases	(105)
Income tax payable	(390)
Deferred tax liabilities	(386)
Net asset acquired	<u>1,978</u>
Less: Non-controlling interest	(593)
Goodwill	<u>1,315</u>
Purchase consideration	<u>2,700</u>
Purchase consideration:-	
- Cash	2,315
- Shares of the Company #	<u>385</u>
	<u>2,700</u>

The provision of 5,000,000 ordinary shares (part of the purchase consideration) was being valued at S\$0.077 per share as at the date of the acquisition.

Net cash outflow from acquisition of subsidiary	
Cash consideration paid	(2,315)
Cash at bank and on hand	<u>1,572</u>
	<u>(743)</u>



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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 2016

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	-	-	(3,821)	-	(3,821)	(862)	(4,683)
<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	-	-	(3,821)	1,463	(2,358)	(585)	(2,943)
<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 interests in subsidiaries:</u>							
Disposal of subsidiary					-	37	37
Acquisition of non-controlling interest without a change in control				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)	(14,021)	17,851	77,813	4,326	82,139



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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 2016

The Group	Share capital S\$'000	Treasury shares S\$'000	Accumulated profit/(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
Profit for the year	-	-	5,709	-	5,709	165	5,874
<u>Other comprehensive income:</u>							
Fair value gain on available-for-sale investments	-	-	-	312	312	-	312
Disposal of property, plant and equipment	-	-	13,695	(11,367)	2,328	-	2,328
Foreign currency translation	-	-	-	(408)	(408)	(156)	(564)
Share of other comprehensive income of associate	-	-	-	(57)	(57)	-	(57)
Other comprehensive income for the year, net of tax	-	-	13,695	(11,520)	2,175	(156)	2,019
Total comprehensive income for the year	-	-	19,404	(11,520)	7,884	9	7,893
<u>Contributions by and distributions to owners:</u>							
Purchase of treasury shares		(689)	-	-	(689)	-	(689)
Total contributions by and distributions to owners	-	(689)	-	-	(689)	-	(689)
<u>Changes in ownership interest in subsidiaries</u>							
Striking off of subsidiary	-	-	42	(42)	-	-	-
Acquisition of subsidiary	-	-	-	-	-	593	593
Total changes in ownership interests in subsidiaries	-	-	42	(42)	-	593	593
Total transactions with owners in their capacity as owners	-	(689)	42	(42)	(689)	593	(96)
Balance as at 31 May 2016	74,831	(1,537)	5,425	6,289	85,008	4,928	89,936



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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 year.

Statement of Changes in Equity for the year ended 31 May 2016

The Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profit/(losses) S\$'000	Other reserves S\$'000	Total equity S\$'000
Balance as at 1 June 2014	62,215	(848)	(9,216)	125	52,276
Loss for the year	-	-	(6,115)	-	(6,115)
<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	-	-	(6,115)	(125)	(6,240)
<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)	(15,331)	-	58,652
Balance as at 1 June 2015	74,831	(848)	(15,331)	-	58,652
Profit for the year	-	-	3,975	-	3,975
<u>Other comprehensive income:</u>					
Fair value gain on available-for-sale investments	-	-	-	312	312
Other comprehensive income for the year, net of tax	-	-	-	312	312
Total comprehensive income for the year	-	-	3,975	312	4,287
<u>Contributions by and distributions to owners:</u>					
Purchase of treasury shares	-	(689)	-	-	(689)
Total contributions by and distributions to owners	-	(689)	-	-	(689)
Balance as at 31 May 2016	74,831	(1,537)	(11,356)	312	62,250



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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>2016</u>	<u>2015</u>
Total number of issued shares (excluding treasury shares):		
Total number of issued shares		
At beginning of financial year	646,542,290	463,363,636
Add: Issue of new shares	-	183,178,654
At end of financial year	<u>646,542,290</u>	<u>646,542,290</u>
Treasury shares		
At beginning of the period	(5,417,000)	(5,417,000)
Share buyback	(8,383,400)	-
At end of the period	<u>(13,800,400)</u>	<u>(5,417,000)</u>
Total	<u>632,741,890</u>	<u>641,125,290</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 2016.

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, 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 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.



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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

	<u>The Group</u>	
	<u>Year ended 31 May</u>	
	<u>2016</u>	<u>2015</u>
Earnings per share (in SGD cents)		
- Basic ⁽¹⁾	0.89	(0.78)
- Fully diluted ⁽²⁾	0.89	(0.78)

Notes:

(1) The calculation of basic earnings per share is based on the profit for the year of S\$5,709,000 (2015: loss of S\$3,821,000) divided by the weighted average number of ordinary shares in issue during the year of 638,676,433 (2015: 489,363,030).

(2) The calculation of fully diluted earnings per share is based on the profit for the year of S\$5,709,000 (2015: loss of S\$3,821,000) divided by the weighted average number of ordinary shares in issue during the year of 638,676,433 (2015: 489,363,030). Diluted earnings per share for financial year ended 31 May 2016 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.

	<u>The Group</u>		<u>The Company</u>	
	<u>31.05.2016</u>	<u>31.05.2015</u>	<u>31.05.2016</u>	<u>31.05.2015</u>
Net assets (S\$'000)	85,008	77,813	62,250	58,652
Net asset value per share (in SGD cents)	13.43	12.14	9.84	9.15
Number of shares used in calculating NAV	632,741,890	641,125,290	632,741,890	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's total revenue increased by 1.9% year-on-year to S\$36.9 million for the year ended 31 May 2016 ("FY2016") from S\$36.2 million in FY2015. This was mainly contributed by maiden contribution from the newly acquired subsidiary, Marquis Services Pte Ltd ("Marquis") as well as higher revenue generated from its warehousing business segment, which was partially undermined by lower revenue from its logistics operations on the back of the slowdown in the macro business environment.

Cost of sales increased marginally by 0.7% year-on-year from S\$27.0 million in FY2015 to S\$27.2 million in FY2016. As a result of better cost management, gross profit rose by 5.2% year-on-year to S\$9.7 million in FY2016 compared to S\$9.2 million in FY2015, and gross margin improved from 25.5% in FY2015 to 26.3% in FY2016.

Other income increased from S\$1.0 million in FY2015 to S\$15.7 million in FY2016. The significant increase was mainly due to the S\$13.7 million gain on disposal of warehouse cum office property at 30 Pioneer Road ("30 Pioneer Road property") and S\$1.2 million gain on disposal of Everflourish Development (HK) Co., Ltd ("Everflourish") and its associate, Maoming City Hung Ji Construction Materials Co., Ltd ("Maoming").

Marketing and distribution costs decreased by 35.3% year-on-year from S\$0.2 million in FY2015 to S\$0.1 million in FY2016. This was mainly due to lower advertising and commission expenses incurred for its warehouses in Yangshan Shanghai, China and 6 Pioneer Walk.

Administrative expenses increased by 21.3% year-on-year from S\$12.3 million in FY2015 to S\$15.0 million in FY2016. The increase was mainly due to the provision of impairment of investment in GKE Metal Logistics Pte Ltd amounting to S\$3.9 million, which was partially offset by lower legal and professional expenses.



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Finance costs was 16.1% higher from S\$1.8 million in FY2015 to S\$2.1 million in FY2016. This was due to an increase in interest rates, higher borrowings undertaken for working capital purposes, and the purchase of concrete mixer trucks for its wholly-owned ready-mix concrete operations in Wuzhou, China.

The loss of S\$0.5 million from its share of results from associates in FY2016 was due to the underperformance of GKE Metal Logistics Pte Ltd (GKE Metal Logistics) as a result of a weaker commodity market.

The loss of S\$0.2 million from its share of results of joint venture was due to the pre-operating administrative expenses and finance charges incurred for the construction of the liquefied gas carrier vessel.

Taking into account the aforementioned, the Group reversed from a net loss of S\$3.8 million in FY2015 to record a net profit attributable to the owners of the Company of S\$5.7 million in FY2016.

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

STATEMENT OF FINANCIAL POSITION

Non-current assets decreased by S\$23.7 million from S\$135.7 million as at year ended 31 May 2015 to S\$112.0 million as at 31 May 2016. This was mainly due to:

- (i) the decrease in property, plant and equipment as a result of the disposal of 30 Pioneer Road property, which was partially offset with the purchase of fixed assets including trailers, motor vehicles, forklift, and equipment for the warehouses located in Singapore and the ready-mix concrete plant located in Wuzhou, China;
- (ii) intangible assets arising from the acquisition of Marquis;
- (iii) the decrease in investments in associates as a result of the disposal of Everflourish and Maoming and impairment provided during the year; and
- (iv) the increase in investment in its joint venture.

Current assets increased by S\$12.9 million from S\$30.8 million as at 31 May 2015 to S\$43.7 million as at 31 May 2016. This was mainly due to the increase in cash at banks from S\$18.4 million as at 31 May 2015 to S\$30.8 million as at 31 May 2016. The increase in cash at banks was mainly due to:

- (i) receipt of the refund of US\$3.5 million (approximately S\$4.9 million) by the Group's subsidiary, GKE China Investment Pte Ltd ("GKE China") from the Waigaoqiao Vendor on the 30% initial payment it had made in relation to the proposed acquisition of Uniplas (Shanghai) Co., Ltd., and
- (ii) the net proceeds from the disposal of 30 Pioneer Road property for S\$44.6 million.

This increase was partially offset by the cash payment for the acquisition of Marquis, the capital expenditure in its joint venture and repayment of bank borrowings. Inventories of S\$0.3 million as at 31 May 2016 was due to the commencement of trial production at its wholly-owned ready-mix concrete plant in Wuzhou, China.

Non-current liabilities as at 31 May 2016 decreased by S\$19.8 million to S\$47.1 million from S\$66.9 million as at 31 May 2015. The decrease was mainly due to the repayment of borrowings of S\$17.6 million and the reversal of S\$2.8 million provision for deferred tax liabilities as a result of the disposal of 30 Pioneer Road property and overprovision for deferred tax liabilities. The decrease was partially offset by:

- (i) other liabilities of S\$408,000 mainly related to the provision of S\$385,000 for the balance of the purchase consideration (five million ordinary shares to be allotted upon fulfilment of the conditions precedent) for the acquisition of Marquis, and
- (ii) the increase in finance lease liabilities due to the purchase of concrete mixer trucks for its wholly-owned ready-mix concrete plant in Wuzhou, China and prime movers for its logistics operations in Singapore.

Current liabilities decreased marginally from S\$17.5 million as at 31 May 2015 to S\$18.6 million as at 31 May 2016. The decrease was mainly due to the repayment of bank borrowings which was partially offset by:

- (i) increase in trade and other payables due mainly to the purchase of raw materials by its wholly-owned ready-mix concrete plant in Wuzhou China,
- (ii) higher other liabilities due to accrued operating expenses,
- (iii) higher finance lease liabilities due to the purchase of concrete mixer trucks for its wholly-owned ready-mix concrete plant in Wuzhou, China and prime movers for its logistics operations in Singapore, and
- (iv) higher tax payable as a result of the disposal of 30 Pioneer Road property.

Shareholders' equity was higher at S\$85.0 million as at 31 May 2016, compared with S\$77.8 million as at 31 May 2015, due mainly from an increase in retained earnings and share buyback during the financial year. Net asset value per share increased from 12.14 SGD cents as at 31 May 2015 to 13.43 SGD cents as at 31 May 2016.



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STATEMENT OF CASH FLOWS

During the financial year, the Group recorded a net cash inflow from operating activities of S\$5.8 million after adjusting for non-cash items and changes in working capital.

The significant increase in the Group's net cash inflow from investing activities of S\$31.4 million was mainly due to the net cash proceeds from the disposals of 30 Pioneer Road property of S\$44.6 million and Everflourish and Maoming of RMB15 million (approximately S\$3.3 million), and partially offset by:

- (i) net cash outflow of S\$0.7 million for the acquisition of Marquis
- (ii) capital expenditure of S\$4.7 million for the investment in its joint venture, Gas Aries Limited, for the construction of liquefied gas carrier vessel; and
- (iii) the purchase of trailers, motor vehicles, forklift, warehouse equipment, land use rights and the construction of its wholly-owned ready-mix concrete plant in Wuzhou, China.

Net cash used in financing activities in FY2016 was S\$24.8 million, which was mainly for the reduction in loans and borrowings, finance leases, and share buyback. This was partially offset by the proceeds from loan contribution from non-controlling interests in Marquis and the proceeds from property loan for the purchase of warehouse at 7 Kwong Min Road.

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 remains cautious of its business outlook amid the uncertainties in the global economy, and expects the operating environment in Singapore to remain challenging with inflationary cost pressures and labour crunch.

Aligned with its objectives to broaden and strengthen its earnings base, the Group expects its two strategic investments (i) the liquefied gas carrier vessel through its 50% joint venture, and (ii) the wholly-owned ready-mix concrete plant in Wuzhou, China, which has commenced commercial production in June 2016, to contribute positively to the Group in the near future.

The Group will continue to monitor and improve on its operational efficiency, while it continues to pursue viable strategic business opportunities to enhance its core businesses.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of dividend	: First and final
Dividend type	: Cash
Dividend rate	: Tax exempt one-tier dividend of \$0.006 per share

(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

The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be paid at a date to be announced later.

(d) Books closure date

Notice will be given at a later date on the closure of the shares transfer books and register of members to determine shareholders' entitlement to the proposed final dividend.

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 2016	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
- External customers	-	36,865	-	8	-	36,873
- Inter-segment ⁽¹⁾	-	302	-	-	(302)	-
Total revenue	-	37,167	-	8	(302)	36,873
Results:	(2,883)	9,648	21	(369)	(333)	6,084
Depreciation and amortisation	(115)	(6,726)	-	(181)	-	(7,022)
Allowance for doubtful trade receivables	-	(11)	-	-	-	(11)
Bad debts written off	-	(410)	-	-	384	(26)
Property, plant and equipment written off	-	(76)	-	-	-	(76)
Impairment of investments in subsidiaries	(914)	-	-	-	914	-
Impairment of investment in associate	(3,916)	-	-	-	-	(3,916)
Impairment of available-for-sale investments	(98)	-	-	-	-	(98)
Gain on disposal of property, plant and equipment	72	13,845	-	-	-	13,917
Gain on disposal of associate	-	-	-	1,168	-	1,168
Loss on disposal of subsidiaries	(44)	-	-	-	44	-
Share of results of associate	-	(529)	-	(14)	-	(543)
Share of results of joint venture	-	-	(211)	-	-	(211)
Dividend income	12,500	-	-	-	(12,500)	-
Interest income	29	79	-	5	(72)	41
Finance costs	(647)	(1,538)	-	(109)	228	(2,066)
Segment profit (loss)	3,984	14,282	(190)	500	(11,335)	7,241
Tax expense						(1,367)
Profit for the year						5,874
Investments in joint venture	-	-	9,237	-	-	9,237
Investments in associates	3,189	-	-	-	-	3,189
Additions to non-current assets ⁽²⁾	211	8,958	-	4,823	-	13,992
Segment assets⁽³⁾	86,189	145,819	11,961	11,512	(99,816)	155,665
Segment liabilities⁽³⁾	2,778	82,561	1,912	4,163	(31,079)	60,335
Unallocated liabilities:						
Tax payable						3,484
Deferred tax liabilities						1,910
Total liabilities						65,729

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

(2) Additions to non-current assets consist of additions to property, plant and equipment and land use rights.

(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 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:	(1,381)	8,588	1	(173)	548	7,583
Depreciation and amortisation	(87)	(7,888)	-	(31)	-	(8,006)
Legal fees and tribunal fees net of liquidated damages receivable	-	(1,100)	-	-	-	(1,100)
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	(863)	-	-	-	(788)
Share of associate results	-	11	-	(4)	-	7
Share of results of joint venture	-	-	(1)	-	-	(1)
Dividend income	5	-	-	-	-	5
Interest income	-	29	-	9	-	38
Finance costs	(471)	(1,509)	-	-	200	(1,780)
Segment profit (loss)	(3,086)	(2,992)	-	(199)	2,172	(4,105)
Tax expense						(578)
Loss for the year						(4,683)
Investments in joint venture	-	-	4,511	-	-	4,511
Investments in associates	6,616	1,075	-	2,139	-	9,830
Additions to non-current assets ⁽²⁾	7	1,027	-	4,984	-	6,018
Segment assets⁽³⁾	84,840	130,575	4,527	10,249	(63,711)	166,480
Segment liabilities⁽³⁾	23,337	68,892	27	3,080	(16,960)	78,376
Unallocated liabilities:						
Tax payable						1,217
Deferred tax liabilities						4,748
Total liabilities						84,341

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

(2) Additions to non-current assets consist of additions to property, plant and equipment and land use rights.

(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⁾	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	35,825	34,864	68,018	96,242
People's Republic of China	1,048	1,336	27,487	24,569
	36,873	36,200	95,505	120,811

(4) Non-current assets information presented above consist of property, plant and equipment and land use rights 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 dividend income of \$12.5 million offset by the impairment of investments in associates of S\$3.9 million and the impairment of investment in subsidiaries and intercompany receivable of S\$1.8 million. The impairment of investment in subsidiaries and intercompany receivable of S\$1.8 million was eliminated at the Group level.

Third Party Logistics

The segment profit came mainly from the gain on disposal of property at 30 Pioneer Road, maiden contribution from the newly acquired subsidiary Marquis and increase in warehousing revenue. This was however offset by lower logistics service revenue due to the market slowdown.

Shipping Logistics

During FY2016, the construction of 83,000 CBM liquefied gas carrier vessel have been completed and delivered in March 2016 to our joint ventures; Gas Aries Limited. The charter contract was signed with an operator for an initial six months from mid-April 2016 with an option to extend for additional six months. The segment loss was due to pre-operating expenses and finance charges incurred before the commencement of the chartering.

Infrastructural Logistics

The current year segment profit was mainly due to gain on disposal of associate; Maoming City Hung Ji Construction Materials Co., Ltd offset by the initial start up cost of the ready-mix concrete plant at Wuzhou Xing Jian Readymix Co., Ltd.

15. A breakdown of sales

	The Group		% Change
	Actual Full Year Ended 31 May 2016	Actual Full Year Ended 31 May 2015	
Sales reported for first half year	16,925	18,914	(10.5)
Operating profit after tax before non-controlling interest reported for first half year	262	(567)	(146.2)
Sales reported for second half year	19,948	17,286	15.4
Operating profit after tax before non-controlling interest reported for second half year including discontinued operation	5,612	(4,116)	(236.3)

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	3,796	-

⁽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) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Ocean Latitude Limited - capital investment and loan	5,869	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	48	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

19. Confirmation by the Board pursuant to Rule 720(1) of the listing manual

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

BY ORDER OF THE BOARD

Neo Cheow Hui
Executive Director and Chief Executive Officer
27 July 2016

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: Ms Amanda Chen (Registered Professional, RHT Capital Pte. Ltd.)
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