



GKE CORPORATION LIMITED  
(Company Registration No. 200001941G)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 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		
	Three months ended 31 August		
	2016	2015	%
	S\$'000	S\$'000	change + / (-)
<b>Revenue</b>	11,355	8,707	30.4
Cost of sales	(8,708)	(6,495)	34.1
<b>Gross profit</b>	2,647	2,212	19.7
<b>Other income</b>	129	289	(55.4)
<b>Expenses</b>			
Marketing and distribution costs	(37)	(14)	164.3
Administrative expenses	(2,204)	(2,135)	3.2
Finance costs	(430)	(473)	(9.1)
Other expenses	(245)	-	N.M.
Share of results of associates	(125)	19	N.M.
Share of results of joint venture	612	-	N.M.
<b>Profit/(loss) before tax</b>	347	(102)	N.M.
Tax expense	(136)	-	N.M.
<b>Profit/(loss) for the period</b>	211	(102)	N.M.
<b>Profit/(loss) attributable to:</b>			
Owners of the Company	126	(109)	N.M.
Non-controlling interests	85	7	N.M.
	211	(102)	N.M.

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

	The Group		
	Three months ended 31 August		
	2016	2015	%
	S\$'000	S\$'000	change + / (-)
Audit fees payable to:			
- Auditors of the Company	(49)	(45)	8.9
Non-audit fees payable to:			
- Auditors of the Company	(13)	-	N.M.
Reversal of allowance/(allowance) for doubtful trade receivables	19	(3)	N.M.
Amortisation of land use rights	(27)	(29)	(6.9)
Amortisation of customer relationship	(76)	-	N.M.
Bad debts written off	(19)	-	N.M.
Depreciation of property, plant and equipment	(1,455)	(1,925)	(24.4)
Gain on disposal of available-for-sale investments	8	-	N.M.
Gain on disposal of property, plant and equipment	21	115	(81.7)
Impairment of available-for-sale investments	(21)	(42)	(50.0)
Interest income	16	15	6.7
Legal and professional fees	(80)	(72)	11.1
Net foreign exchange (loss)/gain	(245)	99	N.M.

N.M. denotes not meaningful.



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1 (a)(i) Consolidated Statement of Comprehensive Income for the period ended 31 August 2016

	The Group		
	Three months ended 31 August		
	2016	2015	%
	S\$'000	S\$'000	change
			+ / (-)
<b>Profit/(loss) for the period</b>	211	(102)	N.M.
<b>Other comprehensive income, net of tax</b>			
Foreign currency translation	(506)	259	N.M.
Fair value (loss)/gain on available-for-sale investments	(79)	222	N.M.
Share of foreign currency translation of associates	(371)	99	N.M.
Other comprehensive income for the period, net of tax	(956)	580	N.M.
<b>Total comprehensive income for the period</b>	<b>(745)</b>	<b>478</b>	<b>N.M.</b>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company	(725)	470	N.M.
Non-controlling interests	(20)	8	N.M.
<b>Total comprehensive income for the period</b>	<b>(745)</b>	<b>478</b>	<b>N.M.</b>



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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	
	31.08.2016 S\$'000	31.05.2016 S\$'000	31.08.2016 S\$'000	31.05.2016 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	93,012	90,422	174	185
Land use rights	4,913	5,083	-	-
Intangible assets	3,247	3,323	-	-
Investments in subsidiaries	-	-	53,202	53,202
Investment in associate	2,362	3,189	2,699	3,189
Investment in joint venture	9,720	9,237	-	-
Available-for-sale investments	631	723	631	723
Other receivables	-	-	5,697	5,288
<b>Total non-current assets</b>	<b>113,885</b>	<b>111,977</b>	<b>62,403</b>	<b>62,587</b>
<b>Current assets</b>				
Inventories	242	281	-	-
Trade and other receivables	12,219	12,119	18,566	23,479
Prepaid operating expenses	796	520	40	25
Fixed deposits (restricted)	2,180	-	-	-
Cash and cash equivalents	24,832	30,768	4,047	98
<b>Total current assets</b>	<b>40,269</b>	<b>43,688</b>	<b>22,653</b>	<b>23,602</b>
<b>Total assets</b>	<b>154,154</b>	<b>155,665</b>	<b>85,056</b>	<b>86,189</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	74,831	74,831	74,831	74,831
Treasury shares	(1,537)	(1,537)	(1,537)	(1,537)
Retained earnings/(Accumulated losses)	5,551	5,425	(11,391)	(11,356)
Other reserves	5,438	6,289	233	312
<b>Equity attributable to owners of the Company</b>	<b>84,283</b>	<b>85,008</b>	<b>62,136</b>	<b>62,250</b>
Non-controlling interests	4,908	4,928	-	-
<b>Total equity</b>	<b>89,191</b>	<b>89,936</b>	<b>62,136</b>	<b>62,250</b>
<b>Non-current liabilities</b>				
Other liabilities	576	408	385	385
Borrowings	44,216	43,516	-	-
Deferred tax liabilities	1,887	1,910	-	-
Finance lease liabilities	1,184	910	-	-
Loan from non-controlling interests	338	348	-	-
<b>Total non-current liabilities</b>	<b>48,201</b>	<b>47,092</b>	<b>385</b>	<b>385</b>
<b>Current liabilities</b>				
Trade and other payables	3,960	5,077	21,512	21,295
Other liabilities	2,693	3,702	931	2,163
Borrowings	4,163	4,302	-	-
Finance lease liabilities	2,522	2,072	79	83
Tax payable	3,424	3,484	13	13
<b>Total current liabilities</b>	<b>16,762</b>	<b>18,637</b>	<b>22,535</b>	<b>23,554</b>
<b>Total liabilities</b>	<b>64,963</b>	<b>65,729</b>	<b>22,920</b>	<b>23,939</b>
<b>Total equity and liabilities</b>	<b>154,154</b>	<b>155,665</b>	<b>85,056</b>	<b>86,189</b>



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

	The Group		The Group	
	As at 31 August 2016		As at 31 May 2016	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Amount repayable in one year or less, or on demand				
Finance lease liabilities	2,522	-	2,072	-
Borrowings	4,163	-	4,302	-
(b) Amount repayable after one year				
Loan from non-controlling interests	-	338	-	348
Finance lease liabilities	1,184	-	910	-
Borrowings	44,216	-	43,516	-

(c) Details of any collateral

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 are 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 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 Three months ended 31 August	
	2016 S\$'000	2015 S\$'000
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax	347	(102)
Adjustments for:		
Reversal of allowance/(allowance) for doubtful trade receivables	(19)	3
Amortisation of land use rights	27	29
Amortisation of customer relationship	76	-
Bad debts written off	19	-
Depreciation of property, plant and equipment	1,455	1,925
Gain on disposal of available-for-sale investments	(8)	-
Gain on disposal of property, plant and equipment	(21)	(115)
Impairment of available-for-sale investments	21	42
Interest expense	430	473
Interest income	(16)	(15)
Share of results of joint venture	(612)	-
Share of results of associates	125	(19)
Effect of exchange rate changes	249	(150)
<b>Operating cash flows before changes in working capital</b>	<u>2,073</u>	<u>2,071</u>
<b>Changes in working capital:</b>		
Inventories	39	-
Trade and other receivables	(100)	4,685
Prepaid operating expenses	(276)	(73)
Trade and other payables	(1,117)	(1,870)
Other liabilities	(841)	(288)
<b>Cash flows from operations</b>	<u>(222)</u>	<u>4,525</u>
Interest received	16	15
Income tax paid	(209)	-
<b>Net cash flows used in/(generated from) operating activities</b>	<u>(415)</u>	<u>4,540</u>
<b>Cash flows from investing activities</b>		
Capital contribution into joint venture	-	(4,706)
Dividend income from associate	331	-
Proceeds from disposal of property, plant and equipment	32	159
Purchase of property, plant and equipment	(3,540)	(1,554)
<b>Net cash flows used in investing activities</b>	<u>(3,177)</u>	<u>(6,101)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(430)	(463)
Proceeds from borrowings	1,711	-
Repayment of obligation under finance leases	(379)	(129)
Repayments of loans and borrowings	(926)	(1,306)
Increase in fixed deposits charged with bank	(2,180)	-
<b>Net cash used in financing activities</b>	<u>(2,204)</u>	<u>(1,898)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(5,796)</u>	<u>(3,459)</u>
Cash and cash equivalents at the beginning of financial period	30,768	18,442
Effect of exchange rate changes on cash and cash equivalents	(140)	159
Cash and cash equivalents at the end of financial period <sup>(1)</sup>	<u>24,832</u>	<u>15,142</u>

Explanatory Notes:

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

	The Group	
	31.08.2016 S\$'000	31.08.2015 S\$'000
Cash at banks and on hand	24,832	15,142
Fixed deposits (restricted)	2,180	-
	<u>27,012</u>	<u>15,142</u>
Fixed deposits charged with bank	(2,180)	-
<b>Cash and cash equivalents</b>	<u>24,832</u>	<u>15,142</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 period ended 31 August 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 2015	74,831	(848)	(14,021)	17,851	77,813	4,326	82,139
Loss for the period	-	-	(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>

The Group	Share capital	Treasury shares	Retained earnings	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 2016	74,831	(1,537)	5,425	6,289	85,008	4,928	89,936
Profit for the year	-	-	126	-	126	85	211
<u>Other comprehensive income:</u>							
Fair value loss on available-for-sale investments	-	-	-	(79)	(79)	-	(79)
Foreign currency translation	-	-	-	(401)	(401)	(105)	(506)
Share of other comprehensive income of associate	-	-	-	(371)	(371)	-	(371)
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	(851)	(851)	(105)	(956)
<b>Total comprehensive income for the period</b>	-	-	126	(851)	(725)	(20)	(745)
<b>Balance as at 31 August 2016</b>	<b>74,831</b>	<b>(1,537)</b>	<b>5,551</b>	<b>5,438</b>	<b>84,283</b>	<b>4,908</b>	<b>89,191</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 2016

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 2015	74,831	(848)	(15,331)	-	58,652
Profit 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>	<b>74,831</b>	<b>(848)</b>	<b>(15,289)</b>	<b>222</b>	<b>58,916</b>
<b>The Company</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Other reserves S\$'000</b>	<b>Total equity S\$'000</b>
Balance as at 1 June 2016	74,831	(1,537)	(11,356)	312	62,250
Loss for the period	-	-	(35)	-	(35)
<u>Other comprehensive income:</u>					
Fair value loss on available-for-sale investments, representing other comprehensive income for the period, net of tax	-	-	-	(79)	(79)
<b>Total comprehensive income for the period</b>	-	-	(35)	(79)	(114)
<b>Balance as at 31 August 2016</b>	<b>74,831</b>	<b>(1,537)</b>	<b>(11,391)</b>	<b>233</b>	<b>62,136</b>



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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**

	<b>The Group &amp; the Company</b>	
	<b>Period as at</b>	
	<b>31.08.2016</b>	<b>31.05.2016</b>
<b>Total number of issued shares (excluding treasury shares):</b>		
Total number of issued shares		
At beginning of financial year	646,542,290	646,542,290
At end of financial year	<u>646,542,290</u>	<u>646,542,290</u>
Treasury shares		
At beginning of the period	(13,800,400)	(5,417,000)
Share buyback	-	(8,383,400)
At end of the period	<u>(13,800,400)</u>	<u>(13,800,400)</u>
<b>Total</b>	<u>632,741,890</u>	<u>632,741,890</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 August 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 2016.

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>Three months ended 31 August 2016</u>	<u>2015</u>
Earning / (Loss) per share (in SGD cent)		
- Basic <sup>(1)</sup>	0.02	(0.02)
- Fully diluted <sup>(2)</sup>	0.02	(0.02)

Notes:

(1) The calculation of basic earnings per share is based on the profit for the period of S\$126,000 (2015: loss of S\$109,000) divided by the weighted number of ordinary shares in issue during the year of 632,741,890 (2015: 641,125,290).

(2) The calculation of fully diluted earnings per share is based on the profit for the period of S\$126,000 (2015: loss of S\$109,000) divided by the weighted number of ordinary shares in issue during the year of 632,741,890 (2014: 641,125,290). Diluted earnings per share for financial period ended 31 August 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>31.08.2016</u>	<u>31.05.2016</u>	<u>31.08.2016</u>	<u>31.05.2016</u>
Net assets (S\$'000)	84,283	85,008	62,136	62,250
<b>Net asset value per share (in SGD cents)</b>	<b>13.32</b>	<b>13.43</b>	<b>9.82</b>	<b>9.84</b>
Number of shares used in calculating NAV	632,741,890	632,741,890	632,741,890	632,741,890

**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 a 30.4% increase in revenue to S\$11.4 million for the three months ended 31 August 2016 ("1QFY17"), compared with S\$8.7 million in the previous corresponding period. This was due to higher revenue contribution from warehousing & logistics segment and maiden contribution from infrastructural materials & services segment.

Revenue for warehousing & logistics segment rose by 24.1% to S\$10.8 million in 1QFY17, compared with S\$8.7 million in 1QFY16. The higher revenue was mainly due to contribution of Marquis Services Pte Ltd ("Marquis") and its warehousing business unit, which was partially undermined by lower contribution from its logistics operations on the back of economic slowdown. Revenue for infrastructural materials & services segment was due to the maiden contribution of S\$0.6 million from its wholly-owned ready-mix concrete manufacturing plant, Wuzhou Xing Jian Readymix Co., Ltd ("Wuzhou Xing Jian"), which has commenced commercial production in June 2016.

Cost of sales increased by 34.1% from S\$6.5 million in 1QFY16 to S\$8.7 million in 1QFY17. The increase was attributable to the additional expenses from the operations of Marquis and Wuzhou Xing Jian, as well as increase in rental expenses.



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For 1QFY17, the Group's gross profit increased by 19.7% to S\$2.6 million, compared with S\$2.2 million in 1QFY16. The Group's composite gross margin narrowed from 25.4% in 1QFY16 to 23.3% in 1QFY17.

Other income was lower at S\$0.1 million in 1QFY17 compared with S\$0.2 million in 1QFY16, mainly due to higher gain on disposal of property, plant and equipment and net foreign exchange gain in 1QFY16.

Marketing and distribution costs increased from \$14,000 in 1QFY16 to S\$37,000 in 1QFY17. This was mainly due to higher expenses incurred on marketing for Wuzhou Xing Jian and Van Der Horst Shanghai warehousing operations.

Administrative expenses increased by 3.2% to S\$2.2 million in 1QFY17 from S\$2.1 million in 1QFY16. This was mainly due to increase in staff cost with the addition of Marquis and commencement of Wuzhou Xing Jian operations, which was partially offset by lower depreciation expenses.

Finance costs decreased by 9.1% to S\$0.4 million in 1QFY17. The reduction was mainly due to repayment of borrowings undertaken for working capital purposes, which was partially offset by higher interest rates, hire purchase interest expense undertaken for the purchase of concrete mixer trucks for Wuzhou Xing Jian, and interest expense on loan undertaken for the acquisition of 7 Kwong Min Road property for Marquis.

Other expenses of S\$0.2 million in 1QFY17 was mainly net foreign exchange losses.

The share of results from associates reversed from a profit of S\$19,000 in 1QFY16 to a loss of S\$0.1 million in 1QFY17. This was due to the underperformance of GKE Metal Logistics Pte Ltd ("GKE Metal") on the back of weaker commodities markets.

The profit of S\$0.6 million from its share of results of joint venture came from the chartering of the liquefied gas carrier vessel, Gas Aries.

For 1QFY17, the Group recorded a profit before tax of S\$0.3 million, compared with a loss before tax of S\$0.1 million in 1QFY16.

Taking into account the income tax expense of S\$0.1 million in 1QFY17, the Group recorded a net profit attributable to the owners of the Company of S\$0.1 million for 1QFY17, compared with a net loss of S\$0.1 million in 1QFY16.

Other comprehensive income for foreign currency translation and share of foreign currency translation of associates was a result of translating the financial statements of the foreign subsidiaries and associates financial statement from its functional currencies into Singapore dollars as at the balance sheet date, for the period under review. The movement was mainly due to fluctuations of functional currencies against Singapore dollars.

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

### **STATEMENT OF FINANCIAL POSITION**

Non-current assets increased marginally from S\$112.0 million as at 31 May 2016 to S\$113.9 million as at 31 August 2016. The increase was mainly due to increase in property, plant and equipment arising from (i) construction in progress of 39 Benoi Road property, (ii) purchase of fixed assets including motor vehicles and forklift for the warehouses in Singapore and plant & machinery for Wuzhou Xing Jian in China, and (iii) increase in joint venture due to share of its profit, which was offset with the decrease in investment in associates due to dividend received from GKE Metal logistics Pte Ltd and share of its loss.

Current assets decreased by S\$3.4 million from S\$43.7 million as at 31 May 2016 to S\$40.3 million as at 31 August 2016. The decline was mainly due to the decrease in cash and cash equivalents from S\$30.8 million as at 31 May 2016 to S\$24.8 million as at 31 August 2016, which can be attributed to the construction of 39 Benoi Road property, the purchase of fixed assets and repayment of borrowings and finance leases with financial institutions.

Non-current liabilities increased by S\$1.1 million from S\$47.1 million as at 31 May 2016 to S\$48.2 million as at 31 August 2016. This was mainly due to an increase in borrowings to finance the redevelopment of 39 Benoi Road property and an increase in finance lease liabilities for the hire purchase of plant & machinery in Wuzhou Xing Jian.

Current liabilities decreased by S\$1.8 million from S\$18.6 million as at 31 May 2016 to S\$16.8 million as at 31 August 2016. The decrease was mainly due to lower trade and other payables, which was offset by the increase in finance lease liabilities attributed to the hire purchases of fixed assets in Wuzhou Xing Jian and for operations in Singapore.

Shareholders' equity decreased marginally from S\$85.0 million as at 31 May 2016 to S\$84.3 million as at 31 August 2016, due mainly to a decrease in other reserves.



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**STATEMENT OF CASH FLOWS**

During 1QFY17, the net cash used in operations amounted to S\$0.4 million. This comprises positive operating cash flows before changes in working capital of S\$2.1 million, adjusted by net working capital outflow of S\$2.3 million, interest received and taxes paid of S\$16,000 and S\$0.2 million, respectively.

Net cash used in investing activities of S\$3.2 million was mainly due to the cash outlay for the redevelopment of 39 Benoi Road property, and the purchase of motor vehicles and forklifts offset by the receipt of dividend income from associate of S\$0.3 million.

Net cash used in financing activities was S\$2.2 million in 1QFY17. This was mainly attributable to the fixed deposit charged with bank S\$2.2 million and repayment of loans and finance leases which was offset by the increase in bank borrowings of S\$1.7 million for the redevelopment of 39 Benoi Road property.

**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 expects the macro business outlook to continue to be challenging amid the global economic slowdown, inflationary costs pressures and intensifying competition to affect the operating performance of the Group.

The redevelopment of 39 Benoi Road warehouse cum office property is in progress and the wholly-owned ready-mix concrete manufacturing plant in Wuzhou, China, currently in commercial production, will ramp up production progressively to meet demand. In view of the prolonged depressed oil prices and increase in the global supply of liquefied gas carrier vessels, it could be challenging for the Group to extend the chartering contract of its liquefied gas carrier vessel.

The Group will continue to monitor and improve its operational efficiency, while it continues to pursue viable strategic business opportunities to broaden stable and sustainable earnings base.

**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.



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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.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'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 - loan	1,551	Nil

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 2016 to be false or misleading in any material aspect.

15. 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  
11 October 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:-*

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