



GKE CORPORATION LIMITED  
(Company Registration No. 200001941G)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016

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

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

	The Group			The Group		
	2nd Quarter Ended		change	Half Year Ended		change
	30-Nov-16	30-Nov-15		30-Nov-16	30-Nov-15	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	11,940	8,218	45.3	23,295	16,925	37.6
Cost of sales	(10,145)	(6,227)	62.9	(18,853)	(12,722)	48.2
<b>Gross profit</b>	1,795	1,991	(9.8)	4,442	4,203	5.7
<b>Other income</b>	404	1,391	(71.0)	395	1,680	(76.5)
<b>Expenses</b>						
Marketing and distribution costs	(43)	(20)	115.0	(80)	(34)	135.3
Administrative expenses	(2,261)	(2,288)	(1.2)	(4,465)	(4,423)	0.9
Finance costs	(336)	(539)	(37.7)	(766)	(1,012)	(24.3)
Other expenses	-	-	N.M.	(107)	-	N.M.
Share of results of associates	42	(170)	N.M.	(83)	(151)	(45.0)
Share of results of joint venture	(42)	(1)	N.M.	570	(1)	N.M.
<b>(Loss)/profit before tax</b>	(441)	364	N.M.	(94)	262	N.M.
Tax expense	(53)	-	N.M.	(189)	-	N.M.
<b>(Loss)/profit for the period</b>	(494)	364	N.M.	(283)	262	N.M.
<b>(Loss)/profit attributable to:</b>						
Owners of the Company	(558)	367	N.M.	(432)	258	N.M.
Non-controlling interests	64	(3)	N.M.	149	4	N.M.
	(494)	364	N.M.	(283)	262	N.M.

(Loss)/profit before tax includes the following items :

	The Group			The Group		
	2nd Quarter Ended		change	Half Year Ended		change
	30-Nov-16	30-Nov-15		30-Nov-16	30-Nov-15	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Audit fees payable to:						
- Auditors of the Company	(41)	(21)	95.2	(90)	(66)	36.4
Non-audit fees payable to:						
- Auditors of the Company	(4)	(15)	(73.3)	(17)	(15)	13.3
Reversal of allowance/(allowance) for doubtful trade receivables	(2)	1	N.M.	17	(2)	N.M.
Amortisation of land use rights	(26)	(28)	(7.1)	(53)	(57)	(7.0)
Amortisation of customer relationship	(77)	-	N.M.	(153)	-	N.M.
Bad debts written off	-	-	N.M.	(19)	-	N.M.
Depreciation of property, plant and equipment	(1,534)	(1,903)	(19.4)	(2,989)	(3,828)	(21.9)
Gain on disposal of available-for-sale investments	-	-	N.M.	8	-	N.M.
Gain on disposal of property, plant and equipment	66	78	(15.4)	87	193	N.M.
Impairment of available-for-sale investments	(11)	(28)	(60.7)	(32)	(70)	(54.3)
Interest income	17	-	N.M.	33	14	135.7
Legal and professional fees	(116)	(246)	(52.8)	(196)	(318)	(38.4)
Gain on disposal of associate	-	1,188	N.M.	-	1,188	N.M.
Net foreign exchange gain/(loss)	138	45	206.7	(107)	144	N.M.

N.M. denotes not meaningful.



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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016

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1 (a)(i) Consolidated Statement of Comprehensive Income for the period ended 30 November 2016

	The Group			The Group		
	2nd Quarter Ended		change	Half Year Ended		change
	30-Nov-16	30-Nov-15		30-Nov-16	30-Nov-15	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>(Loss)/profit for the period</b>	(494)	364	N.M.	(283)	262	N.M.
<b>Other comprehensive income, net of tax</b>						
Foreign currency translation	566	102	455.1	60	361	(83.3)
Fair value transfer to profit on disposal of available-for-sale investments	(6)	-	N.M.	(6)	-	N.M.
Fair value gain on available-for-sale investments	436	38	N.M.	357	260	37.3
Share of foreign currency translation of associates	342	(92)	N.M.	(29)	7	N.M.
Other comprehensive income for the period, net of tax	1,338	48	N.M.	382	628	(39.1)
<b>Total comprehensive income for the period</b>	<u>844</u>	<u>412</u>	104.9	<u>99</u>	<u>890</u>	(88.8)
<b>Profit attributable to:</b>						
Owners of the Company	733	395	85.6	8	865	(99.0)
Non-controlling interests	111	17	552.9	91	25	264.0
<b>Total comprehensive income for the period</b>	<u>844</u>	<u>412</u>	104.9	<u>99</u>	<u>890</u>	(88.8)



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**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016**

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	
	Unaudited 30-Nov-16 S\$'000	Audited 31-May-16 S\$'000	Unaudited 30-Nov-16 S\$'000	Audited 31-May-16 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	92,683	90,422	157	185
Land use rights	4,902	5,083	-	-
Intangible assets	10,077	3,323	-	-
Investments in subsidiaries	-	-	60,627	53,202
Investment in associate	2,746	3,189	3,189	3,189
Investment in joint venture	10,122	9,237	-	-
Available-for-sale investments	1,050	723	1,050	723
Other receivables	-	-	5,126	5,288
<b>Total non-current assets</b>	<b>121,580</b>	<b>111,977</b>	<b>70,149</b>	<b>62,587</b>
<b>Current assets</b>				
Inventories	410	281	-	-
Trade and other receivables	15,104	12,119	10,423	23,479
Prepaid operating expenses	659	520	24	25
Fixed deposits (restricted)	2,180	-	-	-
Cash and cash equivalents	16,910	30,768	797	98
<b>Total current assets</b>	<b>35,263</b>	<b>43,688</b>	<b>11,244</b>	<b>23,602</b>
<b>Total assets</b>	<b>156,843</b>	<b>155,665</b>	<b>81,393</b>	<b>86,189</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	79,165	74,831	79,165	74,831
Treasury shares	(1,216)	(1,537)	(1,216)	(1,537)
Retained earnings/(Accumulated losses)	1,198	5,425	(15,593)	(11,356)
Other reserves	6,644	6,289	578	312
<b>Equity attributable to owners of the Company</b>	<b>85,791</b>	<b>85,008</b>	<b>62,934</b>	<b>62,250</b>
Non-controlling interests	5,019	4,928	-	-
<b>Total equity</b>	<b>90,810</b>	<b>89,936</b>	<b>62,934</b>	<b>62,250</b>
<b>Non-current liabilities</b>				
Other liabilities	620	408	385	385
Borrowings	43,390	43,516	-	-
Deferred tax liabilities	1,879	1,910	-	-
Finance lease liabilities	959	910	-	-
Loan from non-controlling interests	343	348	-	-
<b>Total non-current liabilities</b>	<b>47,191</b>	<b>47,092</b>	<b>385</b>	<b>385</b>
<b>Current liabilities</b>				
Trade and other payables	6,164	5,077	17,269	21,295
Other liabilities	2,682	3,702	718	2,163
Borrowings	4,207	4,302	-	-
Finance lease liabilities	2,588	2,072	74	83
Tax payable	3,201	3,484	13	13
<b>Total current liabilities</b>	<b>18,842</b>	<b>18,637</b>	<b>18,074</b>	<b>23,554</b>
<b>Total liabilities</b>	<b>66,033</b>	<b>65,729</b>	<b>18,459</b>	<b>23,939</b>
<b>Total equity and liabilities</b>	<b>156,843</b>	<b>155,665</b>	<b>81,393</b>	<b>86,189</b>



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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016

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

	The Group		The Group	
	As at 30 Nov 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	2,588	-	2,072	-
Borrowings	4,207	-	4,302	-
(b) Amount repayable after one year				
Loan from non-controlling interests	-	343	-	348
Finance lease liabilities	959	-	910	-
Borrowings	43,390	-	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 and lifting equipment 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		The Group	
	2nd Quarter Ended 30-Nov-16	30-Nov-15	Half Year Ended 30-Nov-16	30-Nov-15
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities</b>				
(Loss)/profit before tax	(441)	364	(94)	262
Adjustments for:				
Reversal of allowance/(allowance) for doubtful trade receivables	2	(1)	(17)	2
Amortisation of land use rights	26	28	53	57
Amortisation of customer relationship	77	-	153	-
Bad debts written off	-	1	19	1
Depreciation of property, plant and equipment	1,534	1,903	2,989	3,828
Gain on disposal of available-for-sale investments	-	-	(8)	-
Gain on disposal of property, plant and equipment	(66)	(78)	(87)	(193)
Gain on disposal of associate	0	(1,188)	-	(1,188)
Impairment of available-for-sale investments	11	28	32	70
Interest expense	322	539	752	1,012
Interest income	(17)	-	(33)	(14)
Property, plant and equipment written off	4	18	4	18
Share of results of joint venture	42	1	(570)	1
Share of results of associates	(42)	170	83	151
Effect of exchange rate changes	(230)	105	19	(45)
<b>Operating cash flows before changes in working capital</b>	<b>1,222</b>	<b>1,890</b>	<b>3,295</b>	<b>3,962</b>
<b>Changes in working capital:</b>				
Inventories	(168)	-	(129)	-
Trade and other receivables	(848)	(283)	(948)	4,402
Prepaid operating expenses	323	101	47	28
Trade and other payables	(385)	276	(1,502)	(1,594)
Other liabilities	33	(241)	(808)	(529)
<b>Cash flows from/(used in) operations</b>	<b>177</b>	<b>1,743</b>	<b>(45)</b>	<b>6,269</b>
Interest received	17	-	33	14
Income tax paid	(289)	(206)	(498)	(206)
<b>Net cash flows (used in)/from operating activities</b>	<b>(95)</b>	<b>1,537</b>	<b>(510)</b>	<b>6,077</b>
<b>Cash flows from investing activities</b>				
Net cash inflow on disposal of associate	-	3,312	-	3,312
Capital contribution into joint venture	-	-	-	(4,706)
Dividend income from associate	-	-	331	-
Net cash outflow on acquisition of subsidiary <sup>(2)</sup>	(1,767)	-	(1,767)	-
Proceeds from disposal of property, plant and equipment	86	113	118	272
Purchase of property, plant and equipment	(742)	(852)	(4,282)	(2,406)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(2,423)</b>	<b>2,573</b>	<b>(5,600)</b>	<b>(3,528)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(3,795)	-	(3,795)	-
Interest paid	(322)	(549)	(752)	(1,012)
Proceeds from borrowings	72	-	1,783	-
Purchase of treasury shares	(155)	-	(155)	-
Repayment of obligation under finance leases	(377)	(296)	(756)	(425)
Repayments of loans and borrowings	(946)	(1,174)	(1,872)	(2,480)
Increase in fixed deposits charged with bank	-	-	(2,180)	-
<b>Net cash used in financing activities</b>	<b>(5,523)</b>	<b>(2,019)</b>	<b>(7,727)</b>	<b>(3,917)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,041)</b>	<b>2,091</b>	<b>(13,837)</b>	<b>(1,368)</b>
Cash and cash equivalents at the beginning of financial period	24,832	15,142	30,768	18,442
Effect of exchange rate changes on cash and cash equivalents	119	(75)	(21)	84
Cash and cash equivalents at the end of financial period <sup>(1)</sup>	<b>16,910</b>	<b>17,158</b>	<b>16,910</b>	<b>17,158</b>



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**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016**

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Explanatory Notes:

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

	The Group		The Group	
	2nd Quarter Ended		Half Year Ended	
	30-Nov-16	30-Nov-15	30-Nov-16	30-Nov-15
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at banks and on hand	16,910	17,158	16,910	17,158
Fixed deposits (restricted)	2,180	-	2,180	-
	<u>19,090</u>	<u>17,158</u>	<u>19,090</u>	<u>17,158</u>
Fixed deposits charged with bank	(2,180)	-	(2,180)	-
<b>Cash and cash equivalents</b>	<u><u>16,910</u></u>	<u><u>17,158</u></u>	<u><u>16,910</u></u>	<u><u>17,158</u></u>

(2) Net cash outflow on acquisition of subsidiary

On 30 November 2016, the Group acquired the entire share capital in TNS Ocean Lines (S) Pte Ltd for the purchase consideration consist of cash S\$2,700,000 and 52,500,000 ordinary shares in the capital of the Company.

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

	S\$'000
Property, plant and equipment	68
Trade and other receivables	2,039
Prepaid operating expenses	186
Cash and cash equivalents	933
Trade and other payables	(2,589)
Finance leases	(119)
Net asset acquired	<u>518</u>
Provisional goodwill	<u>6,907</u>
Purchase consideration	<u><u>7,425</u></u>
Purchase consideration:-	
- Cash	2,700
- Shares of the Company #	<u>4,725</u>
	<u><u>7,425</u></u>

# The provision of 52,500,000 ordinary shares (part of the purchase consideration) was being valued at S\$0.09 per share being the latest transacted price prior to completion..

Net cash outflow from acquisition of subsidiary	
Cash consideration paid	(2,700)
Cash at bank and on hand	<u>933</u>
	<u><u>(1,767)</u></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

30 November 2015 The Group	Share capital	Treasury shares	Accumulated losses	Other reserves	Total attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 June 2015	74,831	(848)	(14,021)	17,851	77,813	4,326	82,139
Profit for the period	-	-	258	-	258	4	262
<u>Other comprehensive income:</u>							
Fair value gain on available-for-sale investments	-	-	-	260	260	-	260
Foreign currency translation	-	-	-	340	340	21	361
Share of other comprehensive income of associate	-	-	-	7	7	-	7
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	607	607	21	628
<b>Total comprehensive income for the period</b>	-	-	258	607	865	25	890
<b>Balance as at 30 November 2015</b>	<b>74,831</b>	<b>(848)</b>	<b>(13,763)</b>	<b>18,458</b>	<b>78,678</b>	<b>4,351</b>	<b>83,029</b>

30 November 2016 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
Loss for the period	-	-	(432)	-	(432)	149	(283)
<u>Other comprehensive income:</u>							
Fair value transfer to profit on disposal of available-for-sale investments	-	-	-	(6)	(6)	-	(6)
Fair value gain on available-for-sale investments	-	-	-	357	357	-	357
Foreign currency translation	-	-	-	118	118	(58)	60
Share of other comprehensive income of associate	-	-	-	(29)	(29)	-	(29)
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	440	440	(58)	382
<b>Total comprehensive income for the period</b>	-	-	(432)	440	8	91	99
<u>Contributions by and distributions to owners:</u>							
Dividend paid on ordinary shares	-	-	(3,795)	-	(3,795)	-	(3,795)
Issue of new shares	4,334	-	-	-	4,334	-	4,334
Purchase of treasury shares	-	(155)	-	-	(155)	-	(155)
Treasury shares reissued pursuant to acquisition of a subsidiary	-	476	-	(85)	391	-	391
<b>Total contributions by and distributions to owners</b>	<b>4,334</b>	<b>321</b>	<b>(3,795)</b>	<b>(85)</b>	<b>775</b>	<b>-</b>	<b>775</b>
<b>Balance as at 30 November 2016</b>	<b>79,165</b>	<b>(1,216)</b>	<b>1,198</b>	<b>6,644</b>	<b>85,791</b>	<b>5,019</b>	<b>90,810</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

30 November 2015 The Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
Balance as at 1 June 2015	74,831	(848)	(15,331)	-	58,652
Loss for the period	-	-	(229)	-	(229)
<u>Other comprehensive income:</u>					
Fair value gain on available-for-sale investments, representing other comprehensive income for the period, net of tax	-	-	-	260	260
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	260	260
<b>Total comprehensive income for the period</b>	-	-	(229)	260	31
<b>Balance as at 30 November 2015</b>	<b>74,831</b>	<b>(848)</b>	<b>(15,560)</b>	<b>260</b>	<b>58,683</b>

30 November 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 2016	74,831	(1,537)	(11,356)	312	62,250
Loss for the period	-	-	(442)	-	(442)
<u>Other comprehensive income:</u>					
Fair value transfer to profit or loss on disposal of available-for-sale investments	-	-	-	(6)	(6)
Fair value gain on available-for-sale investments	-	-	-	357	357
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	351	351
<b>Total comprehensive income for the period</b>	-	-	(442)	351	(91)
<u>Contributions by and distributions to owners:</u>					
Dividend paid on ordinary shares	-	-	(3,795)	-	(3,795)
Issue of new shares	4,334	-	-	-	4,334
Purchase of treasury shares	-	(155)	-	-	(155)
Treasury shares reissued pursuant to acquisition of a subsidiary	-	476	-	(85)	391
<b>Total contributions by and distributions to owners representing total transactions with owners in their capacity as owners</b>	<b>4,334</b>	<b>321</b>	<b>(3,795)</b>	<b>(85)</b>	<b>775</b>
<b>Balance as at 30 November 2016</b>	<b>79,165</b>	<b>(1,216)</b>	<b>(15,593)</b>	<b>578</b>	<b>62,934</b>





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**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2016**

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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**

	The Group & the Company Period as at	
	30-Nov-16	31-May-16
<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
Issue of new shares	48,158,250	-
At end of financial year	<u>694,700,540</u>	<u>646,542,290</u>
Treasury shares		
At beginning of financial year	(13,800,400)	(5,417,000)
Share buyback	(1,710,000)	(8,383,400)
Treasury shares reissued pursuant to acquisition of a subsidiary	4,341,750	-
At end of the period	<u>(11,168,650)</u>	<u>(13,800,400)</u>
<b>Total</b>	<u>683,531,890</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.

Please refer to 1(d)(ii).

**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**

	The Group			
	2nd Quarter Ended		Half Year Ended	
	30-Nov-16	30-Nov-15	30-Nov-16	30-Nov-15
(Loss) / Earning per share (in SGD cent)				
- Basic <sup>(1)</sup>	(0.09)	0.06	(0.07)	0.04
- Fully diluted <sup>(2)</sup>	(0.09)	0.06	(0.07)	0.04
(1) Weighted average number of shares	632,780,132	641,125,290	632,760,906	641,125,290
(2) Weighted average number of shares for diluted earnings	632,780,132	641,125,290	632,760,906	641,125,290

**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.**

	Group		Company	
	30-Nov-16	31-May-16	30-Nov-16	31-May-16
Net assets (S\$'000)	85,791	85,008	62,934	62,250
<b>Net asset value per share (in SGD cents)</b>	12.55	13.43	9.21	9.84
Number of shares used in calculating NAV	683,531,890	632,741,890	683,531,890	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**

**1H FY2017 vs 1H FY2016**

The Group recorded an increase in revenue by 37.6% to S\$23.3 million for the six months ending 30 November 2016 ("1H FY17") from S\$16.9 million in 1H FY16. The increase was mainly attributed to higher revenue contribution from Marquis Services Pte Ltd ("Marquis") and maiden contribution from the infrastructural materials & service segment.

Revenue for infrastructural materials & services segment was contributed by 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 48.2% from S\$12.7 million in 1H FY16 to S\$18.9 million in 1H FY17 on the back of additional expenses from the operations of Marquis and Wuzhou Xing Jian as well as higher warehouse rental expenses.

Gross profit increased by 5.7% from S\$4.2 million in 1H FY16 to S\$4.4 million in 1H FY17. The Group's gross margin declined from 24.8% in 1H FY16 to 19.1% in 1H FY17, mainly due to lower contribution from local warehousing which partially offset the higher gross profit accounted by Marquis.

Other income was lower at S\$0.4 million in 1H FY17 as compared to S\$1.7 million in 1H FY16. The decline was due to the absence of the one-time gain of S\$1.2 million on the disposal of Everflourish and Maoming as well as higher gain on disposal of property, plant and equipment and net exchange gain recorded in 1H FY16.



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Marketing and distribution costs increased from \$34,000 in 1H FY16 to S\$80,000 in 1H FY17. This was mainly due to higher expenses incurred on marketing for Wuzhou Xing Jian and Van Der Horst Shanghai's warehouse.

Administrative expenses increased marginally by 0.9% from S\$4.4 million in 1H FY16 to S\$4.5 million in 1H FY17. This was mainly due to increase in staff cost with the addition of Marquis and commencement of operations in Wuzhou Xing Jian as well as the amortisation of intangible assets, which was partially offset by cost management in the third-party logistics segment.

Finance costs reduced by 24.3% from S\$1.0 million in 1H FY16 to S\$0.8 million in 1H FY17. The reduction was mainly due to the repayment of borrowings undertaken for working capital purposes, which was partially offset by interest expenses incurred from the hire purchase for the ready-mix concrete mixer trucks for Wuzhou Xing Jian and the loan for the acquisition of 7 Kwong Min Road property for Marquis.

Other expenses in 1H FY17 was mainly due to net foreign exchange losses .

The share of results of associates recorded a lower loss of S\$83,000 in 1H FY17 compared to a loss of S\$0.2 million in 1H FY16. This was due to the gradual improvement of the commodities market in the second quarter that lifted the performance of GKE Metal Logistics Pte Ltd ("GKE Metal").

The share of results of joint venture posted a profit of S\$0.6 million 1H FY17 which was attributable to the charter of the liquefied gas carrier vessel, Gas Aries, from the fourth quarter of FY16.

The Group recorded a net loss of S\$0.3 million in 1H FY17 from a net profit of S\$0.3 million in 1H FY16.

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.

#### **2Q FY2017 vs 2Q FY2016**

The Group's revenue grew 45.3% to S\$11.9 million for the second quarter ended 30 November 2016 ("2Q FY17") from S\$8.2 million in 2Q FY16, which saw higher revenue contributions from Marquis and Wuzhou Xing Jian.

Cost of sales in 2Q FY17 increased by 62.9% to S\$10.1 million from S\$6.2 million in 2Q FY16. The significant increase was due to the additional expenses from the operations of Marquis and Wuzhou Xing Jian, and higher warehouse rental expenses.

For 2Q FY17, the Group's gross profit declined by 9.8% to S\$1.8 million from S\$2.0 million in 2Q FY16. The decline was mainly due to the decrease in gross margin in local warehousing, which was partially offset by the higher gross margin from Marquis.

Other income was lower at S\$0.4 million in 2Q FY17 as compared to S\$1.4 million in 2Q FY16 mainly due to the absence of the one-time gain on disposal of Everflourish and Maoming of S\$1.2 million recorded in 2Q FY16 .

Marketing and distribution costs increased by 115.0% from S\$20,000 in 2Q FY16 to S\$43,000 in 2Q FY17. This was mainly due to higher expenses incurred on marketing for Wuzhou Xing Jian and Van Der Horst Shanghai.

Administrative expenses decreased by 1.2% to S\$2.3 million in 2Q FY17. The decline was attributable to the cost management in the third-party logistics segment despite the increase in staff cost with the addition of Marquis and commencement of operations in Wuzhou Xing Jian as well as the amortisation of intangible assets.

Finance costs decreased by 37.7% to S\$0.3 million in 2Q FY17 from S\$0.5 million in 2Q FY16. The reduction was mainly due to the repayment of borrowings and lower property loan interest rate as a result of refinancing, which was partially offset by the interest expense on the loan for the acquisition of 7 Kwong Min Road property for Marquis.

On the back of improving commodities market during the financial period, GKE Metal under the share of results of associates reversed from a loss of S\$0.2 million in 2Q FY16 to a profit of S\$42,000 in 2Q FY17.

Due to the global economic slowdown, the chartering contract of the liquefied gas carrier vessel was renewed at a significantly lower charter rate in October 2016, resulting in a loss of S\$42,000 from its share of results of joint venture in 2Q FY17.

The Group recorded a net loss of S\$0.5 million in 2Q FY17 as compared to a net profit of S\$0.4 million in 2Q FY16.



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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 by S\$9.6 million from S\$112.0 million as at 31 May 2016 to S\$121.6 million as at 30 November 2016. This was mainly due to (i) the increase in property, plant and equipment arising from the construction of 39 Benoi Road property and the purchase of equipment for the warehouses in Singapore and the ready-mix concrete manufacturing plant in Wuzhou, China, (ii) the increase in intangible assets due to additional goodwill arose from the acquisition TNS Ocean Lines (S) Pte Ltd ("TNS"), now a wholly-owned subsidiary, (iii) the increase in investment in joint venture from its share of profit, and (iv) the increase in available-for-sale due to fair value gain on revaluation of investments. The increase was partially offset by the decrease in investment in associates from the dividend received from GKE Metal and its share of losses.

Current assets decreased by S\$8.4 million from S\$43.7 million as at 31 May 2016 to S\$35.3 million as at 30 November 2016. The decline was mainly due to a decrease in cash and cash equivalents from S\$30.8 million as at 31 May 2016 to S\$16.9 million as at 30 November 2016, which can be attributed to (i) the construction of 39 Benoi Road property, (ii) the purchase of equipment, (iii) the payment of dividends, (iv) the acquisition of TNS, and (v) the repayment of borrowings and finance leases. The decrease was partially offset by the increase in trade and other receivable arose from the acquisition of TNS during the period under review.

Non-current liabilities increased marginally from S\$47.1 million as at 31 May 2016 to S\$47.2 million as at 30 November 2016. The marginal increase was mainly due to (i) an increase in borrowings to finance the redevelopment of 39 Benoi Road property and (ii) the increase in finance lease liabilities attributed to the hire purchase of equipment in Wuzhou Xing Jian, which was partially offset by the repayment of borrowings and finance lease liabilities.

Current liabilities increased slightly by S\$0.2 million from S\$18.6 million as at 31 May 2016 to S\$18.8 million as at 30 November 2016. The slight increase was mainly due to (i) the increase in trade and other payables arose from the acquisition of TNS and increase in raw materials purchased by Wuzhou Xing Jian, and (ii) the increase in finance lease liabilities attributed to the hire purchases of equipment in Wuzhou Xing Jian and for operations in Singapore, which was offset by (i) the decrease in other liabilities due to payment of bonus accrued in the previous year, and (ii) the repayment of borrowings and finance lease liabilities.

Shareholder's equity increased from S\$85.0 million as at 31 May 2016 to S\$85.8 million as at 30 November 2016. The increase was mainly due to (i) the issue of new shares and reissue of treasury shares for the acquisition of TNS, and (ii) the increase in other reserves. This was partially offset by the payment of dividends and share buyback.

**STATEMENT OF CASH FLOWS**

**1H FY2017 vs 1H FY2016**

During 1H FY17, the Group recorded net cash used in operating activities of S\$0.5 million. This comprised positive operating cash flows before changes in working capital of S\$3.3 million, adjusted by net working capital outflow was S\$31,000 and interest received and income tax paid of S\$33,000 and S\$0.5 million, respectively.

Net cash used in investing activities was S\$5.6 million in 1H FY17. This was mainly due to the cash outlay for (i) the redevelopment of 39 Benoi Road property, (ii) the acquisition of TNS and (iii) the purchase of equipment, which was partially offset by the receipt of a dividend income from associate of S\$0.3 million.

Net cash used in financing activities was S\$7.7 million in 1H FY17. This was mainly due to (i) the payment of dividends of S\$3.8 million, (ii) the fixed deposit charged with the bank of S\$2.2 million, and (iii) the repayment of loans and finance leases of \$2.6 million, which was partially offset by the increase in bank borrowings of S\$1.8 million for the redevelopment of 39 Benoi Road property.

**2Q FY2017 vs 2Q FY2016**

During 2Q FY17, the Group recorded a net cash flows used in operating activities of S\$81,000. This comprised positive operating cash flows before changes in working capital of S\$1.2 million, adjusted by a decrease in net working capital outflow of S\$0.2 million, interest received and income tax paid of S\$17,000 and S\$0.3 million, respectively.

Net cash used in investing activities of S\$2.4 million in 2Q FY17 was mainly due to (i) the cash outlay for the redevelopment of 39 Benoi Road property, (ii) the acquisition of TNS, and (iii) the purchase of equipment.

Net cash used in financing activities of S\$5.5 million in 2Q FY17 was mainly attributed to payment of dividends, repayment of loans and finance leases, and interest paid.



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

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 for 2017 to be subdued against the backdrop of global economic uncertainties. In addition, rising costs, intensifying competition and lacklustre business sentiment are also expected to have an impact on the operating performance of the Group.

On 30 November 2016, the Group completed its acquisition of TNS, an established port operations and logistics service provider. This acquisition is expected to contribute immediate and stable earnings to the Group from 1 December 2016. The redevelopment of 39 Benoi Road warehouse cum office property is also on track and is expected to be completed by end July 2017.

The Group will continue to implement and monitor our twin-growth engines to achieve stable and sustainable earnings growth in the long term.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial year**

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

No.

**(c) Date Payable**

Not Applicable.

**(d) Books Closure Date**

Not Applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

Not Applicable.



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13. 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.

<b>Name of interested person</b>	<b>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)</b> <b>\$'000</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b> <b>\$'000</b>
Ocean Latitude Limited - loan	1,551	Nil
Gas Aries Limited - loan	250	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 half financial results of the Company and of the Group for the period ended 30 November 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  
13 January 2017

*This announcement has 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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