



GKE CORPORATION LIMITED  
(Company Registration No. 200001941G)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2017

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

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		
	Third Quarter Ended		change	Nine Months Ended		change
	28-Feb-17	29-Feb-16		28-Feb-17	29-Feb-16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	15,997	9,246	73.0	39,292	26,171	50.1
Cost of sales	(12,736)	(6,667)	91.0	(31,589)	(19,389)	62.9
<b>Gross profit</b>	3,261	2,579	26.4	7,703	6,782	13.6
<b>Other income</b>	136	14	N.M.	531	1,550	(65.7)
<b>Expenses</b>						
Marketing and distribution costs	(133)	(39)	241.0	(213)	(73)	191.8
Administrative expenses	(3,218)	(2,214)	45.3	(7,683)	(6,637)	15.8
Finance costs	(362)	(556)	(34.9)	(1,128)	(1,568)	(28.1)
Other (expenses)/credits	(94)	(118)	(20.3)	(201)	26	N.M.
Share of results of associate	103	(210)	N.M.	20	(361)	N.M.
Share of results of joint venture	(512)	-	N.M.	58	(1)	N.M.
<b>Loss before tax</b>	(819)	(544)	50.6	(913)	(282)	223.8
Tax expense	20	(53)	N.M.	(169)	(53)	218.9
<b>Loss for the period</b>	(799)	(597)	33.8	(1,082)	(335)	223.0
<b>(Loss)/profit attributable to:</b>						
Owners of the Company	(930)	(667)	39.4	(1,362)	(409)	233.0
Non-controlling interests	131	70	87.1	280	74	278.4
	(799)	(597)	33.8	(1,082)	(335)	223.0

Loss before tax includes the following items :

	The Group			The Group		
	Third Quarter Ended		change	Nine Months Ended		change
	28-Feb-17	29-Feb-16		28-Feb-17	29-Feb-16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Allowance)/reversal of allowance for doubtful trade receivables	(1)	(11)	N.M.	16	(13)	N.M.
Amortisation of land use rights	(27)	(29)	(6.9)	(80)	(86)	(7.0)
Amortisation of customer relationship	(76)	-	N.M.	(229)	-	N.M.
Bad debts written off	-	(129)	N.M.	(19)	(129)	(85.3)
Gain on disposal of associate	-	(8)	N.M.	-	1,180	N.M.
Depreciation of property, plant and equipment	(1,528)	(1,639)	(6.8)	(4,517)	(5,467)	(17.4)
Gain on disposal of available-for-sale investments	-	-	N.M.	8	-	N.M.
Gain on disposal of property, plant and equipment	6	12	(50.0)	93	205	(54.6)
Grant income from government	60	-	N.M.	60	64	(6.3)
Impairment of available-for-sale investments	-	-	N.M.	(32)	(70)	(54.3)
Interest income	13	22	(40.9)	46	36	27.8
Legal and professional fees	(119)	(295)	(59.7)	(315)	(613)	(48.6)
Net foreign exchange (loss)/gain	(94)	(118)	(20.3)	(201)	26	N.M.

N.M. denotes not meaningful.



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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2017

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1 (a)(i) Consolidated Statement of Comprehensive Income for the period ended 28 February 2017

	The Group			The Group		
	Third Quarter Ended		change	Nine Months Ended		change
	28-Feb-17	29-Feb-16		28-Feb-17	29-Feb-16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Loss for the period</b>	(799)	(597)	33.8	(1,082)	(335)	223.0
<b>Other comprehensive income, net of tax</b>						
Foreign currency translation	(360)	(297)	21.2	(300)	64	N.M.
Fair value transfer to profit on disposal of available-for-sale investments	-	-	N.M.	(6)	-	N.M.
Fair value (loss)/gain on available-for-sale investments	(188)	-	N.M.	169	260	(35.0)
Share of foreign currency translation of associates	(9)	(35)	(74.3)	(38)	(28)	35.7
Other comprehensive (loss)/income for the period, net of tax	(557)	(332)	67.8	(175)	296	N.M.
<b>Total comprehensive loss for the period</b>	<u>(1,356)</u>	<u>(929)</u>	46.0	<u>(1,257)</u>	<u>(39)</u>	N.M.
<b>(Loss)/profit attributable to:</b>						
Owners of the Company	(1,448)	(901)	60.7	(1,440)	(36)	N.M.
Non-controlling interests	92	(28)	N.M.	183	(3)	N.M.
<b>Total comprehensive loss for the period</b>	<u>(1,356)</u>	<u>(929)</u>	46.0	<u>(1,257)</u>	<u>(39)</u>	N.M.



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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2017

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 28-Feb-17 S\$'000	Audited 31-May-16 S\$'000	Unaudited 28-Feb-17 S\$'000	Audited 31-May-16 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	103,298	90,422	146	185
Land use rights	4,822	5,083	-	-
Intangible assets	10,001	3,323	-	-
Investments in subsidiaries	-	-	60,627	53,202
Investment in associate	2,841	3,189	3,189	3,189
Investment in joint venture	9,450	9,237	-	-
Available-for-sale investments	862	723	862	723
Other receivables	-	-	5,045	5,288
<b>Total non-current assets</b>	<b>131,274</b>	<b>111,977</b>	<b>69,869</b>	<b>62,587</b>
<b>Current assets</b>				
Inventories	270	281	-	-
Trade and other receivables	17,359	12,119	11,015	23,479
Prepaid operating expenses	838	520	18	25
Fixed deposits (restricted)	2,180	-	-	-
Cash and cash equivalents	13,236	30,768	1,251	98
<b>Total current assets</b>	<b>33,883</b>	<b>43,688</b>	<b>12,284</b>	<b>23,602</b>
<b>Total assets</b>	<b>165,157</b>	<b>155,665</b>	<b>82,153</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)	268	5,425	(16,001)	(11,356)
Other reserves	6,126	6,289	390	312
<b>Equity attributable to owners of the Company</b>	<b>84,343</b>	<b>85,008</b>	<b>62,338</b>	<b>62,250</b>
Non-controlling interests	5,111	4,928	-	-
<b>Total equity</b>	<b>89,454</b>	<b>89,936</b>	<b>62,338</b>	<b>62,250</b>
<b>Non-current liabilities</b>				
Other liabilities	1,743	408	385	385
Borrowings	46,960	43,516	-	-
Deferred tax liabilities	1,873	1,910	-	-
Finance lease liabilities	706	910	-	-
Loan from non-controlling interests	339	348	-	-
<b>Total non-current liabilities</b>	<b>51,621</b>	<b>47,092</b>	<b>385</b>	<b>385</b>
<b>Current liabilities</b>				
Trade and other payables	10,519	5,077	18,643	21,295
Other liabilities	2,681	3,702	718	2,163
Borrowings	4,979	4,302	-	-
Finance lease liabilities	3,231	2,072	69	83
Tax payable	2,672	3,484	-	13
<b>Total current liabilities</b>	<b>24,082</b>	<b>18,637</b>	<b>19,430</b>	<b>23,554</b>
<b>Total liabilities</b>	<b>75,703</b>	<b>65,729</b>	<b>19,815</b>	<b>23,939</b>
<b>Total equity and liabilities</b>	<b>165,157</b>	<b>155,665</b>	<b>82,153</b>	<b>86,189</b>



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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2017

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

	The Group		The Group	
	As at 28 Feb 2017		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	3,231	-	2,072	-
Borrowings	4,979	-	4,302	-
(b) Amount repayable after one year				
Loan from non-controlling interests	-	339	-	348
Finance lease liabilities	706	-	910	-
Borrowings	46,960	-	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 6 Pioneer Walk, 7 Kwong Min Road, redevelopment of warehouse at 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 1 Jalan Besut, 6 Pioneer Walk, 7 Kwong Min Road and 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	
	3rd Quarter Ended 28-Feb-17	29-Feb-16	Nine Months Ended 28-Feb-17	29-Feb-16
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities</b>				
Loss before tax	(819)	(544)	(913)	(282)
Adjustments for:				
Allowance/(reversal of allowance) for doubtful trade receivables	1	11	(16)	13
Amortisation of land use rights	27	29	80	86
Amortisation of customer relationship	76	-	229	-
Bad debts written off	-	129	19	129
Depreciation of property, plant and equipment	1,528	1,639	4,517	5,467
Gain on disposal of available-for-sale investments	-	-	(8)	-
Gain on disposal of property, plant and equipment	(6)	(12)	(93)	(205)
Gain on disposal of associate	-	8	-	(1,180)
Impairment of available-for-sale investments	-	-	32	70
Interest expense	358	556	1,110	1,568
Interest income	(13)	(22)	(46)	(36)
Property, plant and equipment written off	-	7	4	25
Share of results of joint venture	512	-	(58)	1
Share of results of associates	(103)	210	(20)	361
Effect of exchange rate changes	226	394	245	350
<b>Operating cash flows before changes in working capital</b>	<b>1,787</b>	<b>2,405</b>	<b>5,082</b>	<b>6,367</b>
<b>Changes in working capital:</b>				
Inventories	140	(50)	11	(50)
Trade and other receivables	(2,256)	(2,723)	(3,204)	1,679
Prepaid operating expenses	(179)	(89)	(132)	(61)
Trade and other payables	4,355	(1,262)	2,853	(2,856)
Other liabilities	1,123	(385)	315	(914)
<b>Cash flows from/(used in) operations</b>	<b>4,970</b>	<b>(2,104)</b>	<b>4,925</b>	<b>4,165</b>
Interest received	13	22	46	36
Income tax paid	(511)	(163)	(1,009)	(369)
<b>Net cash flows from/(used in) operating activities</b>	<b>4,472</b>	<b>(2,245)</b>	<b>3,962</b>	<b>3,832</b>
<b>Cash flows from investing activities</b>				
Net cash inflow on disposal of associate	-	-	-	3,312
Capital contribution into joint venture	-	-	-	(4,706)
Dividend income from associate	-	-	331	-
Net cash outflow on acquisition of subsidiary <sup>(2)</sup>	-	(743)	(1,767)	(743)
Proceeds from disposal of property, plant and equipment	15	12	133	284
Purchase of property, plant and equipment	(11,572)	(1,607)	(15,854)	(4,013)
<b>Net cash flows used in investing activities</b>	<b>(11,557)</b>	<b>(2,338)</b>	<b>(17,157)</b>	<b>(5,866)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	(3,795)	-
Interest paid	(358)	(540)	(1,110)	(1,552)
Loan from non-controlling interests	-	635	-	635
Proceeds from borrowings	5,466	-	7,249	-
Purchase of treasury shares	-	(481)	(155)	(481)
Repayment of obligation under finance leases	(421)	(306)	(1,177)	(731)
Repayments of loans and borrowings	(1,316)	(1,186)	(3,188)	(3,666)
Increase in fixed deposits charged with bank	-	-	(2,180)	-
<b>Net cash from/(used in) financing activities</b>	<b>3,371</b>	<b>(1,878)</b>	<b>(4,356)</b>	<b>(5,795)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,714)</b>	<b>(6,461)</b>	<b>(17,551)</b>	<b>(7,829)</b>
Cash and cash equivalents at the beginning of financial period	16,910	17,158	30,768	18,442
Effect of exchange rate changes on cash and cash equivalents	40	(52)	19	32
Cash and cash equivalents at the end of financial period <sup>(1)</sup>	<b>13,236</b>	<b>10,645</b>	<b>13,236</b>	<b>10,645</b>



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**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2017**

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Explanatory Notes:

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

	The Group		The Group	
	3rd Quarter Ended		Nine Months Ended	
	28-Feb-17	29-Feb-16	28-Feb-17	29-Feb-16
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at banks and on hand	13,236	10,645	13,236	10,645
Fixed deposits (restricted) #	2,180	-	2,180	-
	15,416	10,645	15,416	10,645
Fixed deposits charged with bank #	(2,180)	-	(2,180)	-
<b>Cash and cash equivalents</b>	<b>13,236</b>	<b>10,645</b>	<b>13,236</b>	<b>10,645</b>

# Fixed deposits charged with bank relate to the bank guarantee for warehouse rental deposit.

(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	518
Provisional goodwill	6,865
Purchase consideration	7,383
Purchase consideration:-	
- Cash	2,700
- Shares of the Company #	4,683
	7,383

# The provision of 52,500,000 ordinary shares (part of the purchase consideration) was being valued at S\$0.0892 based on the volume weighted average price per share on the completion date of the acquisition.

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



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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

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	-	-	(409)	-	(409)	74	(335)
<u>Other comprehensive income:</u>							
Fair value gain on available-for-sale investments	-	-	-	260	260	-	260
Foreign currency translation	-	-	-	141	141	(77)	64
Share of other comprehensive income of associate	-	-	-	(28)	(28)	-	(28)
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	373	373	(77)	296
<b>Total comprehensive income for the period</b>	-	-	(409)	373	(36)	(3)	(39)
<u>Contributions by and distributions to owners:</u>							
Purchase of treasury shares	-	(481)	-	-	(481)	-	(481)
<b>Total contributions by and distributions to owners</b>	-	(481)	-	-	(481)	-	(481)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of subsidiary	-	-	-	-	-	84	84
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	84	84
<b>Total transactions with owners in their capacity as owners</b>	-	(481)	-	-	(481)	84	(397)
<b>Balance as at 29 February 2016</b>	74,831	(1,329)	(14,430)	18,224	77,296	4,407	81,703

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	-	-	(1,362)	-	(1,362)	280	(1,082)
<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	-	-	-	169	169	-	169
Foreign currency translation	-	-	-	(203)	(203)	(97)	(300)
Share of other comprehensive income of associate	-	-	-	(38)	(38)	-	(38)
<b>Other comprehensive loss for the period, net of tax</b>	-	-	-	(78)	(78)	(97)	(175)
<b>Total comprehensive income for the period</b>	-	-	(1,362)	(78)	(1,440)	183	(1,257)
<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>	4,334	321	(3,795)	(85)	775	-	775
<b>Balance as at 28 February 2017</b>	79,165	(1,216)	268	6,126	84,343	5,111	89,454



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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

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	-	-	(517)	-	(517)
<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>	-	-	(517)	260	(257)
<u>Contributions by and distributions to owners:</u>					
Purchase of treasury shares	-	(481)	-	-	(481)
<b>Total contributions by and distributions to owners representing total transactions with owners in their capacity as owners</b>	-	(481)	-	-	(481)
<b>Balance as at 29 February 2016</b>	<b>74,831</b>	<b>(1,329)</b>	<b>(15,848)</b>	<b>260</b>	<b>57,914</b>

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	-	-	(850)	-	(850)
<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	-	-	-	169	169
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	163	163
<b>Total comprehensive income for the period</b>	-	-	(850)	163	(687)
<u>Contributions by and distributions to owners:</u>					
Dividend paid on ordinary shares	-	-	(3,795)	-	(3,795)
Issue of new shares for acquisition of subsidiary	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 28 February 2017</b>	<b>79,165</b>	<b>(1,216)</b>	<b>(16,001)</b>	<b>390</b>	<b>62,338</b>





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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2017

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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 and subsidiary holdings 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 Period as at</b>	
	<b>28-Feb-17</b>	<b>31-May-16</b>
<b>Total number of issued shares (excluding treasury shares and subsidiary holdings):</b>		
Total number of issued shares		
At beginning of financial year	646,542,290	646,542,290
Issue of new shares <sup>(1)</sup>	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 <sup>(1)</sup>	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) During the period under review, the company has issued 48,158,250 new shares and transferred 4,341,750 treasury shares as part of the consideration for the acquisition of TNS.

1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings 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			
	3rd Quarter Ended		Nine Months Ended	
	28-Feb-17	29-Feb-16	28-Feb-17	29-Feb-16
(Loss) / Earning per share (in SGD cent)				
- Basic <sup>(1)</sup>	(0.14)	(0.10)	(0.21)	(0.06)
- Fully diluted <sup>(2)</sup>	(0.14)	(0.10)	(0.21)	(0.06)
(1) Weighted average number of shares	683,531,890	639,534,754	649,498,593	640,597,046
(2) Weighted average number of shares for diluted earnings	683,531,890	639,534,754	649,498,593	640,597,046

**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	
	28-Feb-17	31-May-16	28-Feb-17	31-May-16
Net assets (S\$'000)	84,343	85,008	62,338	62,250
<b>Net asset value per share (in SGD cents)</b>	12.34	13.43	9.12	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**

**Revenue**

The Group recorded a 73.0% year-on-year increase in revenue to S\$16.0 million for the third quarter ended 28 February 2017 ("**3Q FY17**"), compared with S\$9.2 million in the third quarter ended 29 February 2016 ("**3Q FY16**"). This was mainly due to higher revenue contributions from the Group's subsidiaries including chemical warehouse operator, Marquis Services Pte Ltd ("**Marquis**"), ready-mix concrete manufacturing plant, Wuzhou Xing Jian Readymix Co., Ltd ("**Wuzhou Xing Jian**"), and maiden contribution from port operations service provider, TNS Ocean Lines (S) Pte Ltd ("**TNS**").

For the nine months ending 28 February 2017 ("**9M FY17**"), the Group's revenue increased by 50.1% to S\$39.3 million, up from S\$26.2 million. The increase can be attributed to higher revenue contribution from Marquis, and maiden contributions from Wuzhou Xing Jian and newly acquired TNS.

**Cost of sales**

Cost of sales increased by 91.0% from S\$6.7 million in 3Q FY16 to S\$12.7 million in 3Q FY17, and by 62.9% from S\$19.4 million in 9M FY16 to S\$31.6 million in 9M FY17. The significant increase was due to additional operational expenses from Marquis, Wuzhou Xing Jian and TNS, as well as higher warehouse rental expenses.

**Gross Profit and Gross Margin**

The Group's gross profit increased by 26.4% from S\$2.6 million in 3Q FY16 to S\$3.3 million in 3Q FY17, driven by higher revenue contribution. The composite gross margin declined from 27.8% in 3Q FY16 to 20.4% in 3Q FY17.

For 9M FY17, the Group's gross profit increased by 13.6% to S\$7.7 million, from S\$6.8 million in the nine months ending 29 February 2016 ("**9M FY16**"). The increase was in tandem with the increase in revenue. Composite gross margin, which was partially negated by lower margin from the local warehousing & logistics segment, decreased from 25.9% in 9M FY16 to 19.6% in 9M FY17.



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**Other Income**

Other income surged from S\$14,000 in 3Q FY16 to S\$0.1 million in 3Q FY17, mainly due to interest income, grant income, gain on disposal of property, plant and equipment and other miscellaneous income.

For 9M FY17, other income declined by 65.7% to S\$0.5 million, down from S\$1.6 million in 9M FY16. This was mainly 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 9M FY16.

**Marketing and Distribution Expenses**

Marketing and distribution expenses increased by S\$94,000 to S\$133,000 in 3Q FY17, mainly due to additional expenses incurred by Marquis, Wuzhou Xing Jian and TNS.

For 9M FY17, marketing and distribution expenses increased by 191.8% to S\$0.2 million from \$73,000 in 9M FY16. The increase was due to marketing expenses incurred by Wuzhou Xing Jian, Van Der Horst's warehouse in Shanghai and Marquis, in order to drive sales.

**Administrative Expenses**

Administrative expenses increased by 45.3% from S\$2.2 million in 3Q FY16 to S\$3.2 million in 3Q FY17, mainly attributable to higher staff costs as a result of the acquisition of TNS during the quarter under review, ramped up of production in Wuzhou Xing Jian, and amortisation of intangible assets.

For 9M FY17, administrative expenses increased by 15.8% to S\$7.7 million, as compared to S\$6.6 million in 9M FY16. This was mainly attributable to the increase in staff cost with the addition of Marquis, TNS and ramp up of production in Wuzhou Xing Jian, as well as amortisation of intangible assets, which was partially offset by effective cost management in the third-party warehousing and logistics segment.

**Finance Costs**

Finance costs decreased by 34.9% from S\$0.6 million in 3Q FY16 to S\$0.4 million in 3Q FY17. This was mainly due to the repayment of borrowings and lower property loan interest as a result of refinancing, which was partially offset by the interest expense incurred on hire purchase of equipment for Wuzhou Xing Jian and loan for the acquisition of the 7 Kwong Min Road property for Marquis.

Finance costs was S\$1.1 million in 9M FY17, a decrease of 28.1% from S\$1.6 million in 9M FY16. The reduction was mainly due to the repayment of borrowings undertaken for working capital purposes, partially offset by the interest expense incurred on hire purchase of ready-mix concrete mixer trucks for Wuzhou Xing Jian and loan for the acquisition of 7 Kwong Min Road property for Marquis.

**Other Expenses**

Other expenses in 3Q FY17 and 9M FY17 were mainly due to net foreign exchange losses.

**Share of Results of Associate**

The share of results of associate reversed from a loss of S\$0.2 million in 3Q FY16 to a profit of S\$0.1 million, on the back of improved occupancy for the storage of metals under GKE Metal Logistics Pte Ltd ("GKE Metal").

The Group recorded a profit of S\$20,000 from its share of results of associate in 9M FY17, compared to a loss of S\$0.4 million in 9M FY16. This was due to the gradual improvement in occupancy for the storage of metal in the third quarter that lifted the performance of GKE Metal.

**Share of Results of Joint Venture**

Due to the global economic slowdown, the chartering contract for the liquefied gas carrier vessel was renewed at a significantly lower charter rate from October 2016, resulting in a loss of S\$0.5 million from its share of results of joint venture in 3Q FY17.

For 9M FY17, the share of results of joint venture was a profit of S\$58,000 in 9M FY17, which was attributable to the chartering of the liquefied gas carrier vessel, Gas Aries, from the fourth quarter of FY16.

**Net Loss Attributable to Owners of the Company**

As a result of the above, the Group recorded a net loss attributable to owners of the Company S\$0.9 million in 3Q FY17, as compared to a net loss attributable to owners of the Company S\$0.7 million in 3Q FY16.

The Group recorded a net loss attributable to owners of the Company S\$1.4 million in 9M FY17, an increase from the net loss attributable to owners of the Company of S\$0.4 million in 9M FY16.

Other comprehensive loss 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 from their functional currencies into Singapore Dollar as at the balance sheet date, for the period under review. The movement was mainly due to fluctuations of functional currencies against the Singapore Dollar.



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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\$19.3 million or 17.2% from S\$112.0 million as at 31 May 2016 to S\$131.2 million as at 28 February 2017. This was largely due to (i) the increase in property, plant and equipment arising from the redevelopment of the 39 Benoi Road property, and the purchase of fixed assets for the operations 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. The increase was partially offset by the decrease in investment in associate as a result of the dividend received from GKE Metal and its share of translation losses.

Current assets decreased by S\$9.8 million from S\$43.7 million as at 31 May 2016 to S\$33.9 million as at 28 February 2017. The decline was mainly attributable to the decrease in cash and cash equivalents from S\$30.8 million as at 31 May 2016 to S\$13.2 million as at 28 February 2017, which can be attributed to (i) the redevelopment of 39 Benoi Road property, (ii) the purchase of fixed assets, (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 receivables resulting from the acquisition of TNS and the commencement of operations in Wuzhou Xing Jian during the period under review.

Non-current liabilities increased by S\$4.5 million from S\$47.1 million as at 31 May 2016 to S\$51.6 million as at 28 February 2017. This can be attributed to (i) the increase in borrowings to finance the redevelopment of 39 Benoi Road property and loans undertaken for working capital purposes in Wuzhou Xing Jian, (ii) the increase in other liabilities resulting from higher construction retention for 39 Benoi Road property, and (iii) the increase in finance lease liabilities for 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 by S\$5.4 million from S\$18.6 million as at 31 May 2016 to S\$24.1 million as at 28 February 2017. This was mainly due to (i) the increase in trade and other payables as a result of the acquisition of TNS, the commencement of operations in Wuzhou Xing Jian, and amount due to the builder on the redevelopment of 39 Benoi Road property, (ii) the increase in borrowings undertaken for working capital purposes in Wuzhou Xing Jian, and (iii) the increase in finance lease liabilities for the hire purchase of equipment and motor vehicles for the operations in Wuzhou Xing Jian and operations in Singapore. The increase was partially offset by (i) the decrease in other liabilities due to the payment of bonus accrued in the previous year, and (ii) the repayment of borrowings and finance lease liabilities.

Shareholder's equity decreased from S\$85.0 million as at 31 May 2016 to S\$84.3 million as at 28 February 2017. The decrease was mainly due to the payment of dividends and loss for the period, which was partially offset by the issuance of new shares and reissuance of treasury shares for the acquisition of TNS.

**STATEMENT OF CASH FLOWS**

**3Q FY2017 vs 3Q FY2016**

The Group's net cash generated from operating activities for 3Q FY17 was S\$4.5 million. This comprised positive operating cash flows before changes in working capital of S\$1.8 million, adjusted by an increase in net working capital outflow of S\$3.2 million, interest received and income tax paid of S\$13,000 and S\$0.5 million, respectively.

Net cash used in investing activities of S\$11.6 million in 3Q FY17 was mainly due to the cash outlay for the redevelopment of 39 Benoi Road property and the purchase of fixed assets including motor vehicles during the quarter.

Net cash generated from financing activities for 3Q FY17 was S\$3.4 million. This was attributable to the increase in borrowings of S\$5.5 million for the redevelopment of 39 Benoi Road property and working capital purposes in Wuzhou Xing Jian, which was partially offset by repayment of loans and finance leases, and interest paid.

**9M FY2017 vs 9M FY2016**

The Group's net cash generated from operating activities in 9M FY17 was S\$4.0 million. This comprised of positive operating cash flows before changes in working capital of S\$5.1 million, adjusted by net working capital outflow of S\$0.2 million and interest received and income tax paid of S\$46,000 and S\$1.0 million respectively.

Net cash used in investing activities was S\$17.2 million in 9M 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 fixed assets, 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\$4.4 million in 9M 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 \$4.4 million, which was partially offset by the increase in bank borrowings of S\$7.2 million for the redevelopment of 39 Benoi Road property and working capital purposes in Wuzhou Xing Jian.



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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 environment to continue to be challenging amid economic slowdown in both the domestic and global economies, as well as geopolitical uncertainties.

The redevelopment of the 39 Benoi Road warehouse cum office property is progressing on schedule and is expected to be completed by end August 2017.

The Group continues to be prudent in pursuing strategic opportunities to enhance its core businesses, while it continues to monitor its current portfolio 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.

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
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 nine months financial results of the Company and of the Group for the period ended 28 February 2017 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  
12 April 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:-*

*Name: Mr Leong Weng Tuck (Registered Professional, RHT Capital Pte. Ltd.)  
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