



GKE CORPORATION LIMITED  
(Company Registration No. 200001941G)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2018

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			The Group		
	2nd Quarter Ended		change	Half Year Ended		change
	30-Nov-18	30-Nov-17		30-Nov-18	30-Nov-17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Continuing Operations</b>						
Revenue	20,488	18,119	13.1	39,506	35,498	11.3
Cost of sales	(17,053)	(14,971)	13.9	(32,200)	(28,988)	11.1
<b>Gross profit</b>	<b>3,435</b>	<b>3,148</b>	<b>9.1</b>	<b>7,306</b>	<b>6,510</b>	<b>12.2</b>
Other income	286	252	13.5	1,107	669	65.5
<b>Expenses</b>						
Marketing and distribution costs	(65)	(56)	16.1	(130)	(125)	4.0
Administrative expenses	(3,541)	(3,191)	11.0	(7,278)	(6,620)	9.9
Finance costs	(603)	(436)	38.3	(1,278)	(817)	56.4
Other expenses	(38)	(101)	(62.4)	(289)	(28)	932.1
Share of results of associates	-	(117)	N.M.	(154)	(97)	58.8
<b>Loss before tax from continuing operations</b>	<b>(526)</b>	<b>(501)</b>	<b>5.0</b>	<b>(716)</b>	<b>(508)</b>	<b>40.9</b>
Tax expense	(848)	(311)	172.7	(963)	(384)	150.8
<b>Loss for the period from continuing operations</b>	<b>(1,374)</b>	<b>(812)</b>	<b>69.2</b>	<b>(1,679)</b>	<b>(892)</b>	<b>88.2</b>
<b>Discontinued operation</b>						
Loss from discontinued operation, net of tax	-	(6,827)	N.M.	-	(7,495)	N.M.
<b>Loss for the period</b>	<b>(1,374)</b>	<b>(7,639)</b>		<b>(1,679)</b>	<b>(8,387)</b>	
<b>(Loss)/profit attributable to:</b>						
Owners of the Company	(1,388)	(7,742)	(82.1)	(1,690)	(8,699)	(80.6)
Non-controlling interests	14	103	(86.4)	11	312	(96.5)
	<u>(1,374)</u>	<u>(7,639)</u>	<u>(82.0)</u>	<u>(1,679)</u>	<u>(8,387)</u>	<u>(80.0)</u>
<b>Owners of the Company</b>						
Loss from continuing operations, net of tax	(1,388)	(915)	51.7	(1,690)	(1,204)	40.4
Loss from discontinued operation, net of tax	-	(6,827)	N.M.	-	(7,495)	N.M.
<b>Loss for the year attributable to owners of the Company</b>	<b>(1,388)</b>	<b>(7,742)</b>	<b>(82.1)</b>	<b>(1,690)</b>	<b>(8,699)</b>	<b>(80.57)</b>
<b>Non-controlling interests</b>						
Profit from continuing operations, net of tax	14	103	(86.4)	11	312	(96.5)
<b>Profit for the year attributable to non-controlling interests</b>	<b>14</b>	<b>103</b>	<b>(86.4)</b>	<b>11</b>	<b>312</b>	<b>(96.5)</b>

Loss before tax includes the following items :

	The Group			The Group		
	2nd Quarter Ended		change	Half Year Ended		change
	30-Nov-18	30-Nov-17		30-Nov-18	30-Nov-17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Audit fees payable to:						
- Auditors of the Company	(30)	(54)	(44.4)	(98)	(107)	(8.4)
Non-audit fees payable to:						
- Auditors of the Company	-	(8)	N.M.	-	(16)	N.M.
Amortisation of land use rights	(25)	(26)	(3.8)	(51)	(53)	(3.8)
Amortisation of customer relationship	(290)	(333)	(12.9)	(580)	(667)	(13.0)
Depreciation of property, plant and equipment	(2,286)	(1,421)	60.9	(4,572)	(2,772)	64.9
Fair value adjustment on contingent consideration	-	315	N.M.	-	315	N.M.
(Loss)/gain on disposal of property, plant and equipment	(34)	4	N.M.	(1)	172	N.M.
Gain on disposal of investment in associate	-	-	N.M.	538	-	N.M.
Grant income from government	67	-	N.M.	74	167	(55.7)
Impairment of available-for-sale investments	-	-	N.M.	-	(35)	N.M.
Fair value loss on financial assets	(20)	-	N.M.	(190)	-	N.M.
Provision for impairment loss on investment in joint venture	-	(6,241)	N.M.	-	(6,241)	N.M.
Interest income	(20)	1	N.M.	20	2	N.M.
Interest expenses	(801)	(459)	74.5	(1,171)	(796)	47.1
Legal and professional fees	(73)	(74)	(1.4)	(263)	(124)	112.1
Net foreign exchange loss	(38)	(101)	(62.4)	(289)	(28)	N.M.

N.M. denotes not meaningful.



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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2018

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1 (a)(i) Consolidated Statement of Comprehensive Income for the period ended 30 November 2018

	The Group			The Group		
	2nd Quarter Ended		change	Half Year Ended		change
	30-Nov-18	30-Nov-17 Restated		30-Nov-18	30-Nov-17 Restated	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Loss for the period</b>	(1,374)	(7,639)	(82.0)	(1,679)	(8,387)	(79.98)
<b>Other comprehensive income, net of tax</b>						
Foreign currency translation	(223)	(229)	(2.6)	(995)	(144)	590.97
Fair value gain/(loss) on available-for-sale investments	-	56	N.M.	-	(12)	N.M.
Share of foreign currency translation of associates	-	(10)	N.M.	(68)	6	N.M.
Other comprehensive income for the period, net of tax	(223)	(183)	21.9	(1,063)	(150)	608.67
<b>Total comprehensive income for the period</b>	<u>(1,597)</u>	<u>(7,822)</u>	(79.6)	<u>(2,742)</u>	<u>(8,537)</u>	(67.88)
<b>(Loss)/profit attributable to:</b>						
Owners of the Company	(1,571)	(7,891)	(80.1)	(2,563)	(8,874)	(71.12)
Non-controlling interests	(26)	69	(137.7)	(179)	337	(153.1)
<b>Total comprehensive income for the period</b>	<u>(1,597)</u>	<u>(7,822)</u>	(79.6)	<u>(2,742)</u>	<u>(8,537)</u>	(67.88)
<b>Loss attributable to:</b>						
<u>Owners of the Company</u>						
Total comprehensive income from continuing operations, net of tax	(1,571)	(1,064)	47.7	(2,563)	(1,379)	85.86
Total comprehensive income from discontinued operations, net of tax	-	(6,827)	N.M.	-	(7,495)	N.M.
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<u>(1,571)</u>	<u>(7,891)</u>	(80.1)	<u>(2,563)</u>	<u>(8,874)</u>	(71.12)
<b>Loss from discontinued operation, net of tax:</b>						
Share of result of joint venture	-	(586)	N.M.	-	(1,254)	N.M.
Provision for impairment loss on investment in joint venture	-	(6,241)	N.M.	-	(6,241)	N.M.
	<u>-</u>	<u>(6,827)</u>	N.M.	<u>-</u>	<u>(7,495)</u>	N.M.



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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	
	30-Nov-18	31-May-18	1-Jun-17	30-Nov-18	31-May-18
	S\$'000	Restated S\$'000	Restated S\$'000	S\$'000	Restated S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	118,443	122,696	107,127	102	142
Land use rights	4,477	4,794	4,745	-	-
Intangible assets	6,900	7,480	8,727	-	-
Investments in subsidiaries	-	-	-	51,959	51,959
Investment in associate	-	2,505	2,818	-	3,189
Investment in joint venture	-	-	9,228	-	-
Available-for-sale investments	-	640	697	-	640
Financial assets at fair value through profit or loss	450	-	-	450	-
Other receivables	-	-	-	4,957	5,150
<b>Total non-current assets</b>	<b>130,270</b>	<b>138,115</b>	<b>133,342</b>	<b>57,468</b>	<b>61,080</b>
<b>Current assets</b>					
Inventories	418	469	253	-	-
Trade and other receivables	26,560	22,770	19,116	13,255	13,321
Prepaid operating expenses	922	550	713	34	24
Fixed deposits (restricted)	2,317	2,180	2,180	-	-
Cash and cash equivalents	12,176	12,640	10,582	3,245	123
<b>Total current assets</b>	<b>42,393</b>	<b>38,609</b>	<b>32,844</b>	<b>16,534</b>	<b>13,468</b>
<b>Total assets</b>	<b>172,663</b>	<b>176,724</b>	<b>166,186</b>	<b>74,002</b>	<b>74,548</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	78,165	78,165	78,165	78,165	78,165
Treasury shares	(672)	(672)	(1,216)	(672)	(672)
Accumulated losses	(8,341)	(6,651)	2,806	(25,227)	(24,475)
Other reserves	(73)	800	1,029	(98)	(98)
<b>Equity attributable to owners of the Company</b>	<b>69,079</b>	<b>71,642</b>	<b>80,784</b>	<b>52,168</b>	<b>52,920</b>
Non-controlling interests	4,701	5,240	4,910	-	-
<b>Total equity</b>	<b>73,780</b>	<b>76,882</b>	<b>85,694</b>	<b>52,168</b>	<b>52,920</b>
<b>Non-current liabilities</b>					
Other liabilities	4,214	4,317	2,068	-	-
Borrowings	53,901	52,911	49,323	-	-
Deferred tax liabilities	350	449	646	-	-
Finance lease liabilities	-	-	454	-	-
<b>Total non-current liabilities</b>	<b>58,465</b>	<b>57,677</b>	<b>52,491</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	11,563	8,409	7,594	20,817	19,148
Other liabilities	5,161	7,399	6,829	983	2,436
Borrowings	18,213	21,876	7,655	-	-
Finance lease liabilities	4,216	3,610	3,709	34	44
Tax payable	1,265	871	2,214	-	-
<b>Total current liabilities</b>	<b>40,418</b>	<b>42,165</b>	<b>28,001</b>	<b>21,834</b>	<b>21,628</b>
<b>Total liabilities</b>	<b>98,883</b>	<b>99,842</b>	<b>80,492</b>	<b>21,834</b>	<b>21,628</b>
<b>Total equity and liabilities</b>	<b>172,663</b>	<b>176,724</b>	<b>166,186</b>	<b>74,002</b>	<b>74,548</b>



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

	The Group		The Group	
	As at 30 Nov 2018		As at 31 May 2018	
	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	4,216	-	3,610	-
Borrowings	18,213	-	21,876	-
(b) Amount repayable after one year				
Loan from non-controlling interests	-	343	-	595
Borrowings	53,901	-	52,911	-

(c) Details of any collateral

The loan from non-controlling interests repayable in one year or on demand are entered into for the financing of the construction of the warehouse in Yangshan Shanghai, China and working capital purpose of Van Der Horst (Shanghai) Logistics Co., Ltd. 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.

Borrowings repayable in one year or less and the borrowings repayable after one year were obtained for 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.

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	
	2nd Quarter Ended 30-Nov-18	30-Nov-17 Restated	Half Year Ended 30-Nov-18	30-Nov-17 Restated
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities</b>				
Loss before tax from continuing operations	(526)	(501)	(716)	(508)
Loss before tax from discontinued operation	-	(6,827)	-	(7,495)
	(526)	(7,328)	(716)	(8,003)
Adjustments for:				
Amortisation of land use rights	25	26	51	53
Amortisation of customer relationship	290	333	580	667
Depreciation of property, plant and equipment	2,286	1,421	4,572	2,772
Fair value adjustment of consideration	-	(315)	-	(315)
Loss/(gain) on disposal of property, plant and equipment	34	(4)	1	(172)
Gain on disposal of investment in associate	-	-	(538)	-
Impairment of available-for-sale investments	-	-	-	35
Fair value loss on financial assets	20	-	190	-
Interest expense	801	459	1,171	796
Interest income	20	(1)	(20)	(2)
Property, plant and equipment written off	-	-	-	1
Impairment loss on investment in joint venture	-	6,241	-	6,241
Share of results of joint venture	-	586	-	1,254
Share of results of associates	-	117	154	97
Effect of exchange rate changes	31	9	374	(145)
<b>Operating cash flows before changes in working capital</b>	2,981	1,544	5,819	3,279
<b>Changes in working capital:</b>				
Inventories	57	(50)	51	(81)
Trade and other receivables	(2,072)	(1,700)	(1,262)	(6,016)
Prepaid operating expenses	(228)	(18)	(372)	104
Trade and other payables	3,288	11,125	3,154	10,531
Other liabilities	344	146	(1,141)	(1,719)
<b>Cash flows from operations</b>	4,370	11,047	6,249	6,098
Interest received	(20)	1	20	2
Income tax paid	(500)	(254)	(665)	(383)
<b>Net cash flows generated from operating activities</b>	3,850	10,794	5,604	5,717
<b>Cash flows from investing activities</b>				
Proceeds from disposal of available-for-sale investments	-	-	-	(51)
Proceeds from disposal of investment in associate	-	-	293	-
Proceeds from disposal of property, plant and equipment	39	4	126	405
Purchase of property, plant and equipment	(824)	(11,366)	(1,283)	(16,090)
<b>Net cash flows used in investing activities</b>	(785)	(11,362)	(864)	(15,736)
<b>Cash flows from financing activities</b>				
Interest paid	(801)	(459)	(1,171)	(796)
Proceeds from borrowings	1,952	699	2,877	9,620
Repayment of obligation under finance leases	(358)	(451)	(881)	(976)
Repayments of loans and borrowings	(2,148)	(1,155)	(5,492)	(2,207)
Dividends paid to non-controlling interest	(180)	-	(360)	-
Placement of short-term deposit - pledged	(52)	-	(137)	-
<b>Net cash (used in)/generated from financing activities</b>	(1,587)	(1,366)	(5,164)	5,641
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,478	(1,934)	(424)	(4,378)
Cash and cash equivalents at the beginning of financial period	10,700	8,099	12,640	10,582
Effect of exchange rate changes on cash and cash equivalents	(2)	(15)	(40)	(54)
Cash and cash equivalents at the end of financial period <sup>(1)</sup>	12,176	6,150	12,176	6,150

Explanatory Notes:

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

	The Group		The Group	
	2nd Quarter Ended 30-Nov-18	30-Nov-17 S\$'000	Half Year Ended 30-Nov-18	30-Nov-17 S\$'000
Cash at banks and on hand	12,176	6,150	12,176	6,150
Fixed deposits (restricted)	2,317	2,180	2,317	2,180
	14,493	8,330	14,493	8,330
Fixed deposits charged with bank	(2,317)	(2,180)	(2,317)	(2,180)
<b>Cash and cash equivalents</b>	12,176	6,150	12,176	6,150



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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 30 November 2018

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
<b>Balance as at 1 June 2017, previously reported</b>	78,165	(1,216)	(640)	6,742	83,051	5,213	88,264
Effect of changes in accounting policy upon application of SFRS (I) 1	-	-	3,446	(5,713)	(2,267)	(303)	(2,570)
<b>Balance as at 1 June 2017, restated</b>	78,165	(1,216)	2,806	1,029	80,784	4,910	85,694
Loss for the period	-	-	(8,699)	-	(8,699)	312	(8,387)
<u>Other comprehensive income:</u>							
Fair value gain on available-for-sale investments	-	-	-	(12)	(12)	-	(12)
Foreign currency translation	-	-	-	(169)	(169)	25	(144)
Share of other comprehensive income of associate	-	-	-	6	6	-	6
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	(175)	(175)	25	(150)
<b>Total comprehensive income for the period</b>	-	-	(8,699)	(175)	(8,874)	337	(8,537)
<u>Contributions by and distributions to owners:</u>							
Treasury shares reissued pursuant to acquisition of a subsidiary	-	544	-	(9)	535	-	535
<b>Total contributions by and distributions to owners</b>	-	544	-	(9)	535	-	535
<b>Total transactions with owners in their capacity as owners</b>	-	544	-	(9)	535	-	535
<b>Balance as at 30 November 2017</b>	78,165	(672)	(5,893)	845	72,445	5,247	77,692

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
<b>Balance as at 1 June 2018, previously reported</b>	78,165	(672)	(11,261)	16,490	82,722	5,543	88,265
Effect of changes in accounting policy upon application of SFRS (I) 1	-	-	4,311	(15,391)	(11,080)	(303)	(11,383)
Effect of application of SFRS (I) 9	-	-	299	(299)	-	-	-
<b>Balance as at 1 June 2018, restated</b>	78,165	(672)	(6,651)	800	71,642	5,240	76,882
Loss for the period	-	-	(1,690)	-	(1,690)	11	(1,679)
<u>Other comprehensive income:</u>							
Foreign currency translation	-	-	-	(805)	(805)	(190)	(995)
Share of other comprehensive income of associate	-	-	-	(68)	(68)	-	(68)
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	(873)	(873)	(190)	(1,063)
<b>Total comprehensive income for the period</b>	-	-	(1,690)	(873)	(2,563)	(179)	(2,742)
<u>Contributions by and distributions to owners:</u>							
Dividend paid to non-controlling interests	-	-	-	-	-	(360)	(360)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	(360)	(360)
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	-	(360)	(360)
<b>Balance as at 30 November 2018</b>	78,165	(672)	(8,341)	(73)	69,079	4,701	73,780



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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2018

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 30 November 2018

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 2017	78,165	(1,216)	(17,066)	282	60,165
Loss for the period	-	-	(7,829)	-	(7,829)
Other comprehensive income:					
Fair value loss on available-for-sale investments	-	-	-	(12)	(12)
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	(12)	(12)
<b>Total comprehensive income for the period</b>	-	-	(7,829)	(12)	(7,841)
Contributions by and distributions to owners:					
Treasury shares reissued pursuant to acquisition of a subsidiary	-	544	-	(9)	535
<b>Total contributions by and distributions to owners</b>	-	544	-	(9)	535
<b>Balance as at 30 November 2017</b>	<b>78,165</b>	<b>(672)</b>	<b>(24,895)</b>	<b>261</b>	<b>52,859</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 2018, previously reported	78,165	(672)	(24,774)	201	52,920
Effect of application of SFRS (I) 9	-	-	299	(299)	-
<b>Balance as at 1 June 2018, restated</b>	<b>78,165</b>	<b>(672)</b>	<b>(24,475)</b>	<b>(98)</b>	<b>52,920</b>
Loss for the period	-	-	(752)	-	(752)
<b>Total comprehensive income for the period</b>	<b>78,165</b>	<b>(672)</b>	<b>(25,227)</b>	<b>(98)</b>	<b>52,168</b>
<b>Balance as at 30 November 2018</b>	<b>78,165</b>	<b>(672)</b>	<b>(25,227)</b>	<b>(98)</b>	<b>52,168</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 the number of shares that may be issued on conversion of all the outstanding convertibles as, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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-18 31-May-18**

**Total number of issued shares (excluding treasury shares):**

Total number of issued shares		
At beginning and end of financial year	694,700,540	694,700,540
Treasury shares		
At beginning of the period	(6,168,650)	(11,168,650)
Treasury shares reissued pursuant to acquisition of a subsidiary <sup>(1)</sup>	-	5,000,000
At end of the period	(6,168,650)	(6,168,650)
<b>Total</b>	<b>688,531,890</b>	<b>688,531,890</b>

(1) During the last financial year, the Company had transferred 5,000,000 treasury shares as part of the consideration for the acquisition of 70% of issued share capital of Marquis Services Pte Ltd as pursuant to the terms of sales and purchase agreement, when the profit guarantee provided by the vendor has been fully met.

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).

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not Applicable.

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.





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**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 adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") framework, on 1 June 2018 and has prepared its financial information under SFRS(I) for period ended 30 November 2018. In addition to adopting all the applicable standards under SFRS(I), the Group also takes the opportunity to review the relevance of the accounting policy choices with the application of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ended 31 May 2019), subject to mandatory exceptions and optional exemptions under SFRS(I) 1. The Group decided to elect the optional exemption SFRS(I) 1 to measure the leasehold land and buildings classified under property, plant and equipment held by the Group at the date of transition to IFRS using the original historical cost less accumulated depreciation and impairment. Any amount in asset revaluation reserve and its deferred tax liabilities relating to the leasehold land and buildings has been reversed as at 1 June 2017.

Statement of financial position line items	31-May-18	Adjustments		01-Jun-18
		SFRS(I) 1	SFRS(I) 9	
<b>Group</b>				
<b>Non-current assets</b>				
Property, plant and equipment	137,428	(14,732)	-	122,696
Available-for-sale investments (previously reported)	640	-	(640)	-
Legal and professional fees	-	-	470	470
<b>Non-current liabilities</b>				
Deferred tax liabilities	3,798	(3,349)	-	449
<b>Equity</b>				
Accumulated losses	(11,261)	4,311	299	(6,651)
Other reserves	16,490	(15,391)	(299)	800
Non-controlling interests	5,543	(303)	-	5,240
<b>Company</b>				
<b>Non-current assets</b>				
Available-for-sale investments (previously reported)	640	-	(640)	-
Financial assets at fair value through profit or loss (under SFRS(I) 9)	-	-	470	470
<b>Equity</b>				
Accumulated losses	(24,774)	-	299	(24,475)
Other reserves	201	-	(299)	(98)

The equity investment held by the Company and the Group is determined as a financial asset to be measured as fair value through profit or loss under SFRS(I) 9. Under the previous classification as "available-for-sale investments", the changes in fair value were accounted for in other comprehensive income and accumulated in the fair value reserve.

**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.**

Please refer to paragraph 4 above.



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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-18	30-Nov-17 Restated	30-Nov-18	30-Nov-17 Restated
Loss per share from continuing operations (in SGD cent)				
- Basic <sup>(1)</sup>	(0.20)	(0.13)	(0.25)	(0.17)
- Fully diluted <sup>(2)</sup>	(0.20)	(0.13)	(0.25)	(0.17)
Loss per share from discontinued operation (in SGD cent)				
- Basic <sup>(1)</sup>	-	(1.00)	-	(1.10)
- Fully diluted <sup>(2)</sup>	-	(1.00)	-	(1.10)
Loss per share (in SGD cent)				
- Basic <sup>(1)</sup>	(0.20)	(1.13)	(0.25)	(1.27)
- Fully diluted <sup>(2)</sup>	(0.20)	(1.13)	(0.25)	(1.27)
(1) Weighted average number of shares	688,531,890	684,905,516	688,531,890	684,214,950
(2) Calculated based on weighted average number of shares	688,531,890	684,905,516	688,531,890	684,214,950

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-18	31-May-18 Restated	30-Nov-18	31-May-18 Restated
	Net assets (S\$'000)	69,079	71,642	52,168
Net asset value per share (in SGD cents)	10.03	10.41	7.58	7.69
Number of shares used in calculating NAV	688,531,890	688,531,890	688,531,890	688,531,890

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 FY2019 vs 1H FY2018

Revenue

The Group recorded a 11.3% increase in revenue to S\$39.5 million for the six months ending 30 November 2018 ("1H FY19") compared with S\$35.5 million for the six months ending 30 November 2017 ("1H FY18"). The increase was mainly due to higher revenue contributed by ready-mix concrete manufacturing plant, Wuzhou Xing Jian Readymix Co., Ltd ("Wuzhou Xing Jian") and higher warehousing storage revenue.

Cost of sales

Cost of sales increased by 11.1% from S\$29.0 million in 1H FY18 to S\$32.2 million in 1H FY19 in tandem with higher revenue. The increase was attributable to the increased production expenses from Wuzhou Xing Jian and higher depreciation charge due to addition of 39 Benoi Road warehouse.



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**Gross profit**

Gross profit increased by 12.5% from S\$6.5 million in 1H FY18 to S\$7.3 million in 1H FY19. The Group's gross margin increased marginally from 18.3% in 1H FY18 to 18.5% in 1H FY19, mainly due to higher gross margin from the ready-mix concrete manufacturing plant.

**Other income**

Other income was higher at S\$1.1 million in 1H FY19 as compared to S\$0.7 million in 1H FY18. The increase was due to the gain on disposal of 49% stake in its associate, GKE Metal Logistics Pte Ltd, as well as additional income including government's grants and insurance claims.

**Marketing and distribution costs**

Marketing and distribution costs increased from \$125,000 in 1H FY18 to S\$130,000 in 1H FY19. This was mainly due to higher expenses incurred on marketing for Wuzhou Xing Jian.

**Administrative expenses**

Administrative expenses increased significantly from S\$6.6 million in 1H FY18 to S\$7.3 million in 1H FY19. This was mainly due to fair value loss on financial assets of S\$0.2 million, increase in administrative staff in Wuzhou Xing Jian, commencement of G-Chem logistics Pte Ltd operation in November 2017 and increase in legal and professional fee.

**Finance costs**

Finance costs increased by S\$0.8 million to S\$1.3 million in 1H FY19. This was mainly due to the higher loan interest incurred in the loan for redevelopment of 39 Benoi warehouse and purchase of equipment.

**Other expenses**

Other expenses in 1H FY19 was mainly due to net foreign exchange losses.

**Share of results of associates**

The share of loss from associates increased due to a drop in gross margins from the storage and shipment of metals and lower exchange gains.

**Tax expenses**

Tax expenses arose from profitable subsidiaries.

**Loss from discontinued operation**

The discontinued operation recorded a loss of S\$1.3 million in 1H FY18 mainly derived from the provision for impairment loss on investment in Ocean Latitude Limited joint venture and the share of loss of its operations due to depressed chartering rate for its 83,000m<sup>3</sup> liquefied gas carrier vessel, Gas Aries.

**Other comprehensive income**

Other comprehensive income for foreign currency translation and share of foreign currency translation of associates was a result of the translation of the financial statements of the foreign subsidiaries and associates from its functional currencies.

**2Q FY2019 vs 2Q FY2018**

**Revenue**

The Group's revenue increased by S\$2.4 million to S\$21.0 million for the second quarter ended 30 November 2018 ("2Q FY19") from S\$18.1 million for the second quarter ended 30 November 2017 ("2Q FY18"), This was mainly due to the higher revenue contributions from Wuzhou Xing Jian and higher warehousing storage revenue.

**Cost of sales**

Cost of sales in 2Q FY19 increased by 13.9% to S\$17.1 million from S\$14.9 million in 2Q FY18. The significant increase was due to the additional expenses from the operations of Wuzhou Xing Jian and increase in depreciation charge due to addition of 39 Benoi Road warehouse.

**Gross profit**

For 2Q FY19, the Group's gross profit increased by 9.7% to S\$3.5 million in 2Q FY19 from S\$3.1 million in 2Q FY18. This was driven by higher revenue contribution. The Group's gross margin slightly decreased from 17.4% in 2Q FY18 to 16.8% in 2Q FY19 as a result of higher fixed costs.



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**Other income**

Other income increased marginally from S\$252,000 in 2Q FY18 to S\$286,000 in 2Q FY19 mainly due to increase in interest income and grant income from government.

**Marketing and distribution costs**

Marketing and distribution costs increased marginally from S\$56,000 in 2Q FY18 to S\$65,000 in 2Q FY19. This was mainly due to the higher expenses incurred on marketing by Wuzhou Xing Jian.

**Administrative expenses**

Administrative expenses increased by S\$0.4 million to S\$3.6 million in 2Q FY19 from S\$3.2 million in 2Q FY18. This was mainly due to the increase in administrative staff cost in Wuzhou Xing Jian and commencement of G-Chem logistics Pte Ltd operation in November 2017.

**Finance costs**

Finance costs increased from S\$0.4 million in 2Q FY18 to S\$0.6 million in 2Q FY19, with additional financing cost incurred on the redevelopment of new warehouse at 39 Benoi road.

**Other expenses**

Other expenses in 2Q FY19 was mainly due to net foreign exchange losses.

**Share of results of associates**

The Group has disposed GKE Metal Logistics Pte Ltd on 8 August 2018 and hence, no share of result in 2Q FY19.

**Loss on discontinued operation**

The discontinued operation recorded a loss of S\$6.8 million in 2Q FY18 mainly derived from provision of impairment loss on investment in Ocean Latitude Limited joint venture and the share of loss of its operation S\$0.6 million due to depressed chartering rate.

**Other comprehensive income**

Other comprehensive income for foreign currency translation and share of foreign currency translation of associates was a result of the translation of the financial statements of the foreign subsidiaries and associates from its functional currencies.

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

### STATEMENT OF FINANCIAL POSITION

Non-current assets decreased by S\$7.8 million from S\$138.1 million as at 31 May 2018 to S\$130.3 million as at 30 November 2018. This was mainly due to (i) decrease in property, plant and equipment due to depreciation and fixed assets adjustment due to the over accrual of the construction cost of the 39 Benoi Road warehouse, (ii) decrease in investment in associate due to disposal of associate; GKE Metal Logistics Pte Ltd; and (iii) decrease in land use rights and intangible assets due to amortisation.

Current assets increased to S\$42.4 million as at 30 November 2018. This was mainly due to the increase in trade and other receivables resulting from higher trade receivables from Wuzhou Xing Jian and increase in prepaid operating expenses.

Non-current liabilities increased by S\$0.8 million from S\$57.7 million as at 31 May 2018 to S\$58.5 million as at 30 November 2018. The increase is mainly due to classification of certain borrowings from current liabilities to non-current liabilities due to renewal of loan repayment schedule.

Current liabilities decreased by S\$1.7 million from S\$42.2 million as at 31 May 2018 to S\$40.4 million as at 30 November 2018. This was mainly due to (i) the decrease in other liabilities due to adjustment of accruals for construction of warehouse at 39 Benoi road and payment of expenses; and (ii) decrease in borrowings due to the repayment of borrowings and classification of certain borrowings to non-current borrowings. This was offset by the increase in finance lease liabilities due to the purchase of motor vehicles and the increase in trade and other payables.

Shareholder's equity decreased from S\$71.7 million as at 31 May 2018 to S\$69.0 million as at 30 November 2018 due to the losses and lower translation reserves for the period under review.



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**STATEMENT OF CASH FLOWS**

**1H FY2019 vs 1H FY2018**

During 1H FY19, the Group's net cash generated from operating activities was S\$5.6 million. This comprised positive operating cash flows before changes in working capital of S\$5.8 million, adjusted by net working capital inflow of S\$0.4 million and income tax paid of S\$0.7 million.

Net cash used in investing activities was S\$0.9 million in 1H FY19. This was mainly due to the cash outlay for the purchase of fixed assets and offset with the proceeds from disposal of investment in joint venture S\$0.3 million and proceeds from disposal of property, plant and equipment of S\$0.1 million.

Net cash used in financing activities was S\$5.2 million in 1H FY19. This was mainly due to the repayment of loans, finance leases and interest expenses which was partially offset by the proceeds from bank borrowings of S\$2.9 million for the 39 Benoi road warehouse equipment and construction loan drawdown.

**2Q FY2019 vs 2Q FY2018**

The Group's net cash generated from operating activities for 2Q FY19 was S\$3.9 million. This comprised positive operating cash flows before changes in working capital of S\$3.0 million, adjusted by net working capital inflow of S\$1.4 million and income tax paid S\$0.5 million.

Net cash used in investing activities of S\$0.8 million in 2Q FY19 was mainly due to the purchase of motor vehicles, trailers and racking systems.

Net cash used in financing activities of S\$1.6 million in 2Q FY19 was mainly attributed to repayment of loans and finance leases, and interest paid which was partially offset by the proceeds from bank borrowings of S\$2.0 million for the 39 Benoi road warehouse equipment and drawdown of construction loan.

**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 global economy faces major uncertainties with growing trade tensions, turbulence in financial markets and signs of slowing growth. Amidst these uncertainties in the global economy, the Group shall remain cautious and continues to monitor its business environment and manage its operating costs while deriving synergies among the subsidiaries within its core warehousing & logistics division.

**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***

No.



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**(c) Date Payable**

Not applicable.

**(d) Books Closure Date**

Not applicable.

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

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

**14. Negative confirmation by the Board pursuant to Rule 705(5)**

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the first half financial results of the Company and of the Group for the period ended 30 November 2018 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 January 2019

*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 Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.)  
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619  
Tel: 6381 6757*