



CORPORATION LIMITED

(Incorporated in the Republic of Singapore with Unique Entity No: 200001941G)

SGX Stock Code: **595**

Website: www.gke.com.sg

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

This announcement has been prepared by the Company and its contents have reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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.

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A. Condensed interim consolidated income statement

	Note	Group		Change %
		6 months ended 30 November 2023 S\$'000	6 months ended 30 November 2022 S\$'000	
Revenue	5	55,523	54,375	2.1
Cost of sales		(39,044)	(38,775)	0.7
Gross profit		16,479	15,600	5.6
Other income	6.1	565	542	4.2
Expenses				
- Marketing and distribution costs		(188)	(237)	(20.7)
- Administrative expenses		(12,016)	(12,079)	(0.5)
- Finance costs		(1,426)	(1,497)	(4.7)
- Other expenses		(139)	(511)	(72.8)
Share of results of associates		19	63	(69.8)
Profit before tax	6.1	3,294	1,881	75.1
Tax expense	7	(1,397)	(883)	58.2
Profit for the period		1,897	998	90.1
Profit attributable to:				
Owners of the Company		1,897	998	90.1
		1,897	998	90.1
Earnings per share (cents per share) attributable to owner of the company				
- Basic	9	0.25	0.13	90.1
- Diluted	9	0.25	0.13	90.1

N.M. denotes not meaningful.

B. Condensed interim consolidated statement of comprehensive income

	Group		
	6 months ended 30 November 2023 S\$'000	6 months ended 30 November 2022 S\$'000	Change %
Profit for the period	1,897	998	90.1
Other comprehensive income, net of tax:			
Foreign currency translation	(324)	(1,297)	(75.0)
Net change in fair value of cash flow hedges	(232)	711	N.M.
Other comprehensive income, net of tax	(556)	(586)	(5.1)
Total comprehensive income for the period	1,341	412	225.5
Profit attributable to:			
Owners of the Company	1,341	412	225.5
Total comprehensive income for the period	1,341	412	225.5

C. Condensed interim balance sheet

Note	Group		Company		
	30 November 2023	31 May 2023	30 November 2023	31 May 2023	
	S\$'000	S\$'000	S\$'000	S\$'000	
ASSETS					
Non-current assets					
Property, plant and equipment	11	117,955	123,824	230	259
Intangible assets	12	4,834	5,043	–	–
Investments in subsidiaries		–	–	56,931	56,931
Investments in associates		1,909	1,921	–	–
Financial assets at fair value through profit or loss		142	128	41	25
Other receivables	4	–	38	6,801	8,001
Total non-current assets		124,840	130,954	64,003	65,216
Current assets					
Inventories		2,246	1,974	–	–
Trade and other receivables	4	37,508	36,020	9,637	12,529
Prepaid operating expenses		1,382	1,031	71	76
Derivative financial assets		266	424	–	–
Cash and short-term deposit		26,847	29,760	5,212	3,735
Total current assets		68,249	69,209	14,920	16,340
Total assets		193,089	200,163	78,923	81,556
EQUITY AND LIABILITIES					
Equity					
Share capital		85,145	85,145	85,145	85,145
Treasury shares		(1,531)	(1,531)	(1,531)	(1,531)
Retained earnings/ (accumulated losses)		8,405	8,058	(30,472)	(27,032)
Other reserves		245	751	105	55
Total equity		92,264	92,423	53,247	56,637
Non-current liabilities					
Other liabilities		1,928	2,007	–	–
Borrowings	13	37,651	41,340	3,181	4,163
Lease liabilities	13	14,883	17,835	–	20
Deferred tax liabilities		2,524	2,764	152	152
Total non-current liabilities		56,986	63,946	3,333	4,335
Current liabilities					
Trade and other payables	4	15,520	14,451	19,546	17,485
Other liabilities		7,076	7,585	785	1,095
Borrowings	13	12,612	13,043	1,961	1,954
Lease liabilities	13	5,700	5,870	39	38
Tax payable		2,931	2,845	12	12
Total current liabilities		43,839	43,794	22,343	20,584
Total liabilities		100,825	107,740	25,676	24,919
Total equity and liabilities		193,089	200,163	78,923	81,556

D. Condensed interim statements of changes in equity

	Share capital S\$'000	Treasury shares S\$'000	Retained Earnings S\$'000	Other reserves S\$'000	Total equity S\$'000
The Group					
Balance as at 1 June 2023	85,145	(1,531)	8,058	751	92,423
Profit for the period	–	–	1,897	–	1,897
<u>Other comprehensive income:</u>					
Net change in fair value of cash flow hedges	–	–	–	(232)	(232)
Foreign currency translation	–	–	–	(324)	(324)
Other comprehensive income for the period, net of tax	–	–	–	(556)	(556)
<u>Contributions by and distributions to owners:</u>					
Dividend paid to ordinary shares	–	–	(1,550)	–	(1,550)
Share based payments	–	–	–	50	50
Total contributions by and distributions to owners	–	–	(1,550)	50	(1,500)
Total transactions with owners in their capacity as owners	–	–	(1,550)	50	(1,500)
Balance as at 30 November 2023	85,145	(1,531)	8,405	245	92,264
Balance as at 1 June 2022	85,145	(1,531)	5,835	1,562	91,011
Profit for the period	–	–	998	–	998
<u>Other comprehensive income:</u>					
Net change in fair value of cash flow hedges	–	–	–	711	711
Foreign currency translation	–	–	–	(1,297)	(1,297)
Other comprehensive income for the period, net of tax	–	–	–	(586)	(586)
<u>Contributions by and distributions to owners:</u>					
Dividend paid to ordinary shares	–	–	(1,550)	–	(1,550)
Share based payments	–	–	–	62	62
Total contributions by and distributions to owners	–	–	(1,550)	62	(1,488)
Total transactions with owners in their capacity as owners	–	–	(1,550)	62	(1,488)
Balance as at 30 November 2022	85,145	(1,531)	5,283	1,038	89,935

D. Condensed interim statements of changes in equity (cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total S\$'000
The Company					
Balance as at 1 June 2023	85,145	(1,531)	(27,032)	55	56,637
Loss for the period	–	–	(1,890)	–	(1,890)
Total comprehensive income for the period	–	–	(1,890)	–	(1,890)
<u>Contributions by and distributions to owners:</u>					
Dividend paid to ordinary shares	–	–	(1,550)	–	(1,550)
Share based payments	–	–	–	50	50
Total contributions by and distributions to owners	–	–	(1,550)	50	(1,500)
Balance as at 30 November 2023	85,145	(1,531)	(30,472)	105	53,247
Balance as at 1 June 2022	85,145	(1,531)	(27,330)	(65)	56,219
Loss for the period	–	–	(1,923)	–	(1,923)
Total comprehensive income for the period	–	–	(1,923)	–	(1,923)
<u>Contributions by and distributions to owners:</u>					
Dividend paid to ordinary shares	–	–	(1,550)	–	(1,550)
Share based payments	–	–	–	62	62
Total contributions by and distributions to owners	–	–	(1,550)	62	(1,488)
Balance as at 30 November 2022	85,145	(1,531)	(30,803)	(3)	52,808

E. Condensed interim consolidated statement of cash flows

	Note	Group	
		6 months ended	
		30 Nov 2023	30 Nov 2022
		S\$'000	S\$'000
Cash flows from operating activities:			
Profit before tax		3,294	1,881
Adjustments for:			
Amortisation of intangible assets - customer relationship	12	101	253
Amortisation of intangible assets - mining rights	12	95	-
Depreciation of property, plant and equipment	11	7,657	7,537
Gain on disposal of property, plant and equipment		(12)	(75)
Allowance of expected credit loss		1,239	1,950
Fair value (gain)/loss on financial assets		(15)	28
Interest expense		1,426	1,497
Interest income		(94)	(24)
Share of results of associates		(19)	(63)
Share based payment expenses		50	62
Effect of exchange rate changes		19	(536)
Operating cash flows before changes in working capital		13,741	12,510
Changes in working capital:			
Inventories		(272)	(1,758)
Trade and other receivables		(2,689)	1,820
Prepaid operating expenses		(351)	(391)
Trade and other payables		1,069	79
Other liabilities		(588)	(511)
Cash flows generated from operations		10,910	11,749
Interest received		94	24
Net income tax paid		(1,652)	(1,132)
Net cash flows generated from operating activities		9,352	10,641
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		12	86
Purchase of property, plant and equipment	11	(1,541)	(2,616)
Net cash flows used in investing activities		(1,529)	(2,530)
Cash flows from financing activities:			
Dividends paid		(1,550)	(1,550)
Interest paid		(1,438)	(1,472)
Proceeds from loans and borrowings		298	-
Repayment of loans and borrowings		(4,359)	(4,129)
Repayment of principal portion of lease liabilities		(3,561)	(3,344)
Net cash flows used in financing activities		(10,610)	(10,495)
Net decrease in cash and cash equivalents		(2,787)	(2,384)
Cash and cash equivalents at the beginning of financial period		29,760	27,106
Effect of exchange rate changes on cash and cash equivalents		(126)	(134)
Cash and cash equivalents at the end of financial period ⁽¹⁾		26,847	24,588

Explanatory notes:

⁽¹⁾ Cash and cash equivalents comprise cash and short term-term deposit.

F. Notes to the condensed interim consolidated financial statements**1. Corporate information**

GKE Corporation Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on Catalist which is a market on Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 39 Benoi Road #06-01 Singapore 627725.

The principal activities of the Company are those of an investment holding company and the provision of management services. The principal activities of the subsidiaries are mainly as follows:

- Investment holding
- Provision of warehousing & ancillary services and trading business
- Provision of freight forwarding, transportation, warehousing and logistics services
- Provision of port operations and logistics services, stevedoring and freight forwarding services
- Provision of indoor farming solution and growing of crops
- Producing and manufacturing of environmentally friendly lightweight brick building materials and cement products
- Provision of blending and manufacturing of chemical and chemical products.

2. Significant accounting policies**2.1 Basis of preparation**

The condensed interim financial statements for the six months ended 30 November 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 May 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency, and all values are rounded to the nearest thousand (S\$’000), except when otherwise indicated.

2.2 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 May 2023.

2. Significant accounting policies (cont'd)**2.3 Use of judgements and estimates (cont'd)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are: (i) impairment test of goodwill: key assumptions underlying recoverable amounts; and (ii) provision of expected credit loss of trade receivables.

3. Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

- (a) The investment holding segment is involved in Group level corporate services and investment activities;
- (b) The warehouse and logistics segment provides total integrated and comprehensive warehousing and logistics solutions and services that include general cargo storage, dangerous cargo storage, bonded and license warehousing services, conventional transportation, container trucking, projects logistics, international multi-modal sea and air freight forwarding services, marine logistics and chemical warehousing with ancillary services;
- (c) The infrastructural materials and services segment is primarily involved in the business of manufacturing and supply of environmentally friendly ready-mixed concrete and building materials; and
- (d) The agriculture segment is involved in indoor cultivation of vegetables and development of agriculture technology solutions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Tax expense is managed on a group basis and is not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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Condensed Interim Financial Statements for the Six Months ended 30 November 2023

3. Segment information (cont'd)
3.1 Business segments

	Investment Holding S\$'000	Warehouse and Logistics S\$'000	Infrastructural Materials and Services S\$'000	Agriculture S\$'000	Consolidation adjustments S\$'000	Total S\$'000
30 Nov 2023						
Revenue						
- External customers	–	44,122	10,899	502	–	55,523
- Inter-segment ⁽¹⁾	–	178	–	16	(194)	–
Total revenue	–	44,300	10,899	518	(194)	55,523
Results:	(1,587)	13,080	2,086	56	(159)	13,476
Depreciation of property, plant and equipment	(60)	(6,565)	(730)	(106)	(196)	(7,657)
Allowance for expected credit loss	–	–	(1,239)			(1,239)
Fair value gain on financial assets	15	–	–	–	–	15
Gain on disposal of property, plant and equipment	–	12	–	–	–	12
Share of results of associates	–	–	19	–	–	19
Interest income	191	349	2	–	(448)	94
Finance costs	(452)	(1,247)	(170)	(5)	448	(1,426)
Segment (loss)/profit	(1,893)	5,629	(32)	(55)	(355)	3,294
Tax expense						(1,397)
Profit for the period						1,897

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Condensed Interim Financial Statements for the Six Months ended 30 November 2023

3. Segment information (cont'd)

3.1 Business segments (cont'd)

	Investment Holding S\$'000	Warehouse and Logistics S\$'000	Infrastructural Materials and Services S\$'000	Agriculture S\$'000	Consolidation adjustments S\$'000	Total S\$'000
30 Nov 2023 (cont'd)						
Assets:						
Investments in associates	–	14	1,895	–	–	1,909
Additions to non-current assets ⁽²⁾	31	1,224	165	570		1,990
Segment assets ⁽³⁾	80,085	154,665	37,697	3,359	(82,717)	193,089
Segment liabilities ⁽³⁾	24,513	87,835	20,437	2,388	(39,803)	95,370
Unallocated liabilities:						
Tax payable						2,931
Deferred tax liabilities						2,524
Total Liabilities						100,825

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

(2) Consist of additions to property, plant and equipment.

(3) Inter-segment assets and liabilities are eliminated to arrive at the total assets and liabilities reported in the consolidated balance sheet.

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3 Segment information (cont'd)
3.1 Business segments (cont'd)

	Investment Holding S\$'000	Warehouse and Logistics S\$'000	Infrastructural Materials and Services S\$'000	Agriculture S\$'000	Consolidation adjustments S\$'000	Total S\$'000
30 Nov 2022						
Revenue						
- External customers	–	43,286	10,863	226	–	54,375
- Inter-segment ⁽¹⁾	–	167	–	11	(178)	–
Total revenue	–	43,453	10,863	237	(178)	54,375
Results:	(1,595)	13,232	1,558	(116)	(348)	12,731
Depreciation of property, plant and equipment	(63)	(6,510)	(720)	(48)	(196)	(7,537)
Allowance for expected credit loss	–	–	(1,950)	–	–	(1,950)
Fair value loss on financial assets	(28)	–	–	–	–	(28)
Gain on disposal of property, plant and equipment	–	75	–	–	–	75
Share of results of associates	–	–	63	–	–	63
Interest income	226	298	4	–	(504)	24
Finance costs	(440)	(1,332)	(229)	–	504	(1,497)
Segment (loss)/profit	(1,900)	5,763	(1,274)	(164)	(544)	1,881
Tax expense						(883)
Profit for the period						998

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Condensed Interim Financial Statements for the Six Months ended 30 November 2023

3 Segment information (cont'd)**3.1 Business segments (cont'd)**

	Investment Holding S\$'000	Warehouse and Logistics S\$'000	Infrastructural Materials and Services S\$'000	Agriculture S\$'000	Consolidation adjustments S\$'000	Total S\$'000
30 Nov 2022 (cont'd)						
Assets:						
Investments in associates	–	14	1,969	–	–	1,983
Additions to non-current assets ⁽²⁾	121	2,350	107	777		3,355
Segment assets ⁽³⁾	81,017	162,431	39,984	1,804	(81,133)	204,103
Segment liabilities ⁽³⁾	25,920	99,094	21,977	898	(38,984)	108,905
Unallocated liabilities:						
Tax payable						2,626
Deferred tax liabilities						2,637
Total Liabilities						114,168

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

⁽²⁾ Consist of additions to property, plant and equipment.

⁽³⁾ Inter-segment assets and liabilities are eliminated to arrive at the total assets and liabilities reported in the consolidated balance sheet.

3 Segment information (cont'd)**3.2 Geographical segments**

The Group's business segments operate in two main geographical areas:

1. Singapore - the operations in this area are principally in logistics service, freight forwarding, transportation, warehousing, port operations, stevedoring, indoor farming, toll blending, specialty chemical manufacturing;
2. People's Republic of China - the operations in this area are principally in producing and manufacturing of environmentally friendly lightweight brick, building materials and cement products.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets*	
	6 months ended 30 Nov 2023 S\$'000	6 months ended 30 Nov 2022 S\$'000	30 Nov 2023 S\$'000	31 May 2023 S\$'000
Singapore	44,624	43,512	110,737	115,944
People's Republic of China	10,899	10,863	12,052	12,923
	55,523	54,375	122,789	128,867

Revenue from one major customer amount to S\$7,157,000 (6 months ended 30 Nov 2022: S\$7,546,000) was arising from services provided by the warehouse and logistics segment.

* Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the condensed balance sheets.

4 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 Nov 2023 and 31 May 2023:

	Group		Company	
	30 Nov 2023 S\$'000	31 May 2023 S\$'000	30 Nov 2023 S\$'000	31 May 2023 S\$'000
Trade and other receivables (current):				
Trade receivables	35,610	33,976	–	–
SGD loans to subsidiaries	–	–	353	346
Amounts due from subsidiaries	–	–	9,121	9,556
Staff advances	12	18	–	–
Refundable deposits	518	511	–	–
Capitalised contract cost	16	–	–	–
Dividend receivable	–	–	–	2,500
Other receivables	1,352	1,515	163	127
	37,508	36,020	9,637	12,529
Other receivables (non-current):				
SGD loan to subsidiaries	–	–	6,801	8,001
Refundable deposit	–	38	–	–
	37,508	36,058	16,438	20,530
Total trade and other receivables (current and non-current)	37,508	36,058	16,438	20,530
Less: Capitalised contract cost	(16)	–	–	–
Add: Cash and short-term deposit	26,847	29,760	5,212	3,735
	64,339	65,818	21,650	24,265

	Group		Company	
	30 Nov 2023 S\$'000	31 May 2023 S\$'000	30 Nov 2023 S\$'000	31 May 2023 S\$'000
Expected Credit Loss				
Movements in allowance account:				
At beginning of the year	4,154	2,164	4,197	4,197
Charge for the period/year, recorded in administrative expenses	1,239	2,213	–	–
Written off	–	(12)	–	–
Exchange differences	(59)	(211)	–	–
	5,334	4,154	4,197	4,197

4 Financial assets and financial liabilities (cont'd)

	Group		Company	
	30 Nov 2023 S\$'000	31 May 2023 S\$'000	30 Nov 2023 S\$'000	31 May 2023 S\$'000
Trade and other payables (current):				
Trade payables	9,976	8,941	–	–
Other payables	5,544	5,510	55	73
Amounts due to subsidiaries	–	–	3,312	2,234
Loan from subsidiary	–	–	16,179	15,178
Total trade and other payables	15,520	14,451	19,546	17,485
Add: Borrowings	50,263	54,383	5,142	6,117
Add: Lease liabilities	20,583	23,705	39	58
Add: Other liabilities	6,874	6,964	785	1,053
Total financial liabilities carried at amortised cost	93,240	99,503	25,512	24,713

5 Revenue

	Group	
	6 months ended 30 Nov 2023 S\$'000	6 months ended 30 Nov 2022 S\$'000
Major product or service lines		
Sale of goods	16,075	15,331
Services rendered	18,268	20,354
Rental income	21,180	18,690
	55,523	54,375
Timing of transfer of goods or services		
At a point in time	16,075	15,331
Over time	39,448	39,044
	55,523	54,375

6 Profit before taxation**6.1 Breakdown and explanatory notes to Consolidated Income Statement**

1. Other income comprises the following:

	6 months ended 30 Nov 2023	6 months ended 30 Nov 2022	Change
	S\$'000	S\$'000	%
Gain on disposal of property, plant and equipment	12	75	(84.0)
Grant income from government	153	282	(45.7)
Interest income	94	24	291.7
Others	306	161	90.1
	565	542	4.2

Government grants mainly comprised Job growth incentive under the various support measures granted by the Singapore Government to help local employers.

2. Profit before tax, includes the following items:

	6 months ended 30 Nov 2023	6 months ended 30 Nov 2022	Change
	S\$'000	S\$'000	%
Audit fees payable to auditors of the Company	163	159	2.5
Amortisation of intangible assets - customer relationship	101	253	(60.1)
Amortisation of intangible assets - mining rights	95	-	N.M.
Allowance for expected credit loss	1,239	1,950	(36.5)
Depreciation of property, plant and equipment	7,657	7,537	1.6
Fair value (gain)/loss on financial assets	(15)	28	N.M.
Gain on disposal of property, plant and equipment	(12)	(75)	(84.0)
Share based payment expenses	50	62	(19.4)
Legal and professional fees	195	181	7.7
Net foreign exchange loss	139	511	(72.8)

6 Profit before taxation (cont'd)**6.2 Related party transaction**

Other than disclosed elsewhere in the financial statements, the Group had transactions with related parties on terms agreed between the parties as follows:

	Group	
	6 months ended 30 Nov 2023 S\$'000	6 months ended 30 Nov 2022 S\$'000
Sale of goods to an associate	3	4
Purchase of goods from an associate	<u>(285)</u>	<u>(1,123)</u>

7 Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 Nov 2023 S\$'000	6 months ended 30 Nov 2022 S\$'000
Current income tax	1,744	1,426
Deferred tax	<u>(347)</u>	<u>(543)</u>
	<u>1,397</u>	<u>883</u>

8 Dividends

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group and Company	
	6 months ended 30 Nov 2023 S\$'000	6 months ended 30 Nov 2022 S\$'000
Declared and paid during the financial period:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2023: 0.20 Singapore cent (2022: 0.20) per ordinary share	<u>1,550</u>	<u>1,550</u>

9 Earnings per share

	Group	
	6 months ended 30 Nov 2023	6 months ended 30 Nov 2022
Earnings per share (in SGD cent)		
- Basic ⁽¹⁾	0.25	0.13
- Fully diluted ⁽¹⁾	0.25	0.13

⁽¹⁾ Weighted average number of ordinary shares for basic and diluted earnings per share computation	775,124,090	775,124,090
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10 Net Asset Value (“NAV”)

	Group		Company	
	30 Nov 2023	31 May 2023	30 Nov 2023	31 May 2023
Net assets (S\$'000)	92,264	92,423	53,247	56,637
NAV per share (in SGD cent each)	11.90	11.92	6.87	7.31
Number of shares used in calculating NAV	775,124,090	775,124,090	775,124,090	775,124,090

11 Property, plant and equipment

During the six months ended 30 Nov 2023, the Group acquired property, plant and equipment with an aggregate cost of S\$1,990,000 (30 Nov 2022: S\$3,355,000) of which S\$449,000 (30 Nov 2022: S\$690,000) relates to the new leases of right-of-use assets which were not acquired by means of hire purchase. Cash payment of S\$1,541,000 (30 Nov 2022: S\$2,616,000) were made to purchase property, plant and equipment.

12 Intangible assets

	Group			Total \$'000
	Goodwill \$'000	Customer relationships \$'000	Mining rights \$'000	
Cost:				
At 1 June 2022	5,655	5,226	1,037	11,918
Exchange Differences	–	–	(70)	(70)
At 31 May 2023	5,655	5,226	967	11,848
Exchange Differences	–	–	(17)	(17)
At 30 November 2023	5,655	5,226	950	11,831
Accumulated amortisation and impairment:				
At 1 June 2022	2,314	3,908	–	6,222
Amortisation	–	379	209	588
Exchange Differences	–	–	(5)	(5)
At 31 May 2023	2,314	4,287	204	6,805
Amortisation	–	101	95	196
Exchange Differences	–	–	(4)	(4)
At 30 November 2023	2,314	4,388	295	6,997
Net carrying amount				
At 31 May 2023	3,341	939	763	5,043
At 30 November 2023	3,341	838	655	4,834

Customer relationships

Customer relationships relate to the ability to make regular contact with recurring customers. The useful lives of the customer relationships are estimated to be 2 to 7 years.

Mining rights

Mining rights relates to mining rights acquired by the Group's wholly owned subsidiary, Wuzhou Xing Jian Readymix Co., Ltd ("**Wuzhou Xing Jian**") in the PRC from the municipal land authority in the Cangwu County. The useful lives of the mining rights are based on the units of production method.

Amortisation expense

The amortisation of customer relationships is included in "Administrative expenses" line item and the amortisation of mining rights is included in "Cost of sales" line item in the consolidated income statement.

13 Borrowings and Lease Liabilities

	Group		Company	
	30 Nov 2023	31 May 2023	30 Nov 2023	31 May 2023
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Bank loans	12,612	13,043	1,961	1,954
Lease liabilities	5,700	5,870	39	38
	18,312	18,913	2,000	1,992
<u>Non-current</u>				
Bank loans	37,651	41,340	3,181	4,163
Lease liabilities	14,883	17,835	-	20
	52,534	59,175	3,181	4,183
Total	70,846	78,088	5,181	6,175

Borrowings are secured by corporate guarantee from GKEC, first legal mortgage over the properties located at 6 Pioneer Walk, 7 Kwong Min Road and 39 Benoi Road, charge on property, plant and equipment of Wuzhou Xing Jian Readymix Co., Ltd.

The Group has lease contracts for various items of property, vehicles and other equipment used in its operations. Leases of property generally have lease terms between 1 and 18 years, the vehicles and other equipment generally have lease terms between 1 and 4 years (2023: between 1 and 4 years), the plant and machinery generally have lease terms of 10 years, while the land use rights generally have lease term of 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of other equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

14 Issued Share Capital

	Group and Company	
	30 Nov 2023	31 May 2023
Total number of issued shares (excluding treasury shares):		
At beginning and end of the financial period	794,700,540	794,700,540
Treasury shares		
At beginning and end of the period	(19,576,450)	(19,576,450)
Total	775,124,090	775,124,090

There was no change in the issued and paid-up capital of the Company since the previous period reported on.

15 Changes in classification

Certain reclassifications have been made to the prior period's financial statements to enhance comparability with current period's financial statement. As a result, certain line items have been amended on the face of the consolidated income statement. Comparative figures have been adjusted to conform the current period's presentation as follows:

	1st Half Year Ended		
	30 November 2022 (As previously reported) S\$'000	Reclassification S\$'000	30 November 2022 (Represented) S\$'000
<u>Consolidated Income Statement</u>			
Cost of sales	39,011	(236)	38,775
Administrative expenses	11,843	236	12,079

16 Subsequent Events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

G. Other information required by Catalyst Rule Appendix 7C**1. Review**

The condensed consolidated statement of financial position of GKE Corporation Limited and its subsidiaries as at 30 November 2023 and the related condensed consolidated income statement and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the auditors of the Company.

2. Review of performance of the Group**Sales**

	Group		
	6 months ended 30 Nov 2023 ("1H FY24") S\$'000	6 months ended 31 Nov 2022 ("1H FY23") S\$'000	Change (%)
Warehouse and logistics	44,122	43,286	1.9
Infrastructural materials and services	10,899	10,863	0.3
Agriculture	502	226	122.1
	55,523	54,375	2.1

1HFY24 vs 1HFY23**Revenue**

The Group recorded a 2.1% increase in revenue from S\$54.4 million in 1H FY23 to S\$55.5 million in 1H FY24. The increase was mainly due to higher revenue from Fair Chem Industries Pte Ltd ("**Fair Chem**") by S\$1.3 million in 1H FY24.

Cost of sales

Cost of sales increased by 0.7% from S\$38.8 million in 1H FY23 to S\$39.0 million in 1H FY24. This was mainly due to higher operating costs from warehouse and logistics segment, which was in line with the increase in sales.

Gross profit

The Group's gross profit increased by 5.6% from S\$15.6 million in 1H FY23 to S\$16.5 million in 1H FY24. Correspondingly, the Group's gross profit margin increased from 28.7% in 1H FY23 to 29.7% in 1H FY24.

Other income

Other income increased by 4.2% from S\$542,000 in 1H FY23 to S\$565,000 in 1H FY24. This was mainly due to late payment interest of S\$97,000 paid by customer from the infrastructural materials and services segment. The increase was partially offset by the decrease in grant income from government from warehouse and logistics segment.

Marketing and distribution costs

Marketing and distribution costs decreased marginally from S\$237,000 in 1H FY23 to S\$188,000 in 1H FY24, due to lower expenses incurred on marketing activities.

2. Review of performance of the Group (cont'd)**Administrative expenses**

Administrative expenses decreased by 0.5% to S\$12.0 million in 1H FY24 from S\$12.1 million in 1H FY23. The decrease in 1H FY24 was mainly due to decrease in the allowance of expected credit loss for receivables in China by S\$0.7 million. This was offset by the increase in staff cost by S\$0.2 million and utilities expenses by S\$0.2 million.

Other expenses

Other expenses incurred in 1H FY24 was mainly due to net foreign exchange loss.

Finance costs

Finance costs decreased marginally by 4.7% from S\$1.5 million in 1H FY23 to S\$1.4 million in 1H FY24. This was mainly due to lower outstanding bank loans despite an increase in interest rate.

Share of results of associates

Share of result from associate, Cenxi Haoyi Recycling Co., Ltd, contributed a gain of S\$19,000 in 1H FY24, a decrease from S\$63,000 in 1H FY23, was mainly due to decrease in sales volume in 1H FY24.

Tax expenses

The effective tax rate has decreased from 46.9% in 1H FY23 to 42.4% in 1H FY24 mainly due to the decrease of loss from certain subsidiaries.

Profit before tax

The increase in profit before tax was mainly due to decrease in loss from infrastructural materials and services segment by S\$1.2 million because of the decrease in provision for allowance of expected credit loss by S\$0.7 million as well as decrease of loss from agriculture segment by S\$0.1 million resulting from the increase of production and sales volume.

Other comprehensive income

Other comprehensive income mainly comprises change in fair value of cash flow hedges and foreign currency translation of subsidiaries and associates.

Condensed interim statements of Financial Position

Non-current assets decreased by S\$6.2 million from S\$131.0 million as at 31 May 2023 to S\$124.8 million as at 30 November 2023. The decrease was mainly due to depreciation of property, plant and equipment, amortisation of intangible assets, foreign currency devaluation on the investment in associate. The decrease was offset with the increase in value of the financial assets at fair value through profit or loss.

Current assets decreased by S\$1.0 million from S\$69.2 million as at 31 May 2023 to S\$68.2 million as at 30 November 2023. This was mainly due to decrease in derivative financial assets and cash and cash equivalents. The decrease was offset with increase in inventories, trade and other receivables and prepaid operating expenses.

Non-current liabilities decreased by S\$6.9 million from S\$63.9 million as at 31 May 2023 to S\$57.0 million as at 30 November 2023. The decrease was mainly due to reclassification of borrowings and lease liabilities to current liabilities due to repayment.

Current liabilities did not change significantly as it remained approximately same S\$43.8 million as at 31 May 2023 and 30 November 2023. The increase in its trade and other payables and tax payable were offset by the decrease in other liabilities and repayment of borrowings and principal portion of lease liabilities.

Shareholders' equity decreased from S\$92.4 million as at 31 May 2023 to S\$92.3 million as at 30 November 2023. This was mainly due to dividend payment of S\$1.6 million and decrease in other reserves due to foreign currency translation, offset by profit for the period.

2. Review of performance of the Group (cont'd)**Condensed interim consolidated statement of cash flows**

During 1H FY24, the net cash generated from operations amounted to approximately S\$9.4 million. This comprises positive operating cash flows before changes in working capital of S\$13.7 million, adjusted by net working capital outflow of S\$3.2 million and taxes paid of S\$1.7 million.

Net cash used in investing activities of S\$1.5 million was mainly due to purchase of property, plant and equipment amounting to S\$1.5 million.

Net cash used in financing activities of S\$10.6 million was mainly due to the repayment of loans and borrowings, payment of principal portion of lease liabilities and dividends paid.

After taking into consideration of the above movements, cash and cash equivalents increased by S\$2.3 million to S\$26.8 million as at 30 November 2023.

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

Not applicable.

4. 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 is expected to continue to confront challenges of moderate growth and elevated inflation, with a mild slowdown from 2.9% in 2023 to 2.7% in 2024.⁽¹⁾ While the long term economic outlook for China and Asia is relatively optimistic, the Group remains prudent and mindful of the inflationary pressure on its business operations in both Singapore and China.

Infrastructural materials and services segment in Guangxi, China, continues to progress gradually. The Group will continue to maintain stringent cost management and regular credit assessment on its customers.

Warehousing & logistics segment in Singapore is likely to continue to drive growth through further enhancement of assets to offer higher value-add supply chain management solutions and services to customers. The enhancement of assets comprises of maximising usable areas and enhancing capabilities for storage and logistics of higher-value goods and cargoes. This also enhances the Group's competitive edge in the warehousing & logistics industry.

The Group will update shareholders on any material developments as and when appropriate.

Reference:

(1) <https://www.oecd.org/newsroom/economic-outlook-a-mild-slowdown-in-2024-and-slightly-improved-growth-in-2025.htm#:~:text=The%20Outlook%20projects%20global%20GDP,as%20it%20has%20in%202023>

5. Dividend Information**(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.

6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

After deliberation, the Board has adopted a prudent approach to conserve cash amidst the challenging and uncertain business environment. As such, no interim dividend has been proposed for 1H FY24.

7. If the Group has obtained a general mandate from shareholders for Interested Person Transaction (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). The Company has no obtained an IPT mandate, if no IPT mandate has been obtained, a statement to that effect.

Name of Interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) S\$’000	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S\$’000
Purchase of goods Cenxi Haoyi Recycling Co., Ltd ⁽¹⁾	Nil	285

Note:-

⁽¹⁾ The Executive Chairman is deemed to have a controlling interest in Cenxi Haoyi Recycling Co., Ltd.

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

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the half year financial results of the Company and of the Group for the period ended 30 November 2023 to be false or misleading in any material aspect.

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

The Board of Directors confirms that it has procured all the required undertakings to comply with the Exchange’s listing rules from all the Directors and Executive Officers of the Company.

10. Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A.

There were no movement of the Company’s shareholdings in subsidiaries up to date of this announcement.

By Order of The Board

Neo Cheow Hui

Executive Director and Chief Executive Officer

12 January 2024