



KING WAN CORPORATION LIMITED

Incorporated in Singapore (Company Registration No. 200001034R)

First Quarter & Three Months Results – Financial Statement And Related Announcement

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

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

**KING WAN CORPORATION LIMITED
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
FINANCIAL PERIOD ENDED 30 JUNE 2018**

**GROUP
FIRST QUARTER ENDED
30 JUNE**

	Note	2018 S\$	2017 S\$	Increase/ (Decrease)
Revenue	1	16,612,063	14,841,433	12%
Cost of sales		(13,741,467)	(12,737,633)	8%
Gross profit	2	2,870,596	2,103,800	36%
Other operating income				
Dividend income		9,682	9,507	2%
Net foreign exchange gain		1,005	-	n.m
Gain on disposal of property, plant and equipment	3	1,341	125,524	-99%
Interest income		238,899	229,471	4%
Management fee income		26,944	29,926	-10%
Rental income		166,133	174,906	-5%
Fee income from financial guarantee to associates	4	61,663	78,468	-21%
Change in fair value of insurance contract		9,662	-	n.m
Sundry income		29,351	36,327	-19%
		544,680	684,129	-20%
Administrative expenses	5	(1,552,618)	(1,565,436)	-1%
Share of (loss) profit of associates and joint venture	6	(335,698)	1,214	n.m
Finance costs	7	(257,238)	(270,935)	-5%
Profit before income tax		1,269,722	952,772	33%
Income tax expense	8	(348,963)	(237,361)	47%
Profit for the period		920,759	715,411	29%
Other comprehensive (loss) income:				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Net fair value loss in equity securities carried at fair value through other comprehensive income ("FVTOCI")	9	(3,021,973)	(1,278)	n.m
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		(52,145)	7,618	n.m
Other comprehensive loss for the period		(3,074,118)	6,340	n.m
Total comprehensive (loss) income for the period		(2,153,359)	721,751	n.m

First Quarter (1Q2019) and 3 months ended 30 June 2018 (3M2018)

Note 1 - Group revenue in 1Q2019 was \$16.61 million, an increase of 12% as compared to 1Q2018. The increase in turnover was due to higher volume of Mechanical and Electrical (M&E) contracts in progress.

Note 2 - Profits of certain projects with relatively higher margin were recognised in 1Q2019.

Note 3 - Lower gain on disposal of property, plant and equipment in 1Q2019 was due to absence of disposal of older fleet of motor vehicles that occurred in 1Q2018.

Note 4 - Lower fee income from financial guarantees was due to certain associates utilising lesser bank borrowings in 1Q2019.

Note 5 - Included in administration expenses are the following:

**FIRST QUARTER
3 MONTHS ENDED**

		30.06.2018 S\$	30.06.2017 S\$	Increase/ (Decrease) S\$
Reversal of loss allowance for trade receivables		7,134	2,593	4,541
Change in fair value on held-for-trading investments		(2,469)	(9,548)	7,079
JTC rental		(72,650)	(69,870)	(2,780)
Property tax		(32,500)	(32,500)	-
Directors' remuneration	i	(275,192)	(297,157)	21,965
Directors' fees		(44,000)	(44,000)	-
Staff related expenses	ii	(608,370)	(591,929)	(16,441)
Depreciation	iii	(234,093)	(132,383)	(101,710)

i. Lower directors' remuneration was mainly due to adjustment made to salaries.

ii. Higher staff related expenses was mainly due to adjustment made to salaries.

iii. Higher depreciation was mainly due to purchase of new motor vehicles in the prior year to replace older fleet.

Note 6 - Share of loss of associates and joint venture was mainly due to finance costs incurred by the Group's investment in real estate business in Dalian, China in 1Q2019.

Note 7 - There was lower average utilisation of bank facilities to finance the Group's business activities in 1Q2019.

Note 8 - Higher effective tax rate was due to share of losses of associates that is not tax deductible.

Note 9 - Net fair value loss on FVTOCI was due to lower closing market price of quoted equity securities at the end of the reporting period, as well as weakening of THB against SGD in 1Q2019.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

KING WAN CORPORATION LIMITED (GROUP)
STATEMENT OF FINANCIAL POSITION

	As at 30.6.2018	As at 31.3.2018	As at 1.4.2017
	S\$	S\$	S\$
<u>ASSETS</u>		(Restated*)	(Restated*)
Current Assets:			
Cash and cash equivalents	5,257,732	8,524,522	13,130,401
Trade receivables	19,481,874	18,525,536	10,649,491
Other receivables and prepayments	12,150,425	12,089,625	12,051,199
Held-for-trading investments	291,899	294,368	326,679
Inventories	857,562	955,757	706,622
Construction work-in-progress	11,484,754	12,798,218	13,346,528
Total current assets	49,524,246	53,188,026	50,210,920
Non-current assets			
Other receivables	37,576,261	35,708,867	35,996,653
Property, plant and equipment	4,777,550	5,003,952	3,990,780
Investment in associates and joint venture	2,981,190	3,483,195	2,861,671
Investments	27,389,369	30,401,680	32,225,051
Deferred tax assets	160,641	160,641	-
Total non-current assets	72,885,011	74,758,335	75,074,155
Total assets	122,409,257	127,946,361	125,285,075
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Bank borrowings	19,341,310	18,033,048	19,402,370
Construction work-in-progress	2,989,060	3,801,554	3,294,993
Trade payables	12,990,625	11,704,093	11,270,833
Bills payables	11,997,669	16,918,290	9,772,282
Other payables	2,552,951	1,988,974	2,163,453
Current portion of finance leases	264,321	275,756	272,396
Provision for rectification costs	1,126,860	1,231,153	912,533
Income tax payable	1,157,379	1,122,870	1,603,483
Total current liabilities	52,420,175	55,075,738	48,692,343
Non-current liabilities			
Bank borrowings	2,002,670	2,666,096	1,299,144
Finance leases	738,243	802,999	179,359
Deferred tax liabilities		-	24,359
Total non-current liabilities	2,740,913	3,469,095	1,502,862
Capital and reserves			
Share capital	46,813,734	46,813,734	46,813,734
Retained earnings	36,873,925	35,953,166	27,688,397
Foreign currency translation reserve	198,211	250,356	-
Investment revaluation reserve	(16,637,701)	(13,615,728)	587,739
Total equity	67,248,169	69,401,528	75,089,870
Total liabilities and equity	122,409,257	127,946,361	125,285,075

* The 2018 comparatives are restated as the Group has adopted a new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 April 2018. Please refer to item 5 for more details.

KING WAN CORPORATION LIMITED (COMPANY)
STATEMENT OF FINANCIAL POSITION

	As at 30.6.2018	As at 31.3.2018
	S\$	S\$
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	919,737	519,996
Other receivables and prepayments	17,655	10,368
Amount due from subsidiaries	6,986,032	6,968,752
Total current assets	7,923,424	7,499,116
Non-current assets:		
Investment in subsidiaries	30,199,413	30,199,413
Investment in associates and a joint venture	941,960	941,960
Investments	21,109,887	23,457,370
Property, plant and equipment	-	-
Total non-current assets	52,251,260	54,598,743
Total assets	60,174,684	62,097,859
<u>LIABILITIES & EQUITY</u>		
Current liabilities:		
Other payables	1,170,828	1,147,748
Amount due to a subsidiary	11,224,327	10,917,634
Income tax payable	1,000	826
Total current liabilities	12,396,155	12,066,208
Capital and reserves:		
Share capital	46,813,734	46,813,734
Retained earnings	13,889,038	13,794,677
Investment revaluation reserve	(12,924,243)	(10,576,760)
Total equity	47,778,529	50,031,651
Total liabilities and equity	60,174,684	62,097,859

Amount repayable in one year or less, or on demand

30.6.2018		31.3.2018	
Secured	Unsecured	Secured	Unsecured
\$264,321	\$31,338,979	\$275,756	\$34,951,338

Amount repayable after 1 year

30.6.2018		31.3.2018	
Secured	Unsecured	Secured	Unsecured
\$738,243	\$2,002,670	\$802,999	\$2,666,096

Details of any collateral

Secured liabilities refer to assets purchased under finance lease agreements. Unsecured liabilities refer to banking facilities guaranteed by the Company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

**KING WAN CORPORATION LIMITED
STATEMENT OF CASHFLOWS**

		GROUP	
		FIRST QUARTER ENDED	
	Note	30.6.2018	30.6.2017
		S\$	S\$
Operating Activities			
Profit before income tax		1,359,305	952,772
Adjustments for			
Depreciation of property, plant and equipment		234,093	132,383
Gain on disposal of property, plant and equipment		(1,341)	(125,524)
Reversal of loss allowance for trade receivables		(7,134)	(2,593)
Inventories written off		-	-
Change in fair value of held-for-trading investments		2,469	9,548
Change in fair value of insurance contract		(9,662)	-
Dividend income from held-for-trading investments		(9,682)	(9,507)
Dividend income from investment in equity securities		(707,748)	(458,549)
Interest income		(238,899)	(229,471)
Interest expense		257,238	270,934
Share of loss (profit) of associates and joint venture		335,698	(1,214)
Provision for rectification costs		-	48,750
Fee income from financial guarantee to associates and joint venture		(61,663)	(78,469)
Operating cash flows before movements in working capital		1,152,674	509,060
Trade receivables		(949,204)	1,280,457
Other receivables and prepayments		(16,000)	(3,250)
Construction work-in-progress		502,991	(456,289)
Inventories		98,195	(170,765)
Trade payables and bill payables		(3,634,089)	(4,881,630)
Other payables		536,057	711,098
Provision for rectification costs		(104,293)	(52,411)
Cash used in operations		(2,413,669)	(3,063,730)
Income tax paid		(314,454)	(125,721)
Interest paid		(257,238)	(270,934)
Net cash used in operating activities		(2,985,361)	(3,460,385)
INVESTING ACTIVITIES			
Interest received		4,023	5,007
Advances to associates and joint venture		(1,565,000)	(1,885,000)
Dividends received from held-for-trading investments		9,682	9,507
Dividends received from investment in equity securities		707,748	458,549
Purchase of property, plant and equipment	a	(9,771)	(499,365)
Proceeds from disposal of property, plant and equipment		1,400	128,400
Net cash used in investing activities		(851,918)	(1,782,902)
FINANCING ACTIVITIES			
Dividends refunded		-	2,005
Repayment of obligations under finance leases		(76,191)	(103,615)
Proceeds from bank borrowings		1,300,000	1,270,959
Repayments of bank borrowings		(655,164)	(1,700,000)
Net cash from (used in) financing activities		568,645	(530,651)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,268,634)	(5,773,938)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		8,524,522	13,130,401
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON			
BALANCES HELD IN FOREIGN CURRENCIES		1,844	13,526
CASH AND CASH EQUIVALENTS AT END OF PERIOD		5,257,732	7,369,989

Note a

	30.6.2018	30.6.2017
	S\$	S\$
Purchase of property, plant and equipment	9,771	1,009,365
Less : Assets purchased under finance leases arrangement	-	(510,000)
Net	9,771	499,365

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

GROUP	Share capital	Retained earnings	Foreign currency translation reserve	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$	S\$
Balance as at 1 April 2017	46,813,734	28,764,158	(1,075,761)	587,739	75,089,870
Impact of adopting SFRS(I) 1	-	(1,075,761)	1,075,761	-	-
Balance as at 1 April 2017 (Restated)	46,813,734	27,688,397	-	587,739	75,089,870
Dividends refunded	-	2,005	-	-	2,005
Total comprehensive income for the year	-	715,411	7,618	(1,278)	721,751
Balance as at 30 June 2017 (Restated)	46,813,734	28,405,813	7,618	586,461	75,813,626
Balance as at 1 April 2018	46,813,734	37,028,927	(825,405)	(13,615,728)	69,401,528
Impact of adopting SFRS(I) 1	-	(1,075,761)	1,075,761	-	-
Balance as at 1 April 2018 (Restated)	46,813,734	35,953,166	250,356	(13,615,728)	69,401,528
Total comprehensive income for the year	-	920,759	(52,145)	(3,021,973)	(2,153,359)
Balance as at 30 June 2018	46,813,734	36,873,925	198,211	(16,637,701)	67,248,169

** The 2018 comparatives are restated as the Group has adopted a new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 April 2018. Please refer to item 5 for more details.*

COMPANY	Share capital	Retained earnings	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$
Balance as at 1 April 2017	46,813,734	5,247,543	479,969	52,541,246
Dividends refunded	-	2,005	-	2,005
Total comprehensive income for the year	-	(66,971)	-	(66,971)
Balance as at 30 June 2017	46,813,734	5,182,577	479,969	52,476,280
Balance as at 1 April 2018	46,813,734	13,794,677	(10,576,760)	50,031,651
Total comprehensive income for the year	-	94,361	(2,347,483)	(2,253,122)
Balance as at 30 June 2018	46,813,734	13,889,038	(12,924,243)	47,778,529

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 purpose 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 well as the number of shares held as treasury shares, if any against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There are no changes in the Company's share capital since the end of the previous period reported on.

As at 30 June 2018, the Company does not have any outstanding convertibles or treasury shares (as at 30 June 2017 : Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 30 June 2018 is 349,176,870 (as at 30 June 2017 : 349,176,870).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

As at 30 June 2018, the Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as those applied in the preparation of the audited financial statements for the financial year ended 31 March 2018.

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

As required by the listing rules of the Singapore Exchange, the Group has applied Singapore Financial Reporting Standards (International) (SFRS(I)) with effect from 1 April 2018. Changes to the Group's accounting policies have been made as required, in accordance with the respective SFRS(I).

The adoption of SFRS(I) does not result in changes to the Group's and the Company's accounting policies and has no material effect on the accounts reported for the current or prior financial periods except as disclosed below:

- SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Group has elected to reset the foreign currency translation reserve for all foreign operations to zero as at the date of transition to SFRS(I) 1 on 1 April 2017. As a result, foreign currency translation reserve as at 1 April 2017 of S\$1,075,761 has been classified to retained earnings.

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

	Group	
	First Quarter ended	
	30.6.2018	30.6.2017
(i) Basic earnings per share (in cents)	0.26	0.20
Weighted Average Number of Shares	349,176,870	349,176,870
(ii) Diluted earnings per share (in cents)	0.26	0.20
Weighted Average Number of Shares	349,176,870	349,176,870

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	As at		As at	
	30.6.2018	31.03.2018	30.6.2018	31.03.2018
Net Asset Value Per Ordinary Share (in cents)	19.26	19.88	13.68	14.33
Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

First Quarter ended 30 June 2018 (1Q2019)

The Group's revenue for 1Q2019 recorded S\$16.61 million, a 12% increase compared to the corresponding quarter last year (1Q2018). There was comparatively higher volume of ongoing Mechanical and Electrical (M&E) contracts during the current quarter for revenue recognition. Gross profit margin for 1Q2019 was 17.28%, which was higher than 14.18% achieved in 1Q2018 as a result of profits of certain projects with relatively higher margin being recognised in the current quarter.

The Group's net profit after income tax for 1Q2019 was S\$0.92 million, higher compared to net profit of S\$0.72 million in the corresponding quarter last year (1Q2018). This was mainly due to higher gross profits achieved in the current quarter, which was partially offset with the share of loss of associates and joint venture.

Earnings Per Share (EPS) and Net Asset Value Per Share (NAV)

EPS for 1Q2019 was 0.26 cents, compared to 0.20 cents in 1Q2018.

NAV for the Group stood at 19.26 cents per share at 30 June 2018, a decrease from 19.88 cents per share at 31 March 2018. This decrease was due to net fair value loss on investment in equity securities carried at FVTOCI, which was partially offset by the net profit achieved during the current quarter.

Balance Sheet Review

The Group's equity base stood at S\$67.25 million as at 30 June 2018, a decrease from S\$69.40 million as at 31 March 2018.

Total current assets amounted to S\$49.52 million as at 30 June 2018, lower than the S\$53.19 million as at 31 March 2018. The decrease was mainly due to the decrease in cash and cash equivalents for repayment of bill payables during the current quarter.

Non-current assets decreased to S\$72.89 million as at 30 June 2018 from S\$74.76 million as at 31 March 2018. The decrease was mainly due to decrease in net fair value of investment in equity securities carried at FVTOCI and share of loss of associates and joint venture, which was partially offset by the additional loans advanced to associates and joint venture during the current quarter.

Current liabilities decreased to S\$52.42 million as at 30 June 2018 from S\$55.08 million as at 31 March 2018 was mainly due to repayment of bill payables during the current quarter.

Non-current liabilities decreased to S\$2.74 million as at 30 June 2018 from S\$3.47 million as at 31 March 2018 due to repayments of term loans and finance leases during the current quarter.

The debt-equity ratio decreased to 0.51 as at 30 June 2018 as compared to 0.56 as at 31 March 2018 was due to the decrease in bill payables and finance leases.

Cashflows & Liquidity

First Quarter ended 30 June 2018 (1Q2018)

Net cash used in operating activities amounted to S\$2.99 million in 1Q2019, lower than S\$3.46 million used in 1Q2018. The outflow was mainly due to repayment of bill payables made during the current quarter.

Net cash used in investing activities amounted to S\$0.85 million in 1Q2019, lower than S\$1.78 million used in 1Q2018. The outflow was mainly due to loans extended to associates and joint venture of the Group during the current quarter.

Net cash from financing activities amounted to S\$0.57 million in 1Q2019, compared to an outflow of S\$0.53 million used in 1Q2018. The inflow was due to lesser repayment of bank borrowings during the current quarter.

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

No forecast had been issued.

10. A commentary at the date of the announcement of the 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 Mechanical and Electrical (M&E) business segment is expected to remain challenging in the next 12 months with continuous pressures on contract values and stiff competition for new projects. Based on order books secured, the M&E business will remain the core business for the Group and is expected to contribute positively to the Group's results for the next 12 months.

As at the date of this Announcement, the Group has approximately S\$176 million worth of M&E engineering contracts on hand.

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.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), 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 does not have any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirms compliance with Rule 720(1).

15. Confirmation pursuant to Rule 705(5) of the Listing Manual

We confirm on behalf of the Board of Directors, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited first quarter financial results of the Group and the Company for the period ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chua Kim Hua
Executive Chairman

Chua Eng Eng
Managing Director

10 August 2018

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

10 August 2018