



KING WAN CORPORATION LIMITED

Incorporated in Singapore (Company Registration No. 200001034R)

First Quarter – 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 ENDING 30 JUNE 2014

GROUP 3 MONTHS & QUARTER ENDED

	Note	30.6.2014 S\$	30.6.2013 S\$	Increase/ (Decrease)
Revenue		17,443,484	25,145,703	-31%
Cost of Sales		(13,098,487)	(21,271,780)	-38%
Gross Profit		4,344,997	3,873,923	12%
Other Operating Income				
Dividend Income	1	1,336,571	12,594	10513%
Gain on Disposal of Plant & Equipment		-	8,394	n.m
Gain on Disposal of Associates	2	24,134,088	-	n.m
Interest Income		420,674	431,912	-3%
Management Fees Income		26,303	26,231	0%
Rental Income		242,224	279,628	-13%
Fee Income from financial guarantees to associates		135,443	159,378	-15%
Sundry Income		1,093	2,219	-51%
		26,296,396	920,356	2757%
Administrative Expenses	3	(3,805,761)	(1,815,189)	110%
Share of Associates' Results	4	(118,619)	300,181	-140%
Finance Costs		(185,834)	(109,260)	70%
Profit Before Income Tax		26,531,179	3,170,011	737%
Income Tax Expense	5	(627,183)	(600,000)	5%
Profit For The Financial Period		25,903,996	2,570,011	908%
Other comprehensive (expense) income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		(2,654)	209,294	-101%
Reclassification adjustment of cumulative exchange differences to profit or loss upon disposal of associates		1,974,740	-	n.m
Available for sale investments	6	(3,152,218)	-	n.m
Total Comprehensive Income attributable to equity holders of the Company		24,723,864	2,779,305	790%

First Quarter (1Q2015) and 3 Months (FY2015) ended 30 June 2014

Note 1 - The higher dividend income was received from the Group's shareholding in Kaset Thai International Sugar Corporation Public Company Limited ("KTIS").

Note 2 – The income has arisen from the disposal and realisation of the gains from the disposal of the Group's two Thailand associates, Environment Pulp & Paper Company Ltd ("EPPCO") and Ekarat Pattana Company Ltd (EPC).

Note 3 - Included in administration expenses are the following:

**GROUP
3 MONTHS & QUARTER
ENDED**

		30.6.2014	30.6.2013	Increase/ (Decrease)
		S\$	S\$	S\$
Net allowance (reversal of allowance(for doubtful trade receivables		1,933	(10,199)	12,132
Loss (gain) on disposal of plant and equipment		20,780	(8,394)	29,174
Change in fair value and gain on disposal of held-for-trading investments		485	10,344	(9,859)
JTC rental		62,093	59,719	2,374
Property tax		32,500	32,785	(285)
Exchange loss		150,467	90,514	59,953
Directors remuneration	i	2,349,791	501,125	1,848,666
Directors fees		44,000	44,000	-
Staff related expenses		326,833	370,928	(44,095)
Withholding tax	ii	134,983	3,537	131,446
Depreciation		286,994	244,975	42,019

i. The increase was due mainly to higher provision for profit sharing for Executive Directors in view of the higher net profit before income tax achieved in the current quarter.

ii. Withholding tax has been imposed on the dividends declared and paid by KTIS in Thailand.

Note 4 – There were lower contributions from the Group's property development associates, which had experienced a slowdown in property sales in the last year.

Note 5 – The lower effective tax rate was due to adjustments made for gains that are not taxable.

Note 6 – The comprehensive income from the revaluation of investments available for sale was a result of marking the KTIS shares (listed on the Stock Exchange of Thailand) held by the Group to market values as at period end.

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 30.6.2014	As at 31.3.2014
	S\$	S\$
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	15,054,416	11,219,322
Trade receivables	7,754,922	9,335,580
Other receivables and prepayments	81,641	158,909
Construction work-in-progress	17,257,642	15,694,127
Inventories	1,191,037	1,013,781
Available-for-sale investments	42,211,802	0
Held for trading investments	730,034	480,519
	84,281,494	37,902,238
Non-current assets classified as held for sale	-	21,642,772
Total current assets	84,281,494	59,545,010
Non-current assets		
Property, plant and equipment	5,345,436	5,626,840
Other receivables	70,104,324	67,622,180
Investment in associates and a joint venture	2,215,467	2,166,295
Total non-current assets	77,665,227	75,415,315
Total assets	161,946,721	134,960,325
<u>LIABILITIES AND EQUITY</u>		
Current liabilities		
Bank borrowings	15,596,301	12,673,931
Trade payables	11,214,186	13,661,153
Bills payables	14,089,407	12,648,830
Provision for rectification costs	986,864	986,864
Other payables	5,102,395	5,308,059
Construction work-in-progress	500,209	505,560
Income tax payable	2,308,564	1,686,260
Current portion of finance leases	237,305	244,290
Total current liabilities	50,035,231	47,714,947
Non-current liabilities		
Finance leases	543,955	601,707
Deferred tax liabilities	214,859	214,859
Total non-current liabilities	758,814	816,566
Capital and reserves		
Share capital	46,813,734	46,813,734
Retained earnings	67,397,588	41,493,592
Foreign currency translation reserve	93,572	-1,878,514
Revaluation reserve	-3,152,218	0
Total equity	111,152,676	86,428,812
Total liabilities and equity	161,946,721	134,960,325

KING WAN CORPORATION LIMITED (COMPANY)
STATEMENT OF FINANCIAL POSITION

	As at 30.6.2014	As at 31.3.2014
	S\$	S\$
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	4,956,960	4,029,204
Amount due from subsidiaries	16,958,937	16,956,012
Held-for-trading investments	38,669	37,315
Available-for-sale investments	31,669,194	0
Other receivables and prepayments	51	9,701
	53,623,811	21,032,232
Non-current assets classified as held for sale	0	9,840,000
Total current assets	53,623,811	30,872,232
Non-current assets:		
Investment in subsidiaries	35,268,956	35,268,954
Investment in associates and a joint venture	2,151,627	1,981,181
Property, plant and equipment	13,476	14,755
Total non-current assets	37,434,059	37,264,890
Total assets	91,057,870	68,137,122
<u>LIABILITIES & EQUITY</u>		
Current liabilities:		
Other payables	3,547,012	3,472,641
Income tax payable	75,000	75,000
Amount due to a subsidiary	1,694,061	992,454
Total current liabilities	5,316,073	4,540,095
Capital and reserves:		
Share capital	46,813,734	46,813,734
Retained earnings	41,292,999	16,783,293
Revaluation reserve	-2,364,936	0
Total equity	85,741,797	63,597,027
Total liabilities and equity	91,057,870	68,137,122

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

Amount repayable in one year or less, or on demand

30.6.2014		31.3.2014	
Secured	Unsecured	Secured	Unsecured
\$237,305	\$29,685,708	\$244,290	\$25,322,761

Amount repayable after 1 year

30.6.2014		31.3.2014	
Secured	Unsecured	Secured	Unsecured
\$543,955	\$0	\$601,707	\$0

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 FOR THE 3 MONTHS ENDED

		GROUP	
		3 MONTHS & QUARTER	
		ENDED	
	Note	30.6.2014	30.6.2013
		S\$	S\$
Operating Activities			
<i>Profit before income tax</i>		26,531,180	3,170,011
Adjustments for			
Loss (Gain) on disposal of plant and equipment		20,780	(8,394)
Bad debts written off on trade receivables		1,933	(10,199)
Change in fair values and gain on sale of investments held for trading		485	10,342
Depreciation		286,994	244,975
Dividend income from other investments		(1,336,571)	(12,594)
Gain on disposal of associates		(24,134,088)	-
Interest expense		185,834	109,260
Interest income		(420,674)	(431,912)
Reversal of provision for rectification costs		-	(5,629)
Share of associates' results		118,619	(300,181)
Fee income from financial guarantee to associates		(135,443)	(159,378)
<i>Operating profit before working capital changes</i>		1,119,049	2,606,301
Construction work-in-progress		(1,568,866)	(6,810,747)
Inventories		(177,256)	(148,591)
Other payables		2,146,915	461,742
Other receivables and prepayments		77,267	38,137
Trade payables and bill payables		(1,006,391)	1,733,215
Trade receivables		1,578,725	(588,376)
<i>Cash from (used in) operations</i>		2,169,443	(2,708,319)
Income tax paid		(4,879)	(40,000)
Interest paid		(185,834)	(109,260)
<i>Net cash from (used in) operating activities</i>		1,978,730	(2,857,579)
Investing activities			
Investment in associates		-	(450,000)
Advances to associates		(2,079,366)	(2,615,790)
Dividends received from held for trading investments		1,336,571	12,594
Interest received		17,895	28,341
Purchase of held for trading investments		(250,000)	-
Proceeds from the disposal of property, plant and equipment		-	10,500
Purchase of plant and equipment		(26,370)	(109,106)
<i>Net cash used in investing activities</i>		(1,001,270)	(3,123,461)
Financing activities			
Repayments of finance leases		(64,737)	(13,915)
Proceeds from / (repayment of) bank borrowings		3,500,000	(288,810)
<i>Net cash from (used in) financing activities</i>		3,435,263	(302,725)
Net change in cash and cash equivalents		4,412,723	(6,283,765)
Cash and cash equivalents at beginning of period		9,045,391	16,712,439
Cash and cash equivalents at end of period	a	13,458,114	10,428,674

Note a

Cash and cash equivalents consist of cash, bank balances and fixed deposits, less bank overdrafts as follows:

		30.6.2014	30.6.2013
		S\$	S\$
Cash and Bank Balances		10,767,729	5,855,716
Fixed Deposits		4,286,686	4,572,958
Bank Overdrafts		(1,596,301)	-
Net		13,458,114	10,428,674

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	INVESTMENT REVALUATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL
	S\$	S\$	S\$	S\$	S\$
Balance as at 1 April 2013	46,813,734	39,995,988	-	(1,939,563)	84,870,159
Total Comprehensive Income for the Period	-	2,570,011	-	209,294	2,779,305
Balance as at 30 June 2013	46,813,734	42,565,999	-	(1,730,269)	87,649,464
Balance as at 1 April 2014	46,813,734	41,493,592	-	(1,878,514)	86,428,812
Total Comprehensive Income for the Period	-	25,903,996	(3,152,218)	1,972,086	24,723,864
Balance as at 30 June 2014	46,813,734	67,397,588	(3,152,218)	93,572	111,152,676

COMPANY	SHARE CAPITAL	RETAINED EARNINGS	INVESTMENT REVALUATION RESERVE	TOTAL
	S\$	S\$	S\$	S\$
Balance as at 1 April 2013	46,813,734	12,061,376	-	58,875,110
Total Comprehensive Income for the Period	-	(481,153)	-	(481,153)
Balance as at 30 June 2013	46,813,734	11,580,223	-	58,393,957
Balance as at 1 April 2014	46,813,734	16,783,293	-	63,597,027
Total Comprehensive Income for the Period	-	24,509,706	(2,364,936)	22,144,770
Balance as at 30 June 2014	46,813,734	41,292,999	(2,364,936)	85,741,797

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 2014, the Company does not have any outstanding convertibles or treasury shares (as at 30 June 2013 : Nil). The total number of issued shares as at 30 June 2014 is 349,176,870 (as at 30 June 2013 : 349,176,870).

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 the end of 30 June 2014 is 349,176,870 (as at 31 March 2014 : 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 2014, the Company does not have any treasury shares (as at 30 June 2013 : Nil).

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

The Group has applied the same accounting policies and methods of computation in this announcement as those of the audited financial statements for the financial year ended 31 March 2014, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 April 2014. The adoption of those new and revised FRSs has no material effect on the current financial statements for the current period.

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

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current period or prior years.

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	
	3 months and Quarter ended	
	30.6.2014	30.6.2013
(i) Basic earnings per share (in cents)	7.42	0.74
Weighted Average Number of Shares	349,176,870	349,176,870
(ii) Diluted earnings per share (in cents)	7.42	0.74
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	
	30.6.2014	31.3.2014	30.6.2014	31.3.2014
Net asset value per ordinary share (in cents)	31.83	24.75	24.56	18.21
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 2014 (1Q2015)

The Group's revenue for 1Q2015 recorded S\$17.44 million, a decrease of 31% compared to the corresponding quarter last year (1Q2014). The decrease was due to lower recognition of revenue from Mechanical and Electrical (M&E) contracts.

The Group's net profit after income tax for 1Q2015 was S\$25.9 million. If the one-time gain derived from the disposal of the two Thailand associates are excluded from this quarter, the net profit after tax for 1Q2015 would amount to S\$3.70 million. This would be 44% higher than the profit after income tax of S\$2.57 million achieved in 1Q2014. This increase was brought about by the dividend income from KTIS received during the current quarter.

The Group's gross profit margin for 1Q2015 was 24.9%, higher than the 15.4% achieved in 1Q2014.

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

EPS for 1Q2015 increased to 7.42 cent from 0.74 cent in 1Q2014. The substantial increase was due mainly to the recognition a one-time gain from the disposal of the two Thai associates..

Correspondingly, NAV for the Group stood at 31.83 cents per share at 30 June 2014, an increase from 24.75 cents per share at 31 March 2014.

Balance Sheet Review

The Group's equity base stood at S\$111.15 million as at 30 June 2014, an increase from S\$86.43 million as at 31 March 2014.

Total current assets increased significantly by S\$24.74 million from S\$59.55 million to S\$84.28 million. This increase was due mainly to the receipt of KTIS' shares as balance payment for the disposal of the Group's Thailand associates in the current quarter.

Non-current assets increased by S\$2.25 million from S\$75.42 million to S\$77.67 million. The increase in non-current receivables was due to loans made to its associates during the period.

Current liabilities increased to S\$50.04 million from S\$47.71 million due mainly to higher bank borrowings and provision for income tax payable.

Due to the increase in shareholders' equity, the debt equity ratio has decreased to 0.27 as at 30 June 2014 as compared to 0.30 as at 31 March 2014.

Cashflows & Liquidity

First Quarter ended 30 June 2014 (1Q2015)

Net cash from operating activities for 1Q2015 amounted to S\$1.98 million compared to a net cash outflow of S\$2.86 million in 1Q2014. The higher net cash inflow was due mainly to an increase in trade and other payables during the quarter.

Net cash used in investing activities for 1Q2015 amounted to S\$1.00 million, lower than the S\$3.12 million used in 1Q2014. There were due to lower advances made to associates for property development business in the current quarter. Dividend income was also received from KTIS during the quarter.

Net cash from financing activities amounted to S\$3.44 million in 1Q2015 compared to a net outflow of S\$0.30 million in 1Q2014 due to net proceeds from term loans in 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 construction industry outlook remains challenging in the next 12 months with increasing competition and increase in labour cost.

As at the date of this announcement, the Group has approximately S\$164 million worth of M&E engineering contracts on hand, with completion dates ranging from years 2014 to 2017. S\$25.5 million of these orders were secured in the last 5 months.

The Group expects the M&E business segment to contribute positively to the Group's results in the next 12 months.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

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 Group does not have any interested person transaction and no IPT mandate has been obtained.

NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the three months ended 30 June 2014 to be false or misleading.

On behalf of the Board of Directors

Chua Kim Hua
Executive Chairman

Chua Eng Eng
Managing Director

11 August 2014

BY ORDER OF THE BOARD

Lim Bee Lian Eliza
Company Secretary