



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 2017**

**GROUP
3 MONTHS ENDED
30 JUNE**

	Note	2017	2016	Increase/ (Decrease)
		S\$	S\$	
Revenue	1	14,841,433	22,369,738	-34%
Cost of sales		(12,737,633)	(18,097,003)	-30%
Gross profit	2	2,103,800	4,272,735	-51%
Other operating income				
Dividend income		9,507	9,432	1%
Gain on disposal of property, plant and equipment	3	125,524	-	n.m
Interest income	4	229,471	423,184	-46%
Management fee income		29,926	29,604	1%
Rental income		192,181	199,177	-4%
Fee income from financial guarantees to associates	5	78,468	444,791	-82%
Sundry income		19,052	23,089	-17%
		684,129	1,129,277	-39%
Administrative expenses	6	(1,565,436)	(2,171,460)	-32%
Allowance for amount due from associates		-	(70,305)	-100%
Share of profit of associates	7	1,214	2,550,652	-100%
Finance costs	8	(270,935)	(501,462)	-46%
Profit before income tax		952,772	5,209,437	-80%
Income tax expense	9	(237,361)	(449,426)	-47%
Profit for the period		715,411	4,760,011	-83%
Other comprehensive income (loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		7,618	-	n.m
Fair value adjustment of available-for-sale investments		(1,278)	(1,290,115)	-100%
Other comprehensive income (loss) for the period		6,340	(1,290,115)	-100%
Total comprehensive income for the period		721,751	3,469,896	-77%

First Quarter (1Q2018) and 3 months ended 30 June 2017 (3M2018)

Note 1 – The decrease in turnover was due to lower volume of Mechanical and Electrical (M&E) contracts in progress during the period.

Note 2 – Profits of certain projects with relatively higher margin were recognised in 1Q2017.

Note 3 i Gain was derived from disposal of certain existing older fleet of motor vehicles.

Note 4 i Lower interest income from loans to associates was due to repayment of loans by associates.

Note 5 i Lower fee income from financial guarantees was due to certain associates utilising lesser bank borrowings.

Note 6 i Included in administration expenses are the following:

GROUP 3 MONTHS ENDED				
		30.6.2017 S\$	30.6.2016 S\$	Increase/ (Decrease) S\$
Net (reversal of) allowance for doubtful trade receivables		(2,593)	38,144	(40,737)
Loss on disposal of property, plant and equipment		-	1,260	(1,260)
Change in fair value on held-for-trading investments		9,548	48,942	(39,394)
JTC rental		69,870	67,184	2,686
Property tax		32,500	32,500	-
Net foreign exchange loss	i	55,567	6,452	49,115
Directors' remuneration	ii	297,157	513,356	(216,199)
Directors fees		44,000	44,000	-
Staff related expenses	iii	591,929	564,500	27,429
Depreciation	iv	132,383	293,098	(160,715)

i. Higher net foreign exchange loss was due to weakening of USD against SGD in 1Q2018.

ii. Lower directors' remuneration was due to absence of accrual of profit sharing in 1Q2018 as a result of lower net profit.

iii. Higher staff related expenses was mainly due to upwards adjustments made to staff salaries.

iv. Lower depreciation was mainly due to extension of JTC lease at 8 Sungei Kadut Loop till Year 2025.

Note 7 i The share of profits of associates in the prior period was mainly derived from the recognition of profits by the Group from its investment in the Skywoods, a residential development project in Singapore, which had since been fully completed and sold.

Note 8 – There was lower utilisation of bank facilities to finance the Group's business activities in the current period.

Note 9 – The higher effective tax rate was due to absence of share of associates' profit that is not subject to tax and increase in expenses that are not allowed for deduction in the current period.

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 30.6.2017	As at 31.3.2017
	S\$	S\$
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	7,369,989	13,130,401
Trade receivables	9,371,627	10,649,491
Other receivables and prepayments	12,054,449	12,051,199
Construction work-in-progress	14,313,563	13,346,528
Inventories	877,387	706,622
Held-for-trading investments	317,131	326,679
Total current assets	44,304,146	50,210,920
Non-current assets		
Property, plant and equipment	4,864,886	3,990,780
Other receivables	38,064,413	35,996,653
Available-for-sale investments	32,223,773	32,225,051
Investment in associates and a joint venture	2,862,885	2,861,671
Total non-current assets	78,015,957	75,074,155
Total assets	122,320,103	125,285,075
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities		
Bank borrowings	18,128,493	19,402,370
Trade payables	11,963,946	11,270,833
Bills payables	4,197,539	9,772,282
Provision for rectification costs	908,872	912,533
Other payables	2,760,286	2,163,453
Construction work-in-progress	3,805,739	3,294,993
Income tax payable	1,715,123	1,603,483
Current portion of finance leases	308,523	272,396
Total current liabilities	43,788,521	48,692,343
Non-current liabilities		
Finance leases	549,617	179,359
Bank borrowings	2,143,980	1,299,144
Deferred tax liabilities	24,359	24,359
Total non-current liabilities	2,717,956	1,502,862
Capital and reserves		
Share capital	46,813,734	46,813,734
Retained earnings	29,481,574	28,764,158
Foreign currency translation reserve	(1,068,143)	(1,075,761)
Investment revaluation reserve	586,461	587,739
Total equity	75,813,626	75,089,870
Total liabilities and equity	122,320,103	125,285,075

KING WAN CORPORATION LIMITED (COMPANY)
STATEMENT OF FINANCIAL POSITION

	As at 30.6.2017	As at 31.3.2017
	S\$	S\$
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	957,060	789,250
Amount due from subsidiaries	6,967,564	6,923,284
Other receivables and prepayments	5,964	12,324
Total current assets	7,930,588	7,724,858
Non-current assets:		
Investment in subsidiaries	26,451,074	26,399,413
Investment in associates and a joint venture	941,960	941,960
Available-for-sale investments	24,687,834	24,687,834
Total non-current assets	52,080,868	52,029,207
Total assets	60,011,456	59,754,065
<u>LIABILITIES & EQUITY</u>		
Current liabilities:		
Other payables	1,460,342	1,418,463
Income tax payable	2,766	51,916
Amount due to a subsidiary	6,072,068	5,742,440
Total current liabilities	7,535,176	7,212,819
Capital and reserves:		
Share capital	46,813,734	46,813,734
Retained earnings	5,182,577	5,247,543
Investment revaluation reserve	479,969	479,969
Total equity	52,476,280	52,541,246
Total liabilities and equity	60,011,456	59,754,065

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

Amount repayable in one year or less, or on demand

30.6.2017		31.3.2017	
Secured	Unsecured	Secured	Unsecured
\$308,523	\$22,326,032	\$272,396	\$29,174,652

Amount repayable after 1 year

30.6.2017		31.3.2017	
Secured	Unsecured	Secured	Unsecured
\$549,617	\$2,143,980	\$179,359	\$1,299,144

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 3 MONTHS AND QUARTER ENDED	
	30.6.2017	30.6.2016
Note	S\$	S\$
Operating Activities		
<i>Profit before income tax</i>	952,772	5,209,437
Adjustments for		
(Gain) Loss on disposal of property, plant and equipment	(125,524)	1,260
Net (reversal of) allowance for doubtful trade receivables	(2,593)	38,144
Change in fair value on held-for-trading investments	9,548	48,942
Depreciation of property, plant and equipment	132,383	293,098
Dividend income from available-for-sale investments	(458,549)	(425,433)
Dividend income from held-for-trading investments	(9,507)	(9,432)
Interest expense	270,934	501,462
Interest income	(229,471)	(423,184)
Provision for rectification costs	48,750	87,503
Share of profit of associates	(1,214)	(2,550,652)
Fee income from financial guarantee to associates	(78,469)	(444,791)
Allowance for amounts due from associates	-	70,305
<i>Operating profit before working capital changes</i>	588,492	2,396,659
Construction work-in-progress	(456,289)	718,960
Inventories	(170,765)	112,302
Other payables	711,098	375,088
Other receivables and prepayments	(3,250)	82,475
Trade payables and bill payables	(4,881,630)	4,135,877
Provision for rectification costs	(52,411)	(8,793)
Trade receivables	1,280,457	(3,434,985)
<i>Cash (used in) from operations</i>	(3,063,730)	4,377,583
Income tax paid	(125,721)	(27,894)
Interest paid	(270,934)	(501,462)
<i>Net cash (used in) from operating activities</i>	(3,460,385)	3,848,227
INVESTING ACTIVITIES		
Advances to associates	(1,885,000)	(2,934,650)
Dividends received from available-for-sales investments	458,549	434,733
Dividends received from held-for-trading investments	9,507	132
Interest received	5,007	10,255
Proceeds from the disposal of property, plant and equipment	128,400	-
Purchase of property, plant and equipment	(499,365)	(161,442)
<i>Net cash used in investing activities</i>	(1,782,902)	(2,650,972)
FINANCING ACTIVITIES		
Dividends refunded by CDP	2,005	-
Repayment of obligations under finance leases	(103,615)	(74,488)
Proceeds from bank borrowings	1,270,959	-
Repayment of bank borrowings	(1,700,000)	(952,996)
<i>Net cash used in financing activities</i>	(530,651)	(1,027,484)
<i>Net effect of exchange rate changes in consolidating a foreign subsidiary</i>	13,526	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,760,412)	169,771
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,130,401	5,567,519
CASH AND CASH EQUIVALENTS AT END OF PERIOD	a 7,369,989	5,737,290

Note a

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

		30.6.2017	30.6.2016
		S\$	S\$
Cash and bank balances		7,369,989	7,760,647
Bank overdrafts		-	(2,023,357)
Net		7,369,989	5,737,290

Note b

		30.6.2017	30.6.2016
		S\$	S\$
Purchase of property, plant and equipment		1,009,365	161,442
Less : Assets purchased under finance leases		(510,000)	-
Net		499,365	161,442

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 2016	46,813,734	29,506,795	-	100,905	76,421,434
Total comprehensive income for the period	-	4,760,011	(1,290,115)	-	3,469,896
Balance as at 30 June 2016	46,813,734	34,266,806	(1,290,115)	100,905	79,891,330
Balance as at 1 April 2017	46,813,734	28,764,158	(1,075,761)	587,739	75,089,870
Dividends refunded	-	2,005	-	-	2,005
Total comprehensive income for the period	-	715,411	7,618	(1,278)	721,751
Balance as at 30 June 2017	46,813,734	29,481,574	(1,068,143)	(586,461)	75,813,626

COMPANY	Share capital	Retained earnings	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$
Balance as at 1 April 2016	46,813,734	(1,154,296)	-	45,659,438
Total comprehensive income for the period	-	125,206	(994,844)	(869,638)
Balance as at 30 June 2016	46,813,734	(1,029,090)	(994,844)	44,789,800
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 period	-	(66,971)	-	(66,971)
Balance as at 30 June 2017	46,813,734	5,182,577	479,969	52,476,280

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 2017, the Company does not have any outstanding convertibles or treasury shares (as at 30 June 2016 : 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 the end of 30 June 2017 is 349,176,870 (as at 31 March 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 2017, 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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements for the financial year ended 31 March 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

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 ended	
	30.6.2017	30.6.2016
(i) Basic earnings per share (in cents)	0.20	1.36
Weighted Average Number of Shares	349,176,870	349,176,870
(ii) Diluted earnings per share (in cents)	0.20	1.36
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	
	30.6.2017	31.3.2017	30.6.2017	31.3.2017
Net Asset Value Per Ordinary Share (in cents)	21.71	21.50	15.03	15.05
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 2017 (1Q2018)

The Group's revenue for 1Q2018 recorded S\$14.84 million, a decrease of 34% compared to the corresponding period last year (1Q2017). There was comparatively lower volume of ongoing Mechanical and Electrical (M&E) contracts during the quarter available for revenue recognition. Gross profit margin was relatively lower due to generally lower margin of contracts on hand.

The Group's net profit after income tax for 1Q2018 was \$0.72 million, lower compared to the net profit of \$4.76 million achieved in 1Q2017. Net profit after income tax was lower due to lower gross profits achieved in the current period and absence of share of profit from its investment in the Skywoods, a residential development project in Singapore, which had been fully completed and sold in the prior period.

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

EPS for 1Q2018 was 0.20 cents, compared to 1.36 cents in 1Q2017.

NAV for the Group stood at 21.71 cents per share at 30 June 2017, an increase from 21.50 cents per share at 31 March 2017. This increase was due to net profit achieved during the period.

Balance Sheet Review

The Group's equity base stood at S\$75.81 million as at 30 June 2017, an increase from S\$75.09 million as at 31 March 2017.

Total current assets amounted to S\$44.30 million, lower than the S\$50.21 million as at 31 March 2017. The decrease was mainly due to repayment of bank borrowings by cash during the current period.

Non-current assets increased to S\$78.02 million from S\$75.07 million. The increase was mainly due to loans made to associates, accrual of interests on loans and purchase of motor vehicles during the current period.

Current liabilities decreased to S\$43.79 million from S\$48.69 million due to the repayment of bank borrowings and bill payables at period end.

Non-current liabilities increased to S\$2.72 million from S\$1.50 million due to drawdown of new term loans at period end, to finance the Group's M&E activities during the period.

The debt-equity ratio has decreased to 0.33 as at 30 June 2017 as compared to 0.41 as at 31 March 2017 due to the decrease in bank borrowings.

Cashflows & Liquidity

First Quarter ended 30 June 2017 (1Q2018)

Net cash used in operating activities amounted to S\$3.46 million in 1Q2018, compared to an inflow of S\$3.85 million in 1Q2017. The outflow was mainly due to the repayment of trade and bill payables during the current period.

Net cash used in investing activities amounted to S\$1.78 million in 1Q2018, lower than the S\$2.65 million used in 1Q2017. The lower cash outflow was due to lesser loans extended to associates of the Group during the current period.

Net cash used in financing activities amounted to S\$0.53 million in 1Q2018, lower than the S\$1.03 million used in 1Q2017. The lower cash outflow was due to lower net repayment of term loans in the current period.

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\$162 million worth of M&E engineering contracts on hand, with completion dates ranging from years 2017 to 2024.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

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 2017 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

8 August 2017

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

8 August 2017