



KING WAN CORPORATION LIMITED

Incorporated in Singapore (Company Registration No. 200001034R)

First Quarter & Three Months – 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 2015**

GROUP 3 MONTHS & QUARTER ENDED				
	Note	30.6.2015	30.6.2014	Increase/ (Decrease)
		S\$	S\$	
Revenue		21,747,476	18,770,450	16%
Cost of Sales		(15,577,742)	(13,098,488)	19%
Gross Profit		6,169,734	5,671,962	9%
Other Operating Income				
Dividend Income		9,407	9,606	-2%
Gain on Disposal of Associates	1	-	24,134,088	n.m
Interest Income	2	548,603	420,674	30%
Management Fees Income		27,141	26,303	3%
Rental Income		221,006	242,224	-9%
Fee Income from financial guarantees to associates		155,465	135,443	15%
Sundry Income		3,895	1,093	256%
Administrative Expenses	3	965,517 (1,985,503)	24,969,431 (3,805,761)	-96% -48%
Share of Associates' Results	4	491,860	(118,619)	-515%
Finance Costs	5	(301,683)	(185,834)	62%
Profit Before Income Tax		5,339,925	26,531,179	-80%
Income Tax Expense	6	(803,723)	(627,183)	28%
Profit For The Financial Period		4,536,202	25,903,996	-82%
Other comprehensive (expense) income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		(37,573)	(2,654)	1316%
Reclassification adjustment of cumulative exchange differences to profit or loss upon disposal of associates	7	-	1,974,740	n.m
Fair value adjustment of available for sale investments	8	(5,963,954)	(3,152,218)	89%
Total Comprehensive Income attributable to equity holders of the Company		(1,465,325)	24,723,864	-106%

First Quarter (1Q2016) and 3 Months ended 30 June 2015

Note 1 – The income has arisen from the completion of divestment of the Group’s two Thailand associates, Environment Pulp & Paper Company Ltd (“EPPCO”) and Ekarat Pattana Company Ltd (“EPC”).

Note 2 – More interest was accrued from the increased amounts of loans made to associates.

Note 3 - Included in administration expenses are the following:

GROUP				
3 MONTHS & QUARTER ENDED				
		30.6.2015	30.6.2014	Increase/ (Decrease)
		S\$	S\$	S\$
Allowance For Doubtful Trade Receivables		(7,775)	1,933	(9,708)
Loss (Gain) On Disposal Of Plant And Equipment		6,734	20,780	(14,046)
Change In Fair Values Of Investments Held For Trading		25,782	485	25,297
JTC Rental		64,592	62,093	2,499
Property Tax		32,500	32,500	-
Exchange Loss / (gain)		145,617	150,467	(4,850)
Directors Remuneration	i	539,033	2,349,791	(1,810,758)
Directors Fees		44,000	44,000	-
Staff related Expenses		372,208	326,833	45,375
Depreciation		306,226	286,994	19,232

- i. The decrease was due to higher provision for profit sharing for Executive Directors in view of the higher net profit before income tax achieved in the last corresponding period.

Note 4 – There was higher recognition of contributions from the Group’s property development associates in Singapore from the ongoing residential development project.

Note 5 - There was higher utilization of bank facilities to finance the Group’s business activities.

Note 6 – The effective tax rate for the last corresponding period was lower due to adjustments made for gains that were not taxable.

Note 7 – The reclassification of exchange differences in the previous corresponding period had arisen from the completion of divestment of the Group’s two Thailand associates, Environment Pulp & Paper Company Ltd (“EPPCO”) and Ekarat Pattana Company Ltd (“EPC”).

Note 8 – The comprehensive income from the revaluation of available-for-sale investments 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	As at
	30.6.2015	31.3.2015
	S\$	S\$
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	5,792,918	11,350,261
Trade receivables	13,018,176	13,057,089
Other receivables and prepayments	154,533	165,178
Construction work-in-progress	11,865,499	10,074,530
Inventories	1,475,166	1,259,445
Held-for-trading investments	587,076	612,858
Total current assets	32,893,368	36,519,361
Non-current assets		
Property, plant and equipment	5,070,689	5,343,386
Other receivables	81,177,471	72,166,145
Available-for-sale investments	38,477,120	44,441,074
Investment in associates and a joint venture	4,252,476	3,702,791
Total non-current assets	128,977,756	125,653,396
Total assets	161,871,124	162,172,757
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities		
Bank borrowings	19,880,490	18,944,832
Trade payables	12,017,164	13,690,634
Bills payables	17,876,673	19,569,737
Provision for rectification costs	1,406,627	1,408,227
Other payables	4,831,717	4,510,974
Construction work-in-progress	3,466,665	3,038,404
Income tax payable	2,175,198	1,453,352
Current portion of finance leases	274,933	278,702
Total current liabilities	61,929,467	62,894,862
Non-current liabilities		
Finance leases	438,711	510,254
Bank borrowings	2,585,005	384,374
Deferred tax liabilities	214,859	214,859
Total non-current liabilities	3,238,575	1,109,487
Capital and reserves		
Share capital	46,813,734	46,813,734
Retained earnings	55,428,651	50,892,450
Foreign currency translation reserve	119,097	156,670
Investment revaluation reserve	(5,658,400)	305,554
Total equity	96,703,082	98,168,408
Total liabilities and equity	161,871,124	162,172,757

KING WAN CORPORATION LIMITED (COMPANY)
STATEMENT OF FINANCIAL POSITION

	As at 30.6.2015	As at 31.3.2015
	S\$	S\$
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	1,017,625	440,523
Amount due from subsidiaries	16,612,301	16,711,981
Available-for-sale investments	29,670,780	34,269,751
Other receivables and prepayments	0	20,034
Total current assets	47,300,706	51,442,289
Non-current assets:		
Investment in subsidiaries	26,741,234	26,389,213
Investment in associates and a joint venture	2,914,793	2,831,953
Property, plant and equipment	8,359	9,638
Total non-current assets	29,664,386	29,230,804
Total assets	76,965,092	80,673,093
<u>LIABILITIES & EQUITY</u>		
Current liabilities:		
Other payables	3,535,555	3,157,562
Income tax payable	95,000	95,000
Amount due to a subsidiary	6,554,298	6,124,298
Total current liabilities	10,184,853	9,376,860
Capital and reserves:		
Share capital	46,813,734	46,813,734
Retained earnings	24,329,855	24,246,878
Investment revaluation reserve	(4,363,350)	235,621
Total equity	66,780,239	71,296,233
Total liabilities and equity	76,965,092	80,673,093

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

Amount repayable in one year or less, or on demand

30.6.2015		31.3.2015	
Secured	Unsecured	Secured	Unsecured
\$274,933	\$37,757,163	\$278,702	\$38,514,569

Amount repayable after 1 year

30.6.2015		31.3.2015	
Secured	Unsecured	Secured	Unsecured
\$438,711	\$2,585,005	\$510,254	\$384,374

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**

	Note	GROUP 3 MONTHS & QUARTER ENDED	
		30.6.2015 S\$	30.6.2014 S\$
Operating Activities			
Profit before income tax		5,339,925	26,531,180
Adjustments for			
(Gain) on disposal of plant and equipment		6,734	20,780
Net (reversal of) allowance for doubtful trade receivables		(7,775)	1,933
Change in fair values of held-for-trading investments		25,782	485
Depreciation		306,226	286,994
Dividend Income from other investments		(824,217)	(1,336,571)
Gain on disposal of associates		-	(24,134,088)
Interest expense		301,683	185,834
Interest income		(548,603)	(420,674)
Share of associates' results		(491,860)	118,619
Fee income from financial guarantee to associates		(155,465)	(135,443)
Operating profit before working capital changes		3,952,430	1,119,049
Construction work-in-progress		(1,362,707)	(1,568,866)
Inventories		(215,721)	(177,256)
Other payables		393,367	2,146,916
Other receivables & prepayments		10,645	77,267
Trade payables and bill payables		(3,366,536)	(1,006,391)
Provision for rectification costs utilised		(1,600)	-
Trade receivables		46,688	1,578,725
Cash (used in) from operations		(543,434)	2,169,444
Income tax paid		(81,876)	(4,879)
Interest paid		(301,683)	(185,834)
Net cash (used in) from operating activities		(926,993)	1,978,731
INVESTING ACTIVITIES			
Loans to associates		(8,487,088)	(2,079,366)
Dividends received from held-for-trading investments		824,217	1,336,571
Interest received		11,807	17,895
Purchase of held-for-trading investments		-	(250,000)
Proceeds from the disposal of property, plant and equipment		1,296	-
Purchase of property, plant and equipment		(41,559)	(26,370)
Net cash used in investing activities		(7,691,327)	(1,001,270)
FINANCING ACTIVITIES			
Repayments Of finance leases		(75,312)	(64,737)
Proceeds from bank borrowings		2,497,802	3,500,000
Net cash from financing activities		2,422,490	3,435,263
NET CHANGE IN CASH AND CASH EQUIVALENTS		(6,195,830)	4,412,724
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		11,350,261	9,045,391
CASH AND CASH EQUIVALENTS AT END OF PERIOD	a	5,154,431	13,458,115

Note a

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

	30.6.2015	30.6.2014
	S\$	S\$
Cash and Bank Balances	5,792,918	10,767,730
Fixed Deposits	-	4,286,686
Bank Overdrafts	(638,487)	(1,596,301)
Net	5,154,431	13,458,115

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 2014	46,813,734	41,493,592	-	(1,878,514)	86,428,812
Foreign Currency Translation Reserve on associates disposed during the Period	-	-	-	1,974,740	1,974,740
Total Comprehensive Income for the Period	-	25,903,996	(3,152,218)	(2,654)	22,749,124
Balance as at 30 June 2014	46,813,734	67,397,588	(3,152,218)	93,572	111,152,676
Balance as at 1 April 2015	46,813,734	50,892,449	305,554	156,670	98,168,407
Total Comprehensive Income for the Period	-	4,536,202	(5,963,954)	(37,573)	(1,465,325)
Balance as at 30 June 2015	46,813,734	55,428,651	(5,658,400)	119,097	96,703,082

COMPANY	SHARE CAPITAL	RETAINED EARNINGS	INVESTMENT REVALUATION RESERVE	TOTAL
	S\$	S\$	S\$	S\$
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
Balance as at 1 April 2015	46,813,734	24,246,878	235,621	71,296,233
Total Comprehensive Income for the Period	-	82,977	(4,598,971)	(4,515,994)
Balance as at 30 June 2015	46,813,734	24,329,855	(4,363,350)	66,780,239

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 2015, the Company does not have any outstanding convertibles or treasury shares (as at 31 March 2015 : 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 2015 is 349,176,870 (as at 31 March 2015 : 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 2015, the Company does not have any treasury shares (as at 31 March 2015 : 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 2015, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 April 2015. 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 2015. 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 ended	
	30.6.2015	30.6.2014
Basic & diluted earnings per share (in cents)	1.30	7.42
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	
	30.6.2015	31.3.2015	30.6.2015	31.3.2015
Net asset value per ordinary share (in cents)	27.69	28.11	19.13	20.42
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 2015 (1Q2016)

The Group's revenue for 1Q2016 recorded S\$21.75 million, an increase of 16% compared to the corresponding quarter last year (1Q2015). The increase was due to higher recognition of revenue from Mechanical and Electrical (M&E) contracts during the quarter.

The Group's net profit for 1Q2016 was S\$4.54 million. This was lower than the S\$25.9 million achieved in the last corresponding period (1Q2015) as there was a one-time net gain from the completion of divestment of the two associates in Thailand in 1Q2015 amounting to S\$24.1 million.

Gross profit margin for the works completed in 1Q2016 was 28.4%, slightly lower than the 30.2% achieved in 1Q2015.

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

EPS for 1Q2016 was 1.30 cents, lower than the 7.42 cents achieved in 1Q2015, which included a one-time gain from the completion of divestment of the two Thai associates.

NAV for the Group stood at 27.69 cents per share at 30 June 2015, a decrease from 28.11 cents per share at 31 March 2015. This was due mainly to a reduction in investment revaluation reserve as a result of downward adjustment to the fair value of the available-for-sale investments held by the Group.

Balance Sheet Review

The Group's equity base stood at S\$96.70 million as at 30 June 2015, a decrease from S\$98.17 million as at 31 March 2015.

Total current assets amounted to S\$32.89 million, lower than the S\$36.52 million as at 31 March 2015. This was due to a reduction in cash and cash equivalents which were loaned to associates during the period.

Non-current assets increased by S\$3.33 million from S\$125.65 million to S\$128.98 million. The increase

in non-current receivables was due to loans made to the Group's associates during the period for their business activities. There was also an increase in the investment in associates and joint venture due to share of contributions from these investments. These increases were partly offset by a reduction in the fair values of the available-for-sale investments held by the Group.

Current liabilities decreased to S\$61.93 million from S\$62.89 million due mainly to lower trade and bills payables at period end which were partly offset by higher bank borrowings and higher provision for income tax. Non-current liabilities increased by S\$2.1 million due to higher bank borrowings to finance the Group's business.

The debt equity ratio has increased to 0.42 as at 30 June 2015 as compared to 0.40 as at 31 March 2015.

Cashflows & Liquidity

First Quarter ended 30 June 2015 (1Q2016)

Net cash used in operating activities amounted to S\$0.93 million compared to a net cash inflow of S\$1.98 million in 1Q2015. The net cash outflow was attributable to the higher payments of trade and bill payables balances at period end.

Net cash used in investing activities amounted to S\$7.69 million, higher than the S\$1.0 million used in 1Q2015. This was due to higher loans made to associates in the current quarter.

Net cash from financing activities amounted to S\$2.42 million in 1Q2016 compared to S\$3.44 million in 1Q2015. This was as a result of lower net proceeds from bank borrowings during the 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's outlook remains challenging in the next 12 months.

As at the date of this announcement, the Group has approximately S\$192 million worth of M&E engineering contracts on hand, with completion dates ranging from years 2015 to 2018. S\$24 million of these orders were secured in the last three months.

The Group expects the M&E business segment to continue 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/recommended, 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.

14 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 2015 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

14 August 2015

BY ORDER OF THE BOARD

Lim Bee Lian Eliza
Company Secretary