



**KING WAN CORPORATION LIMITED**

Incorporated in Singapore (Company Registration No. 200001034R)

**Second Quarter & Half Year – 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 SEPTEMBER 2015**

	Note	GROUP 6 MONTHS ENDED 30 SEPTEMBER			GROUP QUARTER ENDED 30 SEPTEMBER		
		2015 S\$	2014 S\$	Incre/ (Decr)	2015 S\$	2014 S\$	Incre/ (Decr)
<b>Revenue</b>		52,316,992	39,888,530	31%	30,569,516	21,118,081	45%
<b>Cost of Sales</b>		(42,175,138)	(32,377,546)	30%	(26,597,396)	(19,279,059)	38%
<b>Gross Profit</b>		10,141,854	7,510,984	35%	3,972,120	1,839,022	116%
<b>Other Operating Income</b>							
Gain on disposal of held for trading investments		-	4,243	n.m	-	4,243	n.m
Dividend income		9,407	9,606	-2%	-	1	n.m
Exchange gain / (loss)		11,719	53,503	-78%	11,719	53,503	-78%
Gain on disposal of available-for-sale investments	1	-	126,750	n.m	-	126,750	n.m
Interest income	2	723,668	879,718	-18%	175,065	459,044	-62%
Management fees income		54,535	52,530	4%	27,394	26,227	4%
Rental income		440,227	478,554	-8%	219,221	236,330	-7%
Fee Income from financial guarantees to associates	3	317,883	284,035	12%	162,418	148,592	9%
Sundry income		27,402	22,058	24%	23,506	20,965	12%
		1,584,841	1,910,997	-17%	619,323	1,075,655	-42%
<b>Gains on disposal of associates</b>	4	-	24,134,088	-100%	-	-	n.m
<b>Administrative Expenses</b>	5	(3,741,444)	(5,807,658)	-36%	(1,755,940)	(2,001,898)	-12%
<b>Share of Profits of Associates</b>	6	1,164,038	31,400	3607%	672,178	150,019	348%
<b>Finance Costs</b>	7	(596,588)	(359,254)	66%	(294,905)	(173,420)	70%
<b>Profit Before Income Tax</b>		<b>8,552,701</b>	<b>27,420,557</b>	-69%	<b>3,212,776</b>	<b>889,377</b>	261%
<b>Income Tax Expense</b>	8	(1,443,297)	(765,916)	88%	(639,574)	(138,733)	361%
<b>Profit For The Financial Period</b>		<b>7,109,404</b>	<b>26,654,641</b>	-73%	<b>2,573,202</b>	<b>750,644</b>	243%
<b>Other comprehensive (expense) income:</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations	9	(7,970)	161,673	-105%	29,603	164,327	-82%
Reclassification adjustment of cumulative exchange differences to profit or loss upon disposal of associates	10	-	1,974,740	n.m	-	-	-
Fair value adjustment of available-for-sale investments	11	(5,058,908)	9,290,635	-154%	905,046	12,442,853	-93%
<b>Total Comprehensive Income attributable to equity holders of the Company</b>		<b>2,042,526</b>	<b>38,081,689</b>	-95%	<b>3,507,851</b>	<b>13,357,824</b>	-74%

**Second Quarter (2Q2016) and 6 Months ended 30 September 2015**

**Note 1** – there was no disposal of available-for-sale investments in the current period.

**Note 2** – no interest income has been recognized on loans made to an associate (Dalian Shicheng Singapore) in the current period.

**Note 3** - there was higher fee income recognized from financial guarantees to associates due to draw down of bank facilities by an associate involved in dormitory development and the extension of banking facilities to an associate involved in property development in Singapore.

**Note 4** – 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 5** - Included in administration expenses are the following:

		GROUP 6 MONTHS ENDED			QUARTER 3 MONTHS ENDED		
		30.9.2015 S\$	30.9.2014 S\$	Increase/ (Decrease) S\$	30.9.2015 S\$	30.9.2014 S\$	Increase/ (Decrease) S\$
Allowance For Doubtful Trade Receivables	i	(267,020)	21,937	(288,957)	(259,245)	20,004	(279,249)
Loss On Disposal Of Plant And Equipment		9,515	21,310	(11,795)	2,781	530	2,251
Change In Fair Values Of Investments Held For Trading		51,134	10,037	41,097	25,352	9,552	15,800
JTC Rental		129,184	103,489	25,695	64,592	41,396	23,196
Property Tax		65,000	65,000	(0)	32,500	32,500	(0)
Directors Remuneration	ii	1,209,704	2,961,880	(1,752,176)	670,672	612,089	58,583
Directors Fees		88,000	88,002	(2)	44,000	44,002	(2)
Staff related Expenses		959,522	908,907	50,615	587,315	582,074	5,241
Depreciation		610,918	573,016	37,902	304,692	286,022	18,670

i. Trade amounts due from main contractors for Mechanical & Electrical engineering contracts which were previously provided for and which were subsequently collected were written back in 2Q2016.

ii. 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 6** – There was higher recognition of contributions from the Group’s property development associates in Singapore from the ongoing residential development project.

**Note 7** - There was higher utilization of bank facilities to finance the Group’s business activities.

**Note 8** – The effective tax rate for the last corresponding period was lower due to adjustments made for gains that were not taxable.

**Note 9** – There were higher exchange differences from the investment in foreign associates in the last corresponding period.

**Note 10** – 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 11** – 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 30.9.2015	As at 31.3.2015
	S\$	S\$
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash and cash equivalents	9,251,252	11,350,261
Trade receivables	16,059,589	13,057,089
Other receivables and prepayments	140,181	165,178
Construction work-in-progress	13,057,568	10,074,530
Inventories	1,297,344	1,259,445
Held-for-trading investments	561,724	612,858
<b>Total current assets</b>	<b>40,367,658</b>	<b>36,519,361</b>
<b>Non-current assets</b>		
Property, plant and equipment	4,837,505	5,343,386
Other receivables	85,222,275	72,166,145
Available-for-sale investments	39,382,166	44,441,074
Investment in associates and a joint venture	5,018,075	3,702,791
<b>Total non-current assets</b>	<b>134,460,021</b>	<b>125,653,396</b>
<b>Total assets</b>	<b>174,827,679</b>	<b>162,172,757</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current Liabilities</b>		
Bank borrowings	22,505,323	18,944,832
Trade payables	18,475,412	13,690,634
Bills payables	21,913,697	19,569,737
Provision for rectification costs	1,404,154	1,408,227
Other payables	5,498,084	4,510,974
Construction work-in-progress	3,159,663	3,038,404
Income tax payable	1,974,418	1,453,352
Current portion of finance leases	270,933	278,702
<b>Total current liabilities</b>	<b>75,201,684</b>	<b>62,894,862</b>
<b>Non-current liabilities</b>		
Finance leases	375,784	510,254
Bank borrowings	2,316,187	384,374
Deferred tax liabilities	214,859	214,859
<b>Total non-current liabilities</b>	<b>2,906,830</b>	<b>1,109,487</b>
<b>Capital and reserves</b>		
Share capital	46,813,734	46,813,734
Retained earnings	54,510,085	50,892,450
Foreign currency translation reserve	148,700	156,670
Revaluation reserve	(4,753,354)	305,554
<b>Total equity</b>	<b>96,719,165</b>	<b>98,168,408</b>
<b>Total liabilities and equity</b>	<b>174,827,679</b>	<b>162,172,757</b>

**KING WAN CORPORATION LIMITED (COMPANY)**

**STATEMENT OF FINANCIAL POSITION**

	As at	
	30.9.2015	31.3.2015
	S\$	S\$
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	996,253	440,523
Amount due from subsidiaries	16,042,844	16,711,981
Available-for-sale investments	30,543,450	34,269,751
Other receivables and prepayments	12,800	20,034
<b>Total current assets</b>	<b>47,595,347</b>	<b>51,442,289</b>
<b>Non-current assets:</b>		
Investment in subsidiaries	26,825,640	26,389,213
Investment in associates and a joint venture	3,011,680	2,831,953
Property, plant and equipment	7,080	9,638
<b>Total non-current assets</b>	<b>29,844,400</b>	<b>29,230,804</b>
<b>Total assets</b>	<b>77,439,747</b>	<b>80,673,093</b>
<b><u>LIABILITIES &amp; EQUITY</u></b>		
<b>Current liabilities:</b>		
Other payables	3,776,615	3,157,562
Income tax payable	47,290	95,000
Amount due to a subsidiary	10,054,298	6,124,298
<b>Total current liabilities</b>	<b>13,878,203</b>	<b>9,376,860</b>
<b>Capital and reserves:</b>		
Share capital	46,813,734	46,813,734
Retained earnings	20,238,490	24,246,878
Revaluation reserve	(3,490,680)	235,621
<b>Total equity</b>	<b>63,561,544</b>	<b>71,296,233</b>
<b>Total liabilities and equity</b>	<b>77,439,747</b>	<b>80,673,093</b>

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

**Amount repayable in one year or less, or on demand**

30.9.2015		31.3.2015	
Secured	Unsecured	Secured	Unsecured
\$270,933	\$44,419,020	\$278,702	\$38,514,569

**Amount repayable after 1 year**

30.9.2015		31.3.2015	
Secured	Unsecured	Secured	Unsecured
\$375,784	\$2,316,187	\$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 6 MONTHS ENDED		GROUP QUARTER ENDED	
		30.9.2015 S\$	30.9.2014 S\$	30.9.2015 S\$	30.9.2014 S\$
<b>Operating Activities</b>					
<i>Profit before income tax</i>		8,552,702	27,420,558	3,212,777	889,378
Adjustments for					
Loss on disposal of plant and equipment		9,515	21,310	2,781	530
Gain on disposal of available-for-sale investments		-	(126,750)	-	(126,750)
Net (reversal of) allowance for doubtful trade receivables		(267,020)	21,937	(259,245)	20,004
Change in fair values of investments held-for-trading		51,134	10,037	25,352	9,552
Depreciation of property, plant and equipment		610,918	573,016	304,692	286,022
Dividend income from held-for-trading and available-for-sale investments		(824,217)	(1,336,571)	-	-
Gain on disposal of associates		-	(24,134,088)	-	-
Profit on disposal of investments held-for-trading		-	(4,243)	-	(4,243)
Interest expense		596,588	359,254	294,905	173,420
Interest income		(723,668)	(879,718)	(175,065)	(459,044)
Provision for rectification costs		-	182,100	-	182,100
Share of profits of associates		(1,164,038)	(31,400)	(672,178)	(150,019)
Fee income from financial guarantee to associates		(317,883)	(284,035)	(162,418)	(148,592)
<i>Operating profit before working capital changes</i>		6,524,031	1,791,407	2,571,601	672,358
Construction work-in-progress		(2,861,778)	2,238,573	(1,499,071)	3,807,440
Inventories		(37,899)	(115,483)	177,822	61,773
Other payables		1,125,266	2,599,934	731,899	453,017
Other receivables and prepayments		30,347	99,900	19,702	22,633
Trade payables and bill payables		7,128,737	1,573,914	10,495,272	2,580,305
Provision for rectification costs		(4,074)	-	(2,474)	-
Trade receivables		(2,735,480)	(3,455,637)	(2,782,167)	(5,034,362)
<i>Cash from operations</i>		9,169,150	4,732,608	9,712,583	2,563,164
Income tax paid		(922,231)	(782,286)	(840,355)	(777,407)
Interest paid		(596,588)	(359,254)	(294,905)	(173,420)
<i>Net cash from operating activities</i>		7,650,331	3,591,068	8,577,323	1,612,337
<b>INVESTING ACTIVITIES</b>					
Advances to associates		(12,332,279)	(7,915,166)	(3,845,191)	(5,835,800)
Dividends received from held-for-trading and available-for-sale investments		824,217	1,336,571	-	-
Interest received		14,980	27,950	3,173	10,055
Purchase of held-for-trading investments		-	(250,000)	-	-
Proceeds from sale of held-for-trading investments		-	41,558	-	41,558
Proceeds from the disposal of available-for-sale investments		-	521,750	-	521,750
Proceeds from the disposal of property, plant and equipment		1,490	-	194	-
Purchase of property, plant and equipment		(116,042)	(155,405)	(74,483)	(129,035)
<i>Net cash used in investing activities</i>		(11,607,634)	(6,392,742)	(3,916,307)	(5,391,472)
<b>FINANCING ACTIVITIES</b>					
Dividends Paid		(3,491,769)	(5,237,673)	(3,491,769)	(5,237,673)
Repayments of obligations under finance leases		(142,239)	(134,106)	(66,927)	(69,369)
Proceeds from bank borrowings		5,492,302	5,500,000	2,994,500	2,000,000
<i>Net cash from (used in) financing activities</i>		1,858,294	128,221	(564,196)	(3,307,042)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		(2,099,009)	(2,673,453)	4,096,820	(7,086,177)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		11,350,261	9,045,391	5,154,431	13,458,115
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>a</b>	9,251,252	6,371,938	9,251,252	6,371,938

**Note a**

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

		<b>30.9.2015</b>	<b>30.9.2014</b>
		<b>S\$</b>	<b>S\$</b>
Cash and Bank Balances		9,251,252	7,083,562
Fixed Deposits		-	613,080
Bank Overdrafts		-	(1,324,704)
Net		9,251,252	6,371,938

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**

<b>GROUP</b>	<b>SHARE CAPITAL</b>	<b>RETAINED EARNINGS</b>	<b>INVESTMENT REVALUATION RESERVE</b>	<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>	<b>TOTAL</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>Balance as at 1 April 2014</b>	<b>46,813,734</b>	<b>41,493,592</b>	<b>-</b>	<b>(1,878,514)</b>	<b>86,428,812</b>
<b>Total comprehensive income for the period :</b>					
Profit for the period	-	26,654,641	-	-	26,654,641
Other comprehensive income	-	-	9,290,635	2,136,413	11,427,048
<b>Transactions recognized directly in equity:</b>					
Dividends	-	(5,237,673)	-	-	(5,237,673)
<b>Balance as at 30 September 2014</b>	<b>46,813,734</b>	<b>62,910,560</b>	<b>9,290,635</b>	<b>257,899</b>	<b>119,272,828</b>
<b>Balance as at 1 April 2015</b>	<b>46,813,734</b>	<b>50,892,450</b>	<b>305,554</b>	<b>156,670</b>	<b>98,168,408</b>
<b>Total comprehensive income for the period :</b>					
Profit for the period	-	7,109,404	-	-	7,109,404
Other comprehensive income	-	-	(5,058,908)	(7,970)	(5,066,878)
<b>Transactions recognized directly in equity:</b>					
Dividends	-	(3,491,769)	-	-	(3,491,769)
<b>Balance as at 30 September 2015</b>	<b>46,813,734</b>	<b>54,510,085</b>	<b>(4,753,354)</b>	<b>148,700</b>	<b>96,719,165</b>

<b>COMPANY</b>	<b>SHARE CAPITAL</b>	<b>RETAINED EARNINGS</b>	<b>INVESTMENT REVALUATION RESERVE</b>	<b>TOTAL</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>Balance as at 1 April 2014</b>	<b>46,813,734</b>	<b>16,783,293</b>	<b>-</b>	<b>63,597,027</b>
<b>Total comprehensive income for the period :</b>				
Profit for the period	-	24,286,576	-	24,286,576
Other comprehensive income	-	-	7,147,167	7,147,167
<b>Transactions recognized directly in equity:</b>				
Dividends	-	(5,237,673)	-	(5,237,673)
<b>Balance as at 30 September 2014</b>	<b>46,813,734</b>	<b>35,832,196</b>	<b>7,147,167</b>	<b>89,793,097</b>
<b>Balance as at 1 April 2015</b>	<b>46,813,734</b>	<b>24,246,878</b>	<b>235,621</b>	<b>71,296,233</b>
<b>Total comprehensive income for the period :</b>				
Profit for the period	-	(516,619)	-	(516,619)
Other comprehensive income	-	-	(3,726,301)	(3,726,301)
<b>Transactions recognized directly in equity:</b>				
Dividends	-	(3,491,769)	-	(3,491,769)
<b>Balance as at 30 September 2015</b>	<b>46,813,734</b>	<b>20,238,490</b>	<b>(3,490,680)</b>	<b>63,561,544</b>

**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 September 2015, the Company does not have any outstanding convertibles or treasury shares (as at 30 September 2014 : 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 September 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 September 2015, 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 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		Group	
	6 months ended		Quarter ended	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
(i) Basic earnings per share (in cents)	2.04	7.63	0.74	0.21
Weighted Average Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870
(ii) Diluted earnings per share (in cents)	2.04	7.63	0.74	0.21
Weighted Average Number of Shares	349,176,870	349,176,870	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	
	30.9.2015	31.3.2015	30.9.2015	31.3.2015
Net Asset Value Per Ordinary Share (in cents)	27.70	28.11	18.20	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.**

**Second Quarter ended 30 September 2015 (2Q2016)**

The Group's revenue for 2Q2016 recorded S\$30.57 million, an increase of 45% compared to the corresponding quarter last year (2Q2015). The increase was due to higher recognition of revenue from increased ongoing Mechanical and Electrical (M&E) contracts during the quarter.

The Group's net profit for 2Q2016 was S\$2.57 million. This was higher than the S\$0.75 million achieved in the last corresponding period (2Q2015). There were higher profits achieved during the quarter, in line with the increased turnover, improved contributions from associates and collection of debts that were previously provided for. These increases were partly offset by lesser interest income recognized on loans to associates, absence of gains from the disposal of available-for-sale investments and higher finance expenses due to increased bank borrowings to finance group's business.

Gross profit margin for the works completed in 2Q2016 was 13%, higher than the 8.7% achieved in 2Q2015.

**6 Months ended 30 September 2015 (1H2016)**

The Group's revenue for 1H2016 recorded S\$52.32 million, a 31% increase compared to 1H2015. The increase was brought about by the higher recognition of revenue from increased ongoing Mechanical and Electrical (M&E) contracts. Gross profit margin for the works completed in 1H2016 was 19.4%, higher than the 18.8% achieved in 1H2015.

The Group's net profit after income tax was S\$7.11 million, lower than the S\$26.65 million achieved in 1H2015. 1H2015's profits included a one-time net gain from the completion of divestment of the two associates in Thailand. If the one-time net gain was excluded, the net profit for 1H2015 would have amounted to S\$2.52 million.

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

EPS for 2Q2016 was 0.74 cents, higher than the 0.21 cents achieved in 2Q2015 while EPS for 1H2016 was 2.04 cents, lower than the 7.63 cents achieved in 1H2015 where there was a recognition of the one-time net gain from the completion of divestment of the two Thai associates.

NAV for the Group stood at 27.70 cents per share at 30 September 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 as well as dividends paid out during the second quarter.

## **Balance Sheet Review**

The Group's equity base stood at S\$96.72 million as at 30 September 2015, a decrease from S\$98.17 million as at 31 March 2015.

Total current assets amounted to S\$40.37 million, higher than the S\$36.52 million as at 31 March 2015. The increase was due mainly to the increase in construction work-in-progress and higher trade receivables due to the increase in mechanical and electrical engineering activities.

Non-current assets increased by S\$8.81 million from S\$125.65 million to S\$134.46 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 and reduction in the value of property, plant and equipment that was caused by normal depreciation charged.

Current liabilities increased to S\$75.20 million from S\$62.89 million due mainly to higher trade and bills payables at period end in view of the higher mechanical and electrical engineering activities. There were also higher bank borrowings to finance the Group's business and higher other payables due to the accrual of staff benefits and profit sharing for executive directors of the Company. There were also provisions made for income tax on income earned in the current period.

Non-current liabilities increased by S\$1.80 million due to increased bank borrowings to finance the Group's business.

The debt equity ratio has increased to 0.49 as at 30 September 2015 as compared to 0.40 as at 31 March 2015 due to the increased bank borrowings.

## **Cashflows & Liquidity**

### **Second Quarter ended 30 September 2015 (2Q2016)**

Net cash from operating activities amounted to S\$8.58 million compared to a net cash inflow of S\$1.61 million in 2Q2015. The higher net cash inflow was attributable to the increased operating receipts during the quarter and timing differences in the payment of some trade payables as at period end.

Net cash used in investing activities amounted to S\$3.92 million, lower than the S\$5.39 million used in 2Q2015. Lower dividends were paid out in the current quarter as compared to the last corresponding quarter.

Net cash used in financing activities amounted to S\$0.56 million in 2Q2016 compared to S\$3.31 million in 2Q2015. This was lower loans made to associate in the current quarter as compared to the last corresponding quarter.

### **6 Months ended 30 September 2015 (1H2016)**

Net cash from operating activities for 1H2016 amounted to S\$7.65 million compared to S\$3.59 million in 1H2015. The higher net cash inflow was attributable to the increased operating receipts during the quarter and timing differences in the payment of some trade payables as at period end.

Net cash used in investing activities for 1H2016 amounted to S\$11.61 million, higher than the S\$6.39 million used in 1H2015. This was a result of loans to associates to finance their business during the period. There was also lower dividend income received from KTIS during the period and absence of proceeds from the disposal of available-for-sale investments. These were partly offset by the purchase of held-for-trading investments in 1H2015.

Net cash from financing activities amounted to S\$1.86 million in 1H2016 compared to S\$0.13 million in 1H2015 due to lower dividend paid during the 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 will remain the core business of the Group and will continue 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\$180 million worth of M&E engineering contracts on hand, with completion dates ranging from years 2015 to 2018.

**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?**

Yes.

<b>Name of Dividend</b>	First Interim Dividend
<b>Dividend Type</b>	Cash
<b>Dividend Amount per Share</b>	0.7 cent per ordinary share
<b>Dividend Rate</b>	N.A
<b>Tax Rate</b>	1 tier tax exempt

**(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.

**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 September 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

11 November 2015

## **BY ORDER OF THE BOARD**

Lim Bee Lian Eliza  
Company Secretary