

**SECOND QUARTER AND HALF YEAR 2016 FINANCIAL STATEMENTS ANNOUNCEMENT**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT**

1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**INCOME STATEMENT FOR THE SECOND QUARTER ("2Q2016") AND HALF YEAR ENDED 31 DECEMBER 2015 ("1H2016")**

	Note	Group					Change %
		3 Months Ended 31 December		Change %	6 Months Ended 31 December		
		2015 \$'000	2014 \$'000		2015 \$'000	2014 \$'000	
<b>Revenue</b>	1	54,138	49,007	10.5	99,479	97,863	1.7
Cost of sales	2	(51,944)	(41,997)	23.7	(90,788)	(85,176)	6.6
<b>Gross profit</b>		2,194	7,010	(68.7)	8,691	12,687	(31.5)
Other income	3	496	327	51.7	1,010	503	100.8
Administrative expenses		(4,543)	(5,778)	(21.4)	(9,831)	(10,643)	(7.6)
Other losses – net	4	(6,330)	(463)	1,267.2	(7,068)	(651)	985.7
Finance costs	5	(656)	(562)	16.7	(1,413)	(1,064)	32.8
		(8,839)	534	(1,755.2)	(8,611)	832	(1,135.0)
Share of results of joint venture		(21)	(7)	200.0	1	(22)	104.5
<b>(Loss)/Profit before income tax</b>	6	(8,860)	527	(1,781.2)	(8,610)	810	(1,163.0)
Income tax expense	7	(83)	(21)	295.2	(127)	(54)	135.2
<b>(Loss)/Profit for the period</b>		(8,943)	506	(1,867.4)	(8,737)	756	(1,255.7)
Attributable to:							
<b>Equity holders of the Company</b>		(7,937)	132	(6,112.9)	(7,803)	402	(2,041.0)
Non-controlling interests		(1,006)	374	(369.0)	(934)	354	(363.8)
<b>(Loss)/Profit for the period</b>		(8,943)	506	(1,867.4)	(8,737)	756	(1,255.7)
Gross profit margin		4.1%	14.3%		8.7%	13.0%	
Net (loss)/profit margin		(16.5%)	1.0%		(8.8%)	0.8%	
Effective tax rate		NM	6.5%		NM	8.8%	

NM – Not Meaningful

**1(a) (i) Statement of Comprehensive Income for the Second Quarter and Half Year Ended 31 December 2015**

	Group					Change
	3 Months Ended 31 December		Change	6 Months Ended 31 December		
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	
<b>(Loss)/Profit for the period</b>	(8,943)	506	(1,867.4)	(8,737)	756	(1,255.7)
<b>Other comprehensive (loss)/income: Items that may be reclassified subsequently to profit or loss</b>						
Currency translation differences arising from Consolidation - (Loss)/Gains	(807)	443	(282.2)	19	1,273	(98.5)
Available-for-sale financial assets - Currency translation differences - Fair value losses	(369) (18)	- (61)	NM (70.5)	(85) (142)	- (71)	NM 100.0
Other comprehensive (loss)/ income, net of tax	(1,194)	382	(412.6)	(208)	1,202	(117.3)
<b>Total comprehensive (loss)/income for the period</b>	<b>(10,137)</b>	<b>888</b>	<b>(1,241.6)</b>	<b>(8,945)</b>	<b>1,958</b>	<b>(556.8)</b>
Attributable to:						
<b>Equity holders of the Company</b>	(8,871)	406	(2,285.0)	(7,994)	1,282	(723.6)
Non-controlling interests	(1,266)	482	(362.7)	(951)	676	(240.7)
<b>Total comprehensive (loss)/income for the period</b>	<b>(10,137)</b>	<b>888</b>	<b>(1,241.6)</b>	<b>(8,945)</b>	<b>1,958</b>	<b>(556.8)</b>
<i>NM – Not Meaningful</i>						

**1(a) (ii) Notes to Income Statement**

(1) Revenue

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Bored piling	25,604	37,294	51,077	78,007
Eco-friendly piling, geoservices and others	27,272	10,083	45,910	17,028
System engineering and process automation	1,068	1,505	2,116	2,583
Property investment	194	125	376	245
<b>Total revenue</b>	<b>54,138</b>	<b>49,007</b>	<b>99,479</b>	<b>97,863</b>

**1(a) (ii) Notes to Income Statement (Cont'd):**

(2) Cost of sales includes the following:

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Amortisation of land use right	11	10	22	21
Depreciation of machinery and equipment	3,394	3,242	6,811	6,392
Depreciation of investment properties	40	2	80	56
Unrecoverable costs	1,880	-	1,880	-

(3) Other income

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Interest income from deposit and receivable	200	13	462	19
Rental income	4	-	18	-
Dividend income	2	3	5	8
Scrap sales	61	111	131	177
Miscellaneous income	229	200	394	299
Total other income	496	327	1,010	503

(4) Other losses – net

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Foreign exchange gain/(loss), net	952	(146)	213	(442)
Gain on disposal of property, plant and equipment	92	73	93	206
Impairment loss on available-for-sale financial assets	-	-	-	(25)
Loss on deemed disposal on interest in subsidiary	-	(390)	-	(390)
Unrecoverable progress claim written off	(7,374)	-	(7,374)	-
Total other losses – net	(6,330)	(463)	(7,068)	(651)

(5) Finance costs

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Interest expenses				
- bank borrowings	558	478	1,216	902
- finance lease liabilities	98	84	197	162
Total finance costs	656	562	1,413	1,064

**1(a) (ii) Notes to Income Statement (Cont'd):**

(6) (Loss)/Profit before income tax is arrived at after charging the following:

	<b>Group</b>			
	<b>3 Months Ended 31 December</b>		<b>6 Months Ended 31 December</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Amortisation of land use right	11	10	22	21
Depreciation of property, plant and equipment	3,906	3,868	7,868	7,634
Depreciation of investment properties	40	28	80	56
Employee compensation, including directors' remuneration	6,997	9,113	13,968	17,723
Rental on operating leases – premises	249	382	508	547
Professional fees	890	685	1,268	1,403

(7) Income tax expense

	<b>Group</b>			
	<b>3 Months Ended 31 December</b>		<b>6 Months Ended 31 December</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current income tax				
- current period	48	27	104	64
- under provision in prior years	47	7	47	7
	95	34	151	71
Deferred income tax				
- current period	(12)	(13)	(24)	(17)
Total income tax expense	83	21	127	54



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(Incorporated in the Republic of Singapore)  
Company Registration No. 200803985D

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

**Statements of Financial Position**

	Note	Group		Company	
		As At 31/12/15	As At 30/06/15	As At 31/12/15	As At 30/06/15
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	1	33,573	18,869	379	1,992
Trade and other receivables		87,317	90,393	47,234	47,950
Inventories		12,960	12,870	-	-
Construction contract work-in-progress		6,551	3,701	-	-
		140,401	125,833	47,613	49,942
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	41,894	41,894
Investment in joint ventures		34	*	-	-
Club memberships		220	220	-	-
Available-for-sale financial assets		17,847	20,717	-	-
Property, plant and equipment		96,659	100,125	-	-
Investment properties		5,191	5,085	-	-
Land use right		1,959	1,912	-	-
Deferred income tax assets		43	41	-	-
Goodwill arising on consolidation		5,561	5,561	-	-
		127,514	133,661	41,894	41,894
<b>TOTAL ASSETS</b>		267,915	259,494	89,507	91,836
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	2	66,104	53,369	1,285	315
Current income tax liabilities		210	309	89	186
Derivative financial instruments		-	3	-	-
Borrowings		61,934	52,216	-	-
		128,248	105,897	1,374	501
<b>Non-current liabilities</b>					
Borrowings		36,149	38,036	-	-
Deferred income tax liabilities		8,535	8,591	-	-
		44,684	46,627	-	-
<b>TOTAL LIABILITIES</b>		172,932	152,524	1,374	501
<b>NET ASSETS</b>		94,983	106,970	88,133	91,335
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		88,385	88,385	88,385	88,385
Treasury shares		(3,115)	(3,039)	(3,115)	(3,039)
Other reserves		1,342	1,533	-	-
Retained profits		5,342	16,111	2,863	5,989
		91,954	102,990	88,133	91,335
<b>Non-controlling interests</b>		3,029	3,980	-	-
<b>TOTAL EQUITY</b>		94,983	106,970	88,133	91,335

\* Amount less than \$1,000

**1(b) (i) Notes to Statements of Financial Position**

(1) Trade and other receivables

	<b>Group</b>		
	<b>As At 31/12/15</b>	<b>As At 30/06/15</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	21,176	25,398	(4,222)
Construction contracts			
- Due from customers	42,755	39,058	3,697
- Retentions	16,790	16,213	577
	59,545	55,271	4,274
Total trade receivables	80,721	80,669	52
Other receivables	6,596	9,724	(3,128)
<b>Total trade and other receivables</b>	<b>87,317</b>	<b>90,393</b>	<b>(3,076)</b>
Average trade receivables' turnover (days)	150	153	
Average trade receivables' turnover, excluding amount due from customers from construction contracts pending certification (days)	46	43	

(2) Trade and other payables

	<b>Group</b>		
	<b>As At 31/12/15</b>	<b>As At 30/06/15</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	37,935	24,661	13,274
Other payables and accruals	28,169	28,708	(539)
<b>Total trade and other payables</b>	<b>66,104</b>	<b>53,369</b>	<b>12,735</b>
Average trade payables' turnover (days)	81	85	

**Note:** For review of Statements of Financial Position, please refer to Item 8 of the Results Announcement.

**RYOBI KISO HOLDINGS LTD.**

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Company Registration No. 200803985D

1(b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group	
	As At 31/12/15	As At 30/06/15
	\$'000	\$'000
<b>Amount repayable in one year or less (secured)</b>		
- Bank overdrafts	-	582
- Bank borrowings	55,695	45,868
- Finance lease liabilities	6,239	5,766
	61,934	52,216
<b>Amount repayable after one year (secured)</b>		
- Bank borrowings	24,002	25,223
- Finance lease liabilities	12,147	12,813
	36,149	38,036
<b>Total borrowings</b>	98,083	90,252

**Details of any collaterals:**

- (a) Bank borrowings obtained by certain subsidiaries are secured by certain machinery and equipment of the Group and corporate guarantees from the Company and a subsidiary; and personal guarantee from non-controlling interests of certain subsidiaries.
- (b) Finance lease liabilities of the Group are effectively secured over the leased machinery and equipment and motor vehicles and corporate guarantees from the Company and certain subsidiaries.



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

**Consolidated Statement of Cash Flows for Second Quarter and Half Year Ended 31 December 2015**

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
(Loss)/Profit before income tax	(8,860)	527	(8,610)	810
Adjustments for:				
Interest income	(200)	(13)	(462)	(19)
Dividend income	(2)	(3)	(5)	(8)
Impairment loss on available-for-sale financial assets	-	-	-	25
Share of results of joint venture	21	7	(1)	22
Gain on disposal of property, plant and equipment	(92)	(73)	(93)	(206)
Amortisation of land use right	11	10	22	21
Depreciation of property, plant and equipment	3,906	3,868	7,868	7,634
Depreciation of investment properties	40	28	80	56
Interest expenses	656	562	1,413	1,064
Loss on deemed disposal on interest in subsidiary	-	390	-	390
Currency translation (gains)/losses	(762)	167	(248)	723
<b>Operating profit before working capital changes</b>	<b>(5,282)</b>	<b>5,470</b>	<b>(36)</b>	<b>10,512</b>
<b>Changes in working capital</b>				
Trade and other receivables	8,881	(4,329)	3,076	(13,338)
Inventories	(940)	(1,554)	(90)	(2,772)
Construction contract work-in-progress	3,196	(1,609)	(2,850)	(216)
Trade and other payables	2,966	6,586	12,731	7,755
<b>Cash generated from operations</b>	<b>8,821</b>	<b>4,564</b>	<b>12,831</b>	<b>1,941</b>
Income tax paid	(179)	(62)	(250)	(62)
<b>Net cash provided by operating activities</b>	<b>8,642</b>	<b>4,502</b>	<b>12,581</b>	<b>1,879</b>
<b>Cash flows from investing activities:</b>				
Interest received	200	13	462	19
Dividend received	2	3	5	8
Redemption of available-for-sale financial assets	3,759	-	5,683	-
Proceeds from:				
- disposals of property, plant and equipment	124	76	150	504
- issuance of shares to non-controlling interests	-	300	-	300
Purchases of:				
- available-for-sale financial assets	(558)	-	(3,031)	(2)
- property, plant and equipment	(1,742)	(2,642)	(3,929)	(4,568)
Investment in joint venture	(25)	-	(34)	(22)
<b>Net cash provided by/(used in) investing activities</b>	<b>1,760</b>	<b>(2,250)</b>	<b>(694)</b>	<b>(3,761)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from bank borrowings	48,302	10,820	72,120	28,267
Dividends paid to:				
- equity holders of the Company	(2,966)	(2,227)	(2,966)	(2,227)
- non-controlling interests	-	(231)	-	(231)
Deposit pledged to bank	-	-	50	-
Interest paid	(656)	(562)	(1,413)	(1,064)
Repayments of:				
- bank borrowings	(32,771)	(9,732)	(61,079)	(18,579)
- finance lease liabilities	(1,565)	(1,677)	(3,217)	(3,217)
Purchase of treasury shares	-	(388)	(76)	(388)
<b>Net cash provided by/(used in) financing activities</b>	<b>10,344</b>	<b>(3,997)</b>	<b>3,419</b>	<b>2,561</b>



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

**Consolidated Statement of Cash Flows for Second Quarter and Half Year Ended 31 December 2015 (Cont'd)**

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents	20,746	(1,745)	15,306	679
<b>Cash and cash equivalents</b>				
Beginning of financial period	12,535	17,271	17,936	14,818
Effects of currency translation on cash and cash equivalents	(8)	(1)	31	28
<b>End of financial period</b>	<b>33,273</b>	<b>15,525</b>	<b>33,273</b>	<b>15,525</b>
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	29,197	14,525	29,197	14,525
Short-term bank deposits	4,376	1,300	4,376	1,300
	33,573	15,825	33,573	15,825
Less: Bank deposits pledged to secure banking facilities	(300)	(300)	(300)	(300)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>33,273</b>	<b>15,525</b>	<b>33,273</b>	<b>15,525</b>



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Company Registration No. 200803985D

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.

**Statements of Changes in Equity**

GROUP	Share capital	Treasury shares	Retained profits	Fair value reserve	Currency translation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1/07/14</b>	88,385	(2,651)	18,235	(195)	478	104,252	2,381	106,633
Purchase of treasury shares	-	(388)	-	-	-	(388)	-	(388)
Total comprehensive income/(loss) for the period	-	-	402	(71)	951	1,282	676	1,958
Disposal of interest to non-controlling interests	-	-	-	-	-	-	690	690
Dividends paid	-	-	(2,227)	-	-	(2,227)	(231)	(2,458)
<b>Balance at 31/12/14</b>	<b>88,385</b>	<b>(3,039)</b>	<b>16,410</b>	<b>(266)</b>	<b>1,429</b>	<b>102,919</b>	<b>3,516</b>	<b>106,435</b>
<b>Balance at 1/07/15</b>	88,385	(3,039)	16,111	(238)	1,771	102,990	3,980	106,970
Purchase of treasury shares	-	(76)	-	-	-	(76)	-	(76)
Total comprehensive (loss)/profit for the period	-	-	(7,803)	(216)	25	(7,994)	(951)	(8,945)
Dividends paid	-	-	(2,966)	-	-	(2,966)	-	(2,966)
<b>Balance at 31/12/15</b>	<b>88,385</b>	<b>(3,115)</b>	<b>5,342</b>	<b>(454)</b>	<b>1,796</b>	<b>91,954</b>	<b>3,029</b>	<b>94,983</b>

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Company Registration No. 200803985D

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.

**Statements of Changes in Equity (Cont'd)**

COMPANY	Share capital	Treasury shares	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1/07/14</b>	88,385	(2,651)	2,995	88,729
Purchase of treasury shares	-	(388)	-	(388)
Total comprehensive loss for the period	-	-	(110)	(110)
Dividends paid	-	-	(2,227)	(2,227)
<b>Balance at 31/12/14</b>	88,385	(3,039)	658	86,004
<b>Balance at 1/07/15</b>	88,385	(3,039)	5,989	91,335
Purchase of treasury shares	-	(76)	-	(76)
Total comprehensive loss for the period	-	-	(160)	(160)
Dividends paid	-	-	(2,966)	(2,966)
<b>Balance at 31/12/15</b>	88,385	(3,115)	2,863	88,133



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Company Registration No. 200803985D

- 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 was no new share issued during the financial period.

**Treasury shares**

The Company purchased 290,160 ordinary shares under the share buyback mandate from the market during the financial period. The Company held 9,458,160 treasury shares as at the end of the financial period (31 December 2014: 9,168,000\*).

	Group and Company		Group and Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Number of shares		\$'000	
<b>Issued and fully paid</b>				
At beginning of period*	9,458,160	7,792,000	3,115	2,651
Acquired during period*	-	1,376,000	-	388
At end of period*	<u>9,458,160</u>	<u>9,168,000</u>	<u>3,115</u>	<u>3,039</u>

\* Number of shares stated had been adjusted to post Share Consolidation for comparison purpose.

- 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 ordinary shares (excluding treasury shares) as at 31 December 2015 was 296,649,136 (31 December 2014: 296,939,296).

- 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.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 31 December 2015.

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 30 June 2015.

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 adoption of the new and revised Financial Reporting Standard which took effect from the current reporting period is assessed to have no material impact to the results of the Group and of the Company for the financial year ending 30 June 2016.

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	
	3 Months Ended 31 December 2015	2014	6 Months Ended 31 December 2015	2014
<b><u>(Loss)/ Earnings per share</u></b>				
(i) Based on weighted average number of ordinary shares in issue (cents)	(2.68)	0.04	(2.63)	0.14
(ii) On a fully diluted basis (cents)	(2.68)	0.04	(2.63)	0.14

(Loss)/ Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of ordinary shares in issue during the period of 296,685,017 (31 December 2014: 297,773,057\*).

There is no difference between the basic and diluted earnings per share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	As at 31/12/15	As at 30/06/15	As at 31/12/15	As at 30/06/15
Net assets value per ordinary share based on issued share capital (excluding treasury share) (cents)	32.02	36.02	29.71	30.76
Number of shares in issue (excluding treasury shares)*	296,649,136	296,939,296	296,649,136	296,939,296



**RYOBI KISO HOLDINGS LTD.**  
(Incorporated in the Republic of Singapore)  
Company Registration No. 200803985D

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) 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; and
  - (b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### **Review on Group's Financial Results**

##### **6 months ended 31 December 2015 (1H2016) vs 6 months ended 31 December 2014 (1H2015)**

The Group reported revenue of \$99.5 million in 1H2016, an increase of \$1.6 million or 1.7% from \$97.9 million in 1H2015. The revenue was mainly contributed by bored piling, eco-friendly piling, geoservices and others. Revenue contribution from the Group's bored piling operations decreased by \$26.9 million or 34.5% from \$78.0 million in 1H2015 to \$51.1 million in 1H2016. The decrease was mainly due to lower value of work undertaken for the projects in Australia in the current period. However, revenue contribution from its eco-friendly piling, geoservices and other operations increased by \$28.9 million or 169.6% from \$17.0 million in 1H2015 to \$45.9 million in 1H2016, mainly attributable to higher value of work undertaken in Singapore.

The increase in business activities and additional costs recognised for certain completed projects in Singapore in 1H2016 resulted in cost of sales increased by \$5.6 million or 6.6% to \$90.8 million from \$85.2 million.

Gross profit decreased by \$4.0 million or 31.5% from \$12.7 million in 1H2015 to \$8.7 million in 1H2016, mainly due to the increase in cost of sales. Accordingly, the gross profit margin decrease from 13.0% in 1H2015 to 8.7% in 1H2016.

The decrease in administrative expenses from \$10.6 million in 1H2015 to \$9.8 million in 1H2016 was mainly due to decrease in administrative staff costs of about \$0.7 million.

Other losses increased by \$6.4 million from \$0.7 million in 1H2015 to \$7.1 million in 1H2016, mainly due to an out-of-court settlement that was reached recently between the Group and one of its main contractors, Lum Chang Building Contractors Pte Ltd ("LCBC") in an arbitration proceeding. Pursuant to the settlement, LCBC and the Group have terminated their respective claims of approximately \$32 million and \$19 million against each other. This has resulted in unrecoverable progress claims written off of about \$7.4 million, in addition to \$1.9 million of unrecoverable costs recognised in cost of sales. (please refer to our SGXNET announcements dated 29 August 2013, 15 January 2016 and 16 January 2016 for further details).

As a result of the above, the Group reported a loss before income tax of \$8.6 million in 1H2016 as compared to a profit of \$0.8 million in 1H2015, a decrease by \$9.4 million. The loss for the period was \$8.7 million as compared to a profit of \$0.8 million in 1H2015.



**RYOBI KISO HOLDINGS LTD.**  
(Incorporated in the Republic of Singapore)  
Company Registration No. 200803985D

## 8. Review on Group's Financial Results

### **3 months ended 31 December 2015 (2Q2016) vs 3 months ended 31 December 2014 (2Q2015)**

The Group reported revenue of \$54.1 million in 2Q2016, a increase of \$5.1 million or 10.5% from \$49.0 million in 2Q2015. The revenue contribution from the Group's bored piling operations decreased by \$11.7 million or 31.3% from \$37.3 million in 2Q2015 to \$25.6 million in 2Q2016, mainly due to lower value of work undertaken for the projects in Australia in the current period. However, revenue contribution from its eco-friendly piling, geoservices and other operations increased by \$17.2 million or 170.5% from \$10.1 million in 2Q2015 to \$27.3 million in 2Q2016, was mainly attributable to higher value of work undertaken in Singapore.

Cost of sales increased by \$9.9 million or 23.7% to \$51.9 million in 2Q2016 from \$42.0 million in 2Q2015, mainly due to increase in business activities and additional costs recognised for certain completed projects in Singapore.

Gross profit decreased by \$4.8 million or 68.7% from \$7.0 million in 1H2015 to \$2.2 million in 1H2016, mainly due to the increase in cost of sales. Accordingly, the gross profit margin decrease from 14.3% in 1H2015 to 4.0% in 1H2016.

The decrease in administrative expenses from \$5.8 million in 2Q2015 to \$4.5 million in 2Q2016 was mainly due to decrease in administrative staff costs.

Other losses increased by \$5.9 million from \$0.5 million in 1H2015 to \$6.3 million in 1H2016, mainly due to an out-of-court settlement that was reached recently between the Group and one of its main contractors, Lum Chang Building Contractors Pte Ltd ("LCBC") in an arbitration proceeding. Pursuant to the settlement, LCBC and the Group have terminated their respective claims of approximately \$32 million and \$19 million against each other. This has resulted in unrecoverable progress claims written off of about \$7.4 million, in addition to \$1.9 million of unrecoverable costs recognised in cost of sales. (please refer to our SGXNET announcements dated 29 August 2013, 15 January 2016 and 16 January 2016 for further details).

As a result of the above, the Group reported a loss before income tax of \$8.9 million in 2Q2016 as compared to a profit of \$0.5 million in 2Q2015, a decrease by \$9.4 million. The loss for the period was \$8.9 million in 2Q2016 as compared to a profit of \$0.5 million in 2Q2015.

## 8. Review of Statements of Financial Position and Cash Flow

Statements of Financial Position	As At	As At	Change
	31/12/15	30/06/15	
	\$'000	\$'000	\$'000
Total Assets	267,915	259,494	8,421
Current Assets	140,401	125,833	14,568
Non-Current Assets	127,514	133,661	(6,147)
Current Liabilities (excluding borrowings)	66,314	53,681	12,633
Total Borrowings	98,083	90,252	7,831
Shareholders' Equity	91,954	102,990	(11,036)
Net Working Capital	12,153	19,936	(7,783)

### Current Assets

Current assets increased by \$14.6 million were mainly attributable to the followings:

- (i) Positive cash flow generated from operations of \$12.6 million and financing activities of \$3.4 million offset with cash flow used in investing activities of \$0.7 million resulting in increase in cash and cash equivalents of \$15.3 million in 1H2016;
- (ii) Decrease in trade receivables of \$4.2 million was mainly due to collection.
- (iii) Increase in due from customers on construction contracts of \$3.7 million was mainly due to increase in work undertaken for projects in Singapore.
- (iv) Decrease in other receivables of \$3.1 million was mainly due to decrease in deposit and certain other receivable was transferred to available-for-sales financial assets.

### Non-Current Assets

Non-current assets decreased by \$6.1 million were mainly attributable to the followings:

- (i) Decrease in property, plant and equipment of \$3.5 million mainly due to depreciation.
- (ii) Decrease in available-for-sales financial assets of \$2.9 million mainly due to repayment of funds.

### Current Liabilities (excluding borrowings)

Increase in trade payables of \$13.3 million was in line with increase in business activities in the current period.

### Total Borrowings

Increase in total borrowings of \$7.8 million was in line with increase in business activities in the current period.





**RYOBI KISO HOLDINGS LTD.**  
(Incorporated in the Republic of Singapore)  
Company Registration No. 200803985D

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

The current results are in line with the commentary in paragraph 10 of the First Quarter 2016 Results Announcement dated 6 November 2015 as well as the SGXNET announcements released by the Company on 15 January 2016 and 16 January 2016.

- 10. A commentary at the date of the announcement of the significant trends and 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**

#### **Outlook**

According to BCA media release on 15 January 2016, construction demand from the private sector this year is expected to slow down from previous years due to less favourable economic conditions and an increased supply of completed private housing projects and offices. However, this is supported by a higher construction demand from the public sector, largely due to an increase in civil engineering demand.

The Group expects public infrastructure projects would be the key support for construction sector in 2016. However, external factors such as keen competition and the tight labour market will continue to add pressure on the Group's performance. Therefore, the Group will remain cautious about the local and regional markets where it operates and will continue to strive to more secure projects.

The Group's net order book as at 31 December 2015 stood at \$135.3 million, comprising public infrastructure projects, public housing projects, residential projects, commercial and institutional projects, as well as geoservices.

- 11. If no dividend has been declared (recommended), a statement to that effect.**

No interim dividend for the six months ended 31 December 2015 is recommended (31 December 2014: Nil).

## 12. Interested Persons Transactions

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. The following is the aggregate value of all transactions with interested persons for the second quarter and six months ended 31 December 2015:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	
	3 months ended 31 December 2015 \$'000	6 months ended 31 December 2015 \$'000
HL Suntek Insurance Brokers Pte Ltd <sup>(1)</sup> - Insurance expense	188,697	442,565

**Note:**

(1) Mr Lee Yiok Seng, Chairman and Non-Executive Director of the Company, is a director of HL Suntek Insurance Brokers Pte Ltd.

## 13. Negative Confirmation of Interim Financial Results Pursuant to Rule 705(5) of the SGX-ST Listing Manual

The Directors of the Company confirm that to the best of their knowledge, nothing has come to attention of the Board of Directors which may render the unaudited financial statements of the Company and the Group for the Second Quarter and Six Months ended 31 December 2015 to be false or misleading, in any material aspect.

## 14. Undertakings from Directors and Executive Officers Pursuant to Rule 720(1) of the SGX-ST Listing Manual.

The Company confirmed that it had procured undertakings from all Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1).

**By Order of the Board**  
**Ong Tiong Siew**  
**Chief Executive Officer and Executive Director**  
**2 February 2016**