RYOBI KISO HOLDINGS LTD.



TRANSFORMATIONS IN SINGAPORE & BEYOND

ANNUAL REPORT 2015



CONTENTS

01 Corporate Profile
02 Chairman's Statement
04 CEO's Statement
07 Corporate Information
08 Group Structure
09 Financial Highlights
10 Board of Directors
12 Key Management
14 Our Business
18 Corporate Social Responsibility
19 People Development and Workplace Safety Management
20 Investor Relations
21 Risk Factors and Risk Management
23 Financial Contents





CORPORATE PROFILE

As one of the leading ground engineering solutions providers in Singapore, Ryobi Kiso is principally engaged in bored piling, eco-friendly piling and geoservices.

Ryobi Kiso has built a strong portfolio comprising many prominent projects from different sectors and a diverse clientele base over the years. Underpinned by our quality products and services, we have developed strong rapport and relationships with our clientele, many of whom are our loyal customers.

Our strengths lie in the dynamic synergy between ourselves and our clients based on forward planning, innovative solutions and an uncompromising focus on quality and excellence.



CHAIRMAN'S STATEMENT



"The Group believes that the demand for construction activities in Singapore will be driven by infrastructure and public projects."

Dear Shareholders,

I am delighted to present to you the Annual Report of Ryobi Kiso Holdings Limited ("Ryobi Kiso" or "the Group") for the financial year ended 30 June 2015 ("FY2015").

FY2015 has been a challenging year with uncertainties in the global economy and geo-political pressures. The construction industry in SIngapore continued to face tightening labour supply and increased price competition.

Financial Performance

Ryobi Kiso's revenue grew by 27.8% from S$140.2 million in FY2014 to S$179.1 million in FY2015 and the Group registered a profit this year. The Group's ability to secure contracts within the industry remains strong.

In view of the continuing trends of tightening labour supply, increasing cost and a competitive environment in the construction industry, the Group's strategy was focused on pursuing projects with higher value and margin. Over the years, the Group has strived to improve productivity and our results have shown that we were able to continuously improve cost control through better management of operations and working capital.



Property Development and Investment

Our Group will continue to adopt a prudent approach in our property development and investment business. In Singapore, together with our partners, we invested in the Lake Life Executive Condominium project in the Jurong District. This project has sold 98% of its units to-date. In the United Kingdom, we have taken a stake in Hotel ibis Styles London Kensington, and the occupancy rate of the hotel has been good. Ryobi Tech Hub, our industrial property near Ho Chi Minh City, Vietnam was fully leased and has performed well.

Moving Ahead

Ground engineering will continue to be Ryobi Kiso's main revenue contributor. The Group believes that the demand for construction activities in Singapore will be driven by infrastructure and public projects and we will be actively participating in various tender bids. The Group is committed to securing more contracts in order to further enhance our performance.

Operationally, the general business environment is expected to remain challenging with increasing cost pressures. We will continue to streamline our processes and strengthen our operations to position ourselves to be ready for an eventual upturn in the market. In terms of our property development and investments, Ryobi Kiso will leverage on the strength of its partners to venture into new projects while it seeks to build up its property development and investment capabilities.

Dividend

The Board of Directors (the "Board") is pleased to recommend a final dividend of 1 (one) Singapore cent per share to reward our shareholders for their continued trust and support.

Words of Appreciation

On behalf of the Board and Management of Ryobi Kiso, we would like to thank our shareholders for showing continued confidence and support to the Group. We also like to extend our deep appreciation to our staff, management, business associates and partners for their commitment and contribution to the Group.

We look forward to your continued support in the years ahead. Thank you.

Lee Yiok Seng
Chairman and Non-Executive Director



CEO'S STATEMENT



"The strong contribution from the Singapore market has again re-affirmed the Group's good standing in the local market while it keeps up its expansion efforts beyond the shores of Singapore."

Dear Shareholders,

FY2015 Financial Review

The macro business environment has continued to remain arduous in FY2015, with Ryobi Kiso Holdings Ltd ("Ryobi Kiso" or the "Group") being no exception. The tightening of labour supply and the introduction of various property cooling measures have put further pressure on an already highly competitive industry landscape. This has impacted the Group's performance in the current financial year. Nevertheless, the Group managed to secure several notable projects on the back of robust public projects in Singapore, boosting its revenue by 27.8% from S$140.2 million in FY2014 to S$179.1 million in FY2015.

Additionally, the Group's gross profit improved 62.2% from S$16.1 million in FY2014 to S$26.1 million in FY2015 on the back of increased profit margins experienced in its core Singapore market. Gross profit margin grew from 11.5% in FY2014 to 14.6% in FY2015 over the same period. Consequently, the Group has reversed from a net loss position of S$7.2 million in FY2014 to a net profit of S$0.8 million in FY2015. For FY2015, the depreciation of the Austalian Dollars had resulted in an exchange loss of S$1.5 million, otherwise the Group would have reported higher level of net profit.

Operational Highlights

Segmentally, Bored Piling remained as the Group's main revenue contributor in FY2015, amounting to S$126.1 million or 70.4% of the total revenue. For the same period,



revenue from Eco-friendly Piling, Geoservices, System Engineering and Process Automation as well as Property Investment added S$53.0 million to the Group's revenue base, representing 29.6% of the total revenue.

Some of the ground engineering projects undertaken by Ryobi Kiso during FY2015 include:

Infrastructure

- Deep Tunnel Sewerage System (DTSS) Phase 2
- East-West Transmission Cable Tunnel Contract EW1
- Jurong Island Westward Extension
- Marina South MRT Station and Tunnel for Thomson Line
- Substation at Tembusu Avenue, Jurong Island
- Tuas Terminal Phase 1 Reclamation
- Tuas View Extension Area A2
- Perth City Busport, Wellington Street, Western Australia
- Roy Hill Rail Bridges at Port Hedland, Western Australia

Public Housing

- HDB Bukit Batok N3 C13
- HDB Dawson C6 and C7
- HDB Hougang N9 C18
- HDB Jurong West N7 C15
- HDB Kallang Whampoa C21
- HDB Punggol West C32, C33, C34 and C40
- HDB Sembawang N3 C8
- HDB Sengkang N3 C28

Private Residential

- Ascent456 at Balestier
- Bijou@Pasir Panjang
- Commonwealth Towers
- Goodwood Grand
- Highline Residences at Kim Tian Road
- Kallang Riverside at Kampong Bugis
- Kingsford Waterbay at Upper Serangoon View
- The Panorama at Ang Mo Kio
- Saville@Cheras, Kuala Lumpur, Malaysia
- Viridian China Green, Perth, Western Australia

Commercial and Institutional

- Project Jewel, Changi Airport
- Second NEWater Plant, Changi
- Singapore Chinese Cultural Centre
- Universiti Kebangsaan Malaysia, Selangor, Malaysia
- The ONE at Ben Thanh, Ho Chi Minh, Vietnam
- Capital Square, Perth, Western Australia

In FY2015, Singapore continued to be Ryobi Kiso's top geographical revenue contributor, amounting to S$137.6 million or 76.8% of the Group's total revenue. This is a 23.3% increase from the S$111.6 million in the preceding year. The strong contribution from the Singapore market has again re-affirmed the Group's good standing in the local market while it keeps up its expansion efforts beyond the shores of Singapore.



CEO'S STATEMENT

Revenue contribution from the Group's overseas markets such as Australia, Malaysia and Vietnam also grew from S$28.6 million in FY2014 to S$41.5 million in FY2015, representing an increase of 45.2%.

The Group's net book order as at 30 June 2015 stood at S$180.0 million, comprising ground engineering projects from public infrastructure, public housing, private residential, commercial and institutional sectors.

Property Investment

The Group foresees significant growth opportunities in the overseas property market and have made investments to capitalise on them.

One of the Group's investment is an effective 15% stake in Hotel ibis Styles London Kensington, United Kingdom. It had commenced operations and achieved a good occupancy rate. The Group had also entered into another joint venture during the year to re-develop a property at 28-36 Glenthorne Road, London, United Kingdom.

In Vietnam, the Group has fully leased out its Ready-Built Factory Units in Ryobi Tech Hub. In the local Singapore market, Ryobi Kiso has participated in an executive condominium project, Lake Life at Yuan Ching Road, with an impressive 98% of the units sold to date.

Dividend and Shares Buyback

The Group remains committed to continuously reward shareholders for their unwavering support. The Board of Directors has proposed a final dividend of Singapore 1 (one) cent per share (post consolidation) for FY2015 which will be voted upon by the shareholders during the Group's upcoming Annual General Meeting. As the Group had completed its Share Consolidation exercise on 13 August 2015, this final dividend for FY2015 is calculated based on the number of post consolidation shares of 296,649,136 ordinary shares (excluding treasury shares). In addition, the Group had also performed several Shares Buyback in the open market during the year to provide another avenue of returning value to its shareholders.

In Appreciation

On behalf of the Board of Directors, I will like to thank our shareholders for your confidence and trust in Ryobi Kiso and the management's vision for the Group. We will continue to work hard and focus on delivering value to all our shareholders in the years to come.

To our customers and business associates, your invaluable support has been very crucial to the accomplishments that we see today. We look forward to many more years of partnership and collaboration.

It is also my distinct honor to share that we celebrated the 25th anniversary of our main subsidiary, Ryobi Kiso (S) Pte. Ltd. on 27 August 2015. We started our journey in 1990 and have come a long way to become what we are today.

Lastly, we will like to extend our gratitude to our management team and our valued staff and take this opportunity to acknowledge their contributions made for the betterment of the Group. Together we will establish a wider footprint for the "Ryobi Kiso" brand name in the international market.

Thank you.

Ong Tiong Siew
Chief Executive Officer and Executive Director



CORPORATE INFORMATION

Board of Directors

Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng *(Chairman and Non-Executive Director)*
Ong Tiong Siew *(Chief Executive Officer and Executive Director)*
Ong Teng Choon *(Executive Director)*
Lai Chin Yee *(Lead Independent Director)*
Dr Lau Teik Soon *(Independent Director)*

Audit Committee

Lai Chin Yee *(Chairman)*
Lee Yiok Seng
Dr Lau Teik Soon

Nominating Committee

Dr Lau Teik Soon *(Chairman)*
Lee Yiok Seng
Lai Chin Yee

Remuneration Committee

Dr Lau Teik Soon *(Chairman)*
Lee Yiok Seng
Lai Chin Yee

Company Secretaries

Wong Chee Meng Lawrence, LL.B (Hons)
Tan Ghee Hwa, FCCA

Registered Office

58A Sungei Kadut Loop
Ryobi Industrial Building
Singapore 729505
Tel: +65 65060000
Fax: +65 65060003
Website: www.ryobi-kiso.com

Share Registrar

B.A.C.S Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544
Tel: +65 65934848
Fax: +65 65934847
Email: main@bacs.com.sg

Investor Relations

Capital Access Communications Pte. Ltd.
195 Pearl's Hill Terrace #02-16
Singapore 168976
Tel: +65 62207567/+65 62207728
Fax: +65 62207229
Contact: Edwin Lee/ Neo Aik Kee
Email: edwinlee@capitalaccess.com.sg/
aikkee@capitalaccess.com.sg

Auditors

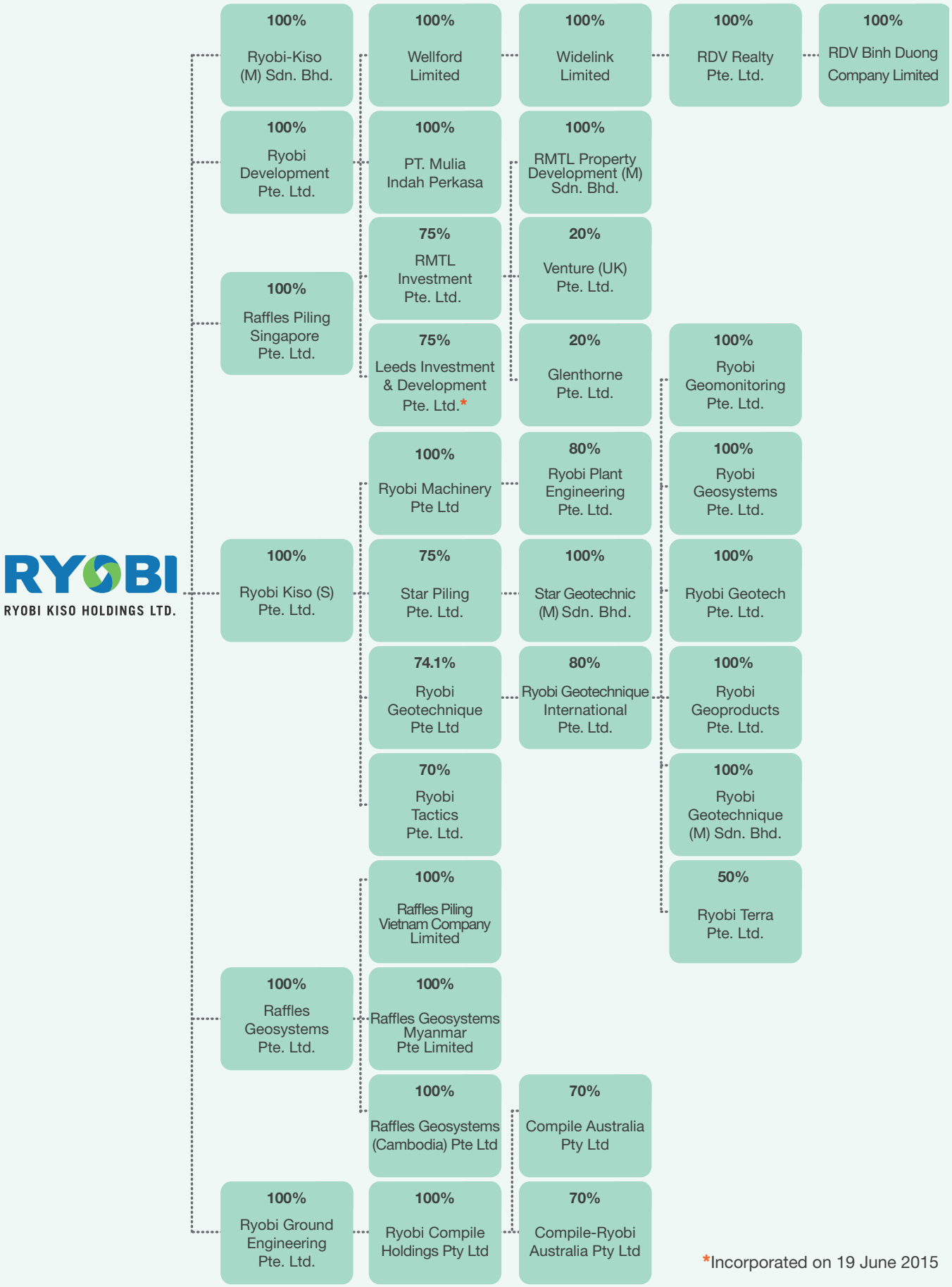
Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
Shaw Tower #30-00
Singapore 189702
Director-in-charge: Loh Hui Nee (Appointed since Financial Year Ended 30 June 2014)

Principal Bankers

CIMB Bank Berhad
DBS Bank
United Overseas Bank Limited



GROUP STRUCTURE



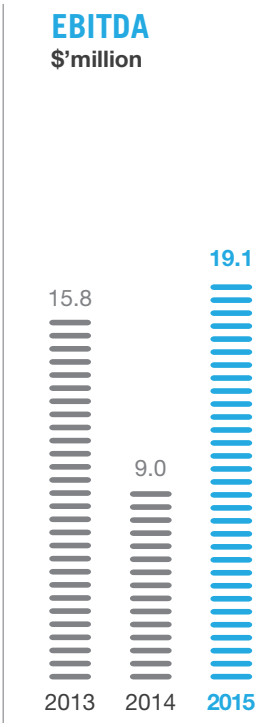
*Incorporated on 19 June 2015

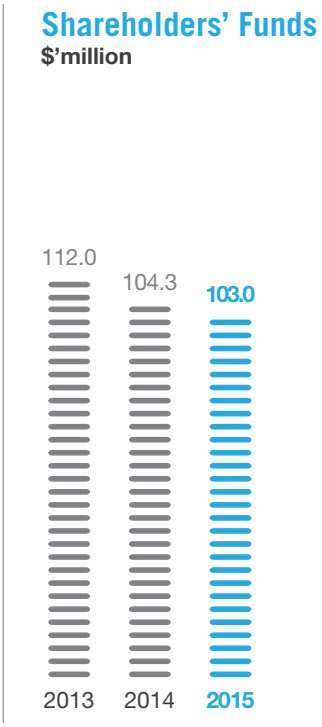
FINANCIAL HIGHLIGHTS

GROUP	FY2015 $'million	FY2014 $'million	FY2013 $'million
Revenue			
Bored Piling	**126.1**	105.5	125.5
Eco-friendly Piling, Geoservices and Others	**46.6**	31.6	26.9
System Engineering and Process Automation	**5.9**	2.9	2.8
Property Investment	**0.5**	0.2	-
Total Revenue	**179.1**	140.2	155.2
Gross Profit	**26.1**	16.1	22.4
Profit/(Loss) after Tax	**0.8**	(7.2)	0.8
EBITDA	**19.1**	9.0	15.8
Shareholders' Funds	**103.0**	104.3	112.0









- Bored Piling
- Eco-friendly Piling, Geoservices and Others
- System Engineering and Process Automation
- Property Investment



BOARD OF DIRECTORS



Mr Lee Yiok Seng, Age 75
Chairman and Non-Executive Director

Mr Lee was appointed as Chairman and Non-Executive Director on 7 December 2009. He is a member of the Remuneration Committee, Audit Committee and Nominating Committee. Mr Lee was a former elected Member of Parliament of the Republic of Singapore from 1972 to 1996, where he served in various capacities, including as a Senior Parliamentary Secretary in the Ministry of National Development and Ministry of Labour, the Chief Government Whip, Chairman of the Construction Industry Development Board and Chairman of Town Council. He is a Director of various companies in Singapore, People's Republic of China and Hong Kong.

Mr Lee graduated with a Bachelor of Science from the Nanyang University in Singapore.

Mr Ong Tiong Siew, Age 61
Chief Executive Officer and Executive Director

Mr Ong is a co-founder of our Group and was appointed as a Chief Executive Officer and Executive Director on 28 February 2008. He is responsible for the formulation of our Group's strategic direction and expansion plans, and the management of our Group's overall business development. He has more than 30 years of experience in the area of civil engineering and foundation business. Prior to forming Ryobi Kiso (S) Pte. Ltd. in 1990, Mr Ong was a merit Scholar of the Government of the Republic of Singapore and participated in feasibility studies, master planning and implementation of national infrastructure projects. He also worked in various construction-related companies, including QBS System Pte. Ltd., Chee Hup Construction Pte. Ltd., Soh Beng Tee Civil Engineering Pte Ltd, ECA Construction Pte Ltd and Kiso Engineering (S) Pte Ltd.

Mr Ong graduated with a Bachelor's Degree in Civil Engineering from the National University of Singapore and is a Fellow of the Institute of Engineers, Singapore.





Mr Ong Teng Choon, Age 56
Executive Director

Mr Ong was appointed as an Executive Director on 28 February 2008. He is in charge of the Procurement and Resources Planning Departments and is responsible for overseeing the procurement and resources planning which includes appointment of sub-contractors, allocation of resources, procurement of materials/equipment and logistics. He has more than 30 years of experience in the area of civil engineering and foundation business. He worked in various construction-related companies, including Kong Siong Construction Pte Ltd, ECA Construction Pte Ltd and Kiso Engineering (S) Pte Ltd.

Mr Ong graduated with a Bachelor's Degree in Civil Engineering from the National University of Singapore and is a senior member of the Institute of Engineers, Singapore.



Ms Lai Chin Yee, Age 49
Lead Independent Director

Ms Lai was appointed as our Lead Independent Director on 7 December 2009. She is the Chairman of the Audit Committee; and a member of the Remuneration Committee and Nominating Committee. She has more than 27 years of experience in auditing, taxation, finance and accounting and is currently the Finance Director of Qian Hu Corporation Limited, a company listed on the Singapore Exchange Securities Trading Limited (SGX-ST). Prior to joining Qian Hu Corporation Limited in 2000, Ms Lai was an auditor with international public accounting firms since 1987. She is also an Independent Director of Micro-Mechanics (Holdings) Ltd, a company listed on SGX-ST.

Ms Lai was appointed by the Ministry of Finance as a council member of the Council on Corporate Disclosure and Governance (CCDG) from December 2006 to August 2007. She also served as a member of the CFO Committee of the Institute of Singapore Chartered Accountants from May 2009 to April 2012.

Ms Lai graduated with a Bachelor's Degree in Accountancy from National University of Singapore. She is a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. In 2009, Ms Lai was named the Chief Financial Officer of the Year (for companies listed on SGX-ST with less than $300 million in market capitalisation) at the Singapore Corporate Awards.

Dr Lau Teik Soon, Age 76
Independent Director

Dr Lau was appointed as our Independent Director on 7 December 2009. He is the Chairman of the Remuneration and Nominating Committee; and a member of the Audit Committee. He is presently a partner of Lau & Chandra LLP, a firm of advocates and solicitors in Singapore. He has been in legal practice since 1998 when he was called as an Advocate and Solicitor by the Supreme Court of Singapore. He is also a Commissioner for Oaths. He has been involved in various areas of practice, including litigation in construction, commercial and contract law. He was an elected Member of Parliament of Singapore from 1976 to 1996 and an Associate Professor in the Department of Political Science, National University of Singapore between 1972 to 1995. He is also an Independent Director of a company listed on SGX-ST, namely Mun Siong Engineering Limited.

Dr Lau has the following academic qualifications: First Class Honours in History (University of Singapore), Doctor of Philosophy in International Relations (Australian National University), Second Class Honours in Law (University of London) and Barrister at Law (Lincoln's Inn, London).



KEY MANAGEMENT



Mr Wong Po Kwan
Chief Operating Officer

Mr Wong joined our subsidiary, Raffles Piling Vietnam Company Limited as General Manager in April 2010 and was promoted to Chief Operating Officer of our Group in September 2012. He oversees the operations, business development, commercial and contractual functions. He has over 30 years of working experience in Singapore and overseas. He worked in various companies, including Jurong International Consulting Pte Ltd, IPCO International Ltd, Fujita Corp., Asia Food & Properties Land Pte Ltd and SembCorp Engineers and Constructors Pte Ltd.

Mr Wong graduated with a Bachelor of Science (Honours) in Quantity Surveying from the University of Reading, United Kingdom.

Ms Tan Ghee Hwa
Director, Corporate Development



Ms Tan joined our Group as Chief Financial Officer in December 2007 and was promoted to Director of Corporate Planning, Human Resource and Administration in April 2009. She was re-designated to Director, Corporate Development in January 2011. She is responsible for our Group's corporate development, corporate communications and investor relations matters. She has over 30 years of working experience in the area of auditing, accounting and finance. She worked in various companies, including international public accounting firms and companies listed on SGX-ST such as KPMG LLP and ABR Holdings Ltd.

Ms Tan is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Singapore Chartered Accountants.



Mr Lau Chin Choo
Director, Commercial

Mr Lau joined our Group as a Contract Manager in March 2002 and was promoted to Assistant General Manager (Contracts) in August 2006. He was promoted to General Manager (Contracts) in May 2011. He was re-designated to Director, Commercial in January 2013. He is in charge of the Contracts Department and is responsible for overseeing the overall marketing and contracting functions. He has over 25 years of working experience in the area of construction and foundation business. He worked in various companies including Balken Piling (S) Pte Ltd, PSC Freyssinet (S) Pte. Ltd. and Econ Corporation Limited.

Mr Lau graduated with a Diploma in Civil Engineering from the Singapore Polytechnic and a Diploma in Financial Management from the Singapore Institute of Management.

Mr Thung Chun Heng
Director, Operations and Logistics



Mr Thung joined our subsidiary, Raffles Piling Singapore Pte. Ltd. as a Senior Project Manager in February 2010 and was promoted to Assistant General Manager in July 2010. He was re-designated to Director, Operations and Logistics of our Group in January 2013. He is in charge of the Technical, Project and Operation Departments and responsible for overseeing the overall project operations. He has over 25 years of working experience in the area of construction and foundation piling business. He worked in various companies, including Rhino Industries Sdn Bhd., L&M Foundation Specialist Pte. Ltd., Pilecon Pte. Ltd., Gammon Pte. Ltd., and Kian Tat Building Contractor Pte. Ltd..

Mr Thung graduated with a Bachelor's Degree in Civil Engineering (Class Two) Division One from the University of Leeds, United Kingdom, a Diploma in Civil Engineering from the Federal Institute of Technology, Malaysia and a Diploma in Business Administration from the Singapore Institute of Management. He is a Professional Engineer registered with the Institute of Engineers, Malaysia.

KEY MANAGEMENT

Mr Edwin Tan Chi Ming
Assistant General Manager, Operations



Mr Tan joined our subsidiary, Raffles Piling Singapore Pte. Ltd. as a Project Manager in May 2010 and was promoted to Assistant General Manager (Operations) in August 2013. He is in charge of the Technical, Project and Operation Departments and responsible for supporting the overall project operations. He has over 13 years of working experience in the area of construction and foundation piling business. He worked in various companies, including L&M Foundation Specialist Pte. Ltd..

Mr Tan graduated with a Bachelor's Degree in Civil Engineering from Nanyang Technological University.

OPERATION TEAM – Vietnam, Cambodia and Myanmar



Mr Lim Kok Hin
Chief Executive Officer, Raffles Piling Vietnam Company Limited

Mr Lim joined our subsidiary, Raffles Piling Vietnam Company Limited as Chief Executive Officer in April 2010. He was appointed as the Managing Director of Raffles Geosystems Myanmar Pte Ltd and Raffles Geosytems (Cambodia) Pte Ltd in June 2013. He is responsible for the overall strategy and project operations. He has over 30 years of working experience and served in the capacity as Project Director in various companies, including SembCorp Design and Construction Pte Ltd, Asia Projects Consultant Pte Ltd and SembCorp Engineers and Constructors Pte Ltd.

Mr Lim graduated with a Bachelor's Degree in Engineering and a Master of Science in Building from the National University of Singapore. He is a Professional Engineer registered with the Professional Engineers Board, Singapore.

Mr Ken Tan Juay Kuan
Group Financial Controller



Mr Tan joined our Group as Group Financial Controller in January 2015. He is currently responsible for the Group's accounting, finance, treasury and tax functions. He has over 20 years of working experience in the area of audit, accounting and taxation. Prior to joining the Group, Mr Tan held various senior financial positions in multinational corporations in the insurance broking industry.

Mr Tan graduated with a Bachelor of Accountancy degree from the National University of Singapore and a Master of Business Administration from the University of Birmingham. He is also a member of the Institute of Singapore Chartered Accountants.

OUR BUSINESS

Bored piling offers numerous benefits that are especially relevant to developing cities around the world.



BORED PILING

As a ground engineering solutions provider, bored piling is a key segment of our business. Bored piling is a conventional and modern technique for building a solid pile foundation for construction of various building types and structures. It is a process whereby steel circular casings are installed into the ground by the simultaneous process of drilling and soil removal. This is then followed by the concreting of the piles, which then forms a strong pile foundation for the structure. This process is usually used when soil replacement instead of soil displacement is required.

Bored piling offers numerous benefits that are especially relevant to developing cities around the world. In many of today's rapidly-developing cities, redevelopment and new construction works commonly require the use of bored piles. This is especially important when surrounding site conditions and adjacent structures require minimal vibration and noise. This method also offers considerable flexibility in pile length, ground and soil conditions, without the hassle of large excavation and subsequent backfill of soil.

Ryobi Kiso combines the strategic use of conventional and advanced hydraulic drilling rigs to carry out bored piling works according to the onsite soil composition, quality and project requirements.



ECO-FRIENDLY PILING, GEOSERVICES AND ENVIRONMENTAL PROTECTION ENGINEERING

To provide a comprehensive suite of ground engineering solutions, Ryobi Kiso engages in environmentally friendly piling ("eco-friendly piling") and geotechnical engineering services ("geoservices"). These cover a wide range of consultation, geotechnical monitoring as well as implementation of solutions designed to ensure environmental safety, minimizing impact and wastages in the process of construction, especially when performing foundation work.

At Ryobi Kiso, we embrace the importance of sustainability in construction today as we constantly advocate and employ eco-friendly piling methods in our projects. Reputed for our deep knowledge and expertise in environmentally sustainable practices and low pollution piling works, Ryobi Kiso champions the eco-friendly era.

Further complementing our suite of ground engineering services is our Environmental Protection Engineering services. Our Environmental Protection Engineering services are employed whenever there is a need to prevent the contamination of ground water beyond the polluted areas affected by industrial chemicals, products and waste. The cut-off walls or slurry diaphragm walls are used to segregate the protected and polluted areas, whereby the walls can serve to contain the contaminants within the specified area.

EXPANDING BEYOND SINGAPORE







Over the decades, Ryobi Kiso has established itself as a leading provider of ground engineering solutions in Singapore. Bringing our technical expertise, project experience and strong reputation overseas has been a key pillar of our growth strategy.

In the past few years, Ryobi Kiso had made in-roads into Australia, Vietnam and Malaysia. These regional markets present exciting opportunities due to the market potential for firms like Ryobi Kiso, which possesses strong technical capabilities. The Group was able to secure a gradual stream of projects in these countries and continues to explore new frontiers to seek out pockets of growth opportunities.

Beyond taking our ground engineering solutions into new markets, Ryobi Kiso has made investments in a number of overseas industrial and commercial property development projects such as the Ryobi Tech Hub in Vietnam and stakes in hotels in London, United Kingdom. These investments are made as part of a long-term strategy to diversify and balance our asset portfolio.




ibis
STYLES
London Kensington


ÔNG TY TNHH SANDENKI VIỆT NAM




ASCENDAS

CORPORATE SOCIAL RESPONSIBILITY

Environment

Ryobi Kiso is committed to the protection of the environment, in the course of providing our services. This firm belief for sustainable engineering has been crucial to us since our inception. Ryobi Kiso is a firm advocate of eco-friendly piling methods, constantly promoting the need for environmental friendly practices to its employees and customers.

Throughout our long history to reduce environmental impacts to a minimum, Ryobi Kiso deploys a wide range of eco-friendly ground engineering solutions. Some of these methods translate into an efficient piling process with minimal pollution, reduced noise and vibration levels as well as raw materials optimization and lower amount of soil removal/disposal. We have also obtained the ISO 9001:2000 Quality Management system for Geotechnical Design and Piling Installation Services and ISO 14001:2004 for environmental management system certification.

Ryobi Kiso will keep up with our relentless pursuit of eco-friendly piling methods, proposing and implementing more eco-friendly technologies and construction processes that will minimise pollution and other adverse impacts to the environment.

Community

As part of Ryobi Kiso's ongoing outreach to the community, the Group was honored to have participated in a charity program, the "50 for 50" organized by The Social Co in collaboration with Enterprise 50 Association. The program aimed to raise funds for a number of charities from corporate sponsors such as Ryobi Kiso. Specifically, for this charitable program, the Group sponsored 365 Cancer Prevention Society and Children's Aid Society.

Emphasis has always been placed on the less privileged in the society, as Ryobi Kiso strongly believes in people empowerment, regardless of their social standing. In order to achieve this objective, Ryobi Kiso had explored several partnership opportunities during the year to work with the local communities on various welfare programs. Going forward, the Group will continue to seek out more suitable community involvement programs.

"Ryobi Kiso will keep up with its relentless pursuit of eco-friendly piling methods, proposing and implementing more eco-friendly technologies and construction processes."



PEOPLE DEVELOPMENT AND WORKPLACE SAFETY MANAGEMENT

Human capital is the key to any company's success in today's dynamic and challenging business environment. At Ryobi Kiso, people are our greatest assets and we are committed to providing each individual the opportunity to develop and grow. As such, we place great emphasis on supporting the professional growth of our employees and have identified various learning programs as well as training courses to help our employees to develop the necessary skills, competencies and behaviors to handle increasingly complex challenges at work as well as for their personal development. Other than learning and development opportunities, we have also put in place avenues for regular feedback as well as talent management programs for key position holders.

Talent is critical to Ryobi Kiso's current and future success, and we have a process in place to identify and nurture key management and leaders. As part of our succession planning, we actively identify and groom potential leaders amongst our staff and put these selected individuals through structured mentorship and external leadership programs.

The Group has been active in participating in jobs fairs organised by tertiary and vocational institutions and advertised in relevant publications in order to attract more talents to pursue a career with Ryobi Kiso. Over the years, the Group has regularly collaborated with both local and international universities to provide internship programs for their undergraduates.

In addition to people development, the Group also places great emphasis on workplace safety, especially in the crucial area of occupational health and safety. Ryobi Kiso is certified under OHSAS 18001:2007, an internationally recognised assessment specification for occupational health and safety management systems. This rigorous framework allows the Group to consistently identify and control its health and safety risk and reduce potential accidents at our work sites. Some of the initiatives that have been put in place to create a safe work environment and ensure compliance with government safety regulations include:

- Ensuring employees are adequately trained and well equipped to carry out their tasks safely;
- Performing risk analysis on work process to minimize risk of accidents;
- Having clearly defined roles and responsibilities in relation to safety guidelines;
- Better emergency preparedness through regular safety drills;
- For all safety issues, there are regular periodic review and discussions on Group's safety targets, as well as remedial actions and preventive measures for near-miss incidents;
- Create awareness amongst staff through clear and timely communication on safety issues and precautionary measures; and
- Reward and recognition schemes for employees who have shown initiatives in health and safety issues

Other than ensuring that our employees are able to work in a safe and incident-free environment, these initiatives also help to reduce loss of man-hours as well as increase productivity.



INVESTOR RELATIONS

The Group's key priority in Investor Relations ("IR") function is to maintain a consistent level of two-way communication with its numerous stakeholders that include the investment community, media and the general public. We place strong emphasis on openness, fairness and timeliness in the communication process which we believe will ultimately allow the Group to achieve fair valuation in the long run.

The IR function is headed by Ms Tan Ghee Hwa, Director, Corporate Development and assisted by Mr. Ken Tan, Group Financial Controller and an external IR firm, Capital Access Communications Pte. Ltd.

Ryobi Kiso has put in place a series of communication processes that ensure all material information are disseminated in a timely and effective manner. Additionally, the Group emphasizes the need for all relevant content to be written clearly and concisely in order to enhance public understanding.

As communication is a two-way channel, Ryobi Kiso treasures every feedback from its stakeholders and looks forward to any opportunities that enable the Group to listen and explain to its shareholders its strategies and market outlook.

Some of the Group's key IR activities and practices include:

- Posting timely results announcement that emphasizes high financial reporting standards, responsible disclosures on significant business developments;
- Providing detailed information on business strategies, operational development and financial results in our Annual Report;
- Seeking opportunities to profile the Group in the business and financial media, so as to achieve broader market understanding of our strategies, vision, capabilities and the depth and diversity of our portfolio;
- Interacting regularly with research analysts, fund managers and shareholders;
- Giving the shareholders and investors access to a wider spectrum of views associated with the Group by having coverage from Voyage Research Pte Ltd, an independent research firm;
- Keeping our shareholders and interested parties abreast of our latest announcements by utilizing ShareInvestor.com's email alerts service; and
- Maintaining an informative corporate website (www.ryobi-kiso.com) which includes a comprehensive IR section that is updated with the Group's latest announcement, corporate information and IR contact points.



RISK FACTORS AND RISK MANAGEMENT

Introduction

At Ryobi Kiso, risk management is an integral part of the management of our Group's business. It involves identifying risks, setting policies and mitigation plans, which will be reviewed regularly by our Board to respond to changing market conditions and business activities of our Group. Ryobi Kiso places great emphasis on strengthening its risk management framework to provide reasonable assurance that risks are minimised.

Our Board has the overall responsibility to ensure that our Group has the capabilities to manage and control the risks in new and existing businesses. Within the risk management framework set by our Board, individual business units are responsible for their day-to-day identifying, managing and monitoring of related risks and the effectiveness of their operations.

Market Risk

Besides having extensive operations in Singapore, the Group also has operating subsidiaries in countries such as Vietnam, Malaysia and Australia. These subsidiaries are exposed to changes in government regulations and unfavourable political developments, which may limit the realisation of business opportunities and investments in those countries. In addition, the Group's business operations are exposed to economic uncertainties that continue to affect the global economy and international capital markets. While these circumstances may be beyond our control, the Group consistently keep ourselves up-to-date on the changes in political and industry regulations so as to be able to anticipate or respond to any adverse changes in market conditions in an efficient and timely manner.

Business Risk

The construction industry is highly competitive. We will be impacted by the entry of new players and existing competitors who compete at lower rates. In responding to intense competition, innovation remains a key ethos within the Group. Hence, the Group continues to explore innovative and customised solutions that help our customers improve efficiency while already having a leading edge in eco-friendly piling technology.

The Group's performance is also affected by the continuity and value of order book for new projects. The nature of the business undertaken by the Group is generally on a project basis and of a non-recurring nature. Hence, a degree of volatility is expected.

To maintain stability of contract flow, the Group maintains a strong track record of successful projects and excellent working relationships with developers, main contractors and project consultants. These help us to continually secure new contracts.

Fluctuations in cost or shortage of supply of key raw materials, e.g. concrete and steel bars, equipment and/or labour affect the Group's performance. Factors contributing to these fluctuations or shortage will affect the Group, should the Group be unable to pass on increase in costs to customers or find alternative sources of cheaper supplies.

To reduce cost fluctuation and supply shortages, the Group has established long-standing business relationships with certain suppliers. This enables the Group to purchase supplies in bulk and negotiate for more competitive pricing for the supply of raw materials.



RISK FACTORS AND RISK MANAGEMENT

Operational Risk

The Group experiences risks which are common and inherent to the industry which the Group participate in. The following are some of the Operational Risks which had been identified and mitigation measures implemented to reduce the impact of these risks:

- **Human Capital Risk**

  The industry relies heavily on foreign work force. The recruitment of this is subjected to regulations which are evolving due to the Government effort to reduce reliance on foreign work force. This will have a financial bearing on the Group operation. In order to mitigate this, the Group has implemented system and technology to increase our productivity and streamline the operation processes.

  In order to retain key employees, the Group is continuously reviewing their remuneration packages so as to provide them with benefits that are comparable to other organizations. The Group has implemented a mentorship programme to enhance employee's professional development and personal growth.

- **Contract Risk**

  The tenders and quotations submitted by the Group to developers or main contractors of projects are determined after evaluating all related costs including pricing from suppliers and sub-contractors. Unforeseen circumstances such as adverse weather conditions, unanticipated constraints at worksite, may arise during the course of construction and factors that could increase the budgeted cost or other costs that were not previously factored into the contract value, will result in cost overrun that may have to be borne by the Group.

  The Group has implemented a cost monitoring and control regime to mitigate the risk of cost overrun. This is to ensure that cost can be controlled and timely remedial response can be activated to control the impact of such overrun.

- **Work Safety**

  The operations of the Group may encounter accidents or mishaps at our project construction sites or storage yards, which could cause injury to our workers, damages to equipment and properties and threaten the continuity of our operations. In an effort to mitigate this, the Group consistently identify and control our health and safety risks, reduce potential accidents, ensure legislative compliance and improve overall performance.

  The Group has a comprehensive Integrated Management Manual and Integrated Procedure Manual to ensure works are executed in a safe manner. A Safety Team is formed to perform risk analysis of our processes and to monitor the compliance of all relevant authorities' and in-house regulations. Our principal subsidiary has been certified under the internationally recognised assessment specifications for occupation health and safety management systems - OHSAS 18001:2007.



FINANCIAL CONTENTS

24 Corporate Governance Report

41 Director's Report

44 Statement by Directors

45 Independent Auditor's Report

47 Statements of Financial Position

48 Consolidated Income Statement

49 Consolidated Statement of Comprehensive Income

50 Consolidated Statement of Changes in Equity

51 Consolidated Statement of Cash Flows

53 Notes to the Financial Statements

120 Statistics of Shareholdings

122 Notice of Annual General Meeting

Proxy Form



CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Ryobi Kiso Holdings Ltd. (the "Company") together with its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance by complying with the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") issued in May 2012.

This report describes corporate governance processes and activities of the Group with specific reference made to the principles and guidelines of the Code. Unless otherwise stated, these practices were in place throughout the financial year ended 30 June 2015.

THE CODE

The Code is divided into four main sections:

(A) Board Matters

(B) Remuneration Matters

(C) Accountability and Audit

(D) Shareholder Rights and Responsibilities

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board oversees the business affairs of the Group. The Board carries out this oversight function by assuming responsibility for effective stewardship and corporate governance of the Company and the Group.

The key roles of the Board are:

- guide the formulation of the Group's overall long-term strategic plans and performance objectives as well as operational initiatives;
- establish and oversee the processes of evaluating the adequacy of internal controls; risk management, financial reporting and compliance;
- ensure management discharges business leadership and management skills with the highest level of integrity;
- approve annual budgets, major funding proposals, investment and divestment proposals;
- consider sustainability issues of policies and proposals; and
- assume responsibility for corporate governance.

Board Committees

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Board Committees. The Board Committees consist of Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These Board Committees operate under clearly defined terms of reference established by the Board. These terms of reference are reviewed on a regular basis, along with the structures and membership of the Board Committees, to ensure their continued relevance with the Code. The Chairman of the respective Board Committees will report to the Board on the proceedings of the Board Committee meetings and their recommendations on the specific agendas mandated to the Board Committees by the Board.

CORPORATE GOVERNANCE REPORT

Matters which are specifically reserved to the Board for decision are those including but not limited to corporate plans and budgets, material acquisitions and realisations of assets, share issuances, dividends and other returns to shareholders of the Company. The Management is responsible for the day-to-day operations and administration of the Group and the Management is accountable to the Board. Clear directions have been given out to the Management that such reserved matters must be approved by the Board.

The Board conducts regular Board meetings, with at least four (4) Board meetings scheduled on a quarterly basis to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions of the Group. The Board held four (4) meetings during the financial year ended 30 June 2015. The Company's Articles of Association allow a meeting of Board or Board Committees to be conducted by means of a telephone conference or similar communication equipment pursuant to which all Directors participating in the meeting are able to hear each other, without the Directors being in physical presence in the meeting.

The attendance of the Directors' and Board Committees' meetings held during the financial year ended 30 June 2015 is as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Number of Meeting		Number of Meeting		Number of Meeting		Number of Meeting	
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Lee Yiok Seng	4	4	4	4	1	1	2	2
Ong Tiong Siew	4	4	4	4*	1	1*	2	2*
Ong Teng Choon	4	4	4	4*	1	1*	2	2*
Lai Chin Yee	4	4	4	4	1	1	2	2
Lau Teik Soon	4	4	4	4	1	1	2	2

** By invitation*

Notwithstanding the above disclosures, the Board is of the view that the contribution of each Director should not be focused only on his/her attendance at meetings of the Board and/or Board Committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experiences and strategic networking relationships which would further the interests of the Group.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board and/or Board Committee members.

Key new releases issued by Monetary Authority of Singapore, Singapore Exchange Securities Trading Limited (the "SGX-ST"), Accounting and Corporate Regulatory Authority (the "ACRA") and/or such relevant authorities or regulators which are relevant to the Directors are circulated to the Board on timely basis.

The Company Secretaries inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. The Company has on-going budget for all Directors to attend appropriate courses, conferences and seminars to enable them to stay abreast of relevant business developments and outlook of the Group.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board comprises five (5) Directors, of whom two (2) are Executive Directors and three (3) are Non-Executive Directors (including two (2) Independent Directors). The list of the Directors is as follows:

Executive Directors

Mr Ong Tiong Siew	Chief Executive Officer
Mr Ong Teng Choon	

Non-Executive Directors

Mr Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng ("Mr Lee Yiok Seng")	Chairman
Ms Lai Chin Yee	Lead Independent Director
Dr Lau Teik Soon	Independent Director

The profiles of each Director are set out on pages 10 and 11 of this Annual Report.

Two (2) out of the three (3) Non-Executive Directors, namely Ms Lai Chin Yee and Dr Lau Teik Soon, are considered independent by the Board at the recommendation of the NC pursuant to the definition of independence recommended by the Code, pursuant to which, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. Further, none of Independent Directors has served on the Board beyond nine years from the date of their first appointment.

The Board is satisfied that there is a strong and independent element on the Board as Independent Directors make up more than one-third of the Board, including our Lead Independent Director. The Independent Directors provide the Board with independent and objective judgement on the corporate affairs of the Group and together with the Non-Executive Director, have the necessary expertise and experience to assist the Board in decision-making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Group. The Non-Executive Directors have met without the presence of Management to discuss issues such as those in relation to internal control and audit report. Feedback is provided to the Chairman after such meetings.

The composition of the Board is reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience to enable management to benefit from a diverse perspective of issues that are brought before the Board. The NC adopts the Code's definition of what constitutes an Independent Director.

The Board has examined its Board size and is of the view that the current Board size is appropriate, taking into account the nature and scope of the Group's operations. The Board consists of respected individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary to the Group. The Board believes that their combined wealth and diversity of experiences enable the Board to contribute effectively to the strategic growth and governance of the Group.

Chairman and Chief Executive Officer

Principle 3: *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

The Group has established a clear division of responsibilities with clearly defined lines of reporting between the Board and executive functions of the Management of the Company's business.

CORPORATE GOVERNANCE REPORT

The roles and responsibilities of the Chairman and the Chief Executive Officer (the "CEO") are assumed by separate individuals to ensure an appropriate distribution of power within the Group. Mr Lee Yiok Seng is our Non-Executive Chairman and Mr Ong Tiong Siew is our CEO. In view of the fact that the Chairman and the CEO are related by close family ties, Ms Lai Chin Yee has been appointed as our Lead Independent Director pursuant to the Guideline 3.3 of the Code. Where a situation arises that may result in conflicts of interest, the Lead Independent Director together with the other Independent Director discharge their duties objectively and independently to ensure that the interest of minority shareholders are not prejudiced. Ms Lai Chin Yee, being the Lead Independent Director of the Company, is also available to shareholders where they have concerns, when contact through the normal channels of the Chairman, the CEO or the Group Financial Controller (the "GFC") has failed to resolve such concerns or when such normal channels of contact are inappropriate.

Hence, the Board believes that notwithstanding the close family ties between the Chairman and the CEO or the Management, the current composition of the Board is able to make objective and prudent judgement on the Group's corporate affairs. The Board is of the view that there are sufficient safeguards and checks put in place to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence.

The Chairman, who is a Non-Executive Director, oversees the Group's corporate governance structure and conduct, in particular, the effective functioning of the Board and Board Committees. The Chairman also ensures that shareholders' questions and concerns are addressed properly at the general meetings of the Company. The Chairman is committed to act in the best interests of the Group and shareholders of the Company. The CEO leads the Management team by providing entrepreneurial leadership and strategic guidance on the operations of the Group. The CEO is responsible for the formulation of the Group's strategic direction and expansion plans and the management of the Group's overall business development as well as oversees the business operations and affairs of the Group.

The Chairman is assisted by the Company Secretaries or their representative to schedule and prepare agendas for Board meetings. The Chairman ensures that the members of the Board have the capability and authority to engage the Management in constructive views on various matters, including strategic issues and business planning. The CEO ensures quality and timeliness of information flow between the Board and the Management consisting of key management personnel of the Group

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC was formed in January 2010 and had adopted the written terms of reference duly established and approved by the Board. The NC held one (1) meeting during the financial year ended 30 June 2015. The NC comprises three (3) Non-Executive Directors, two (2) of whom, including the Chairman of the NC, are considered independent pursuant to the definition of independence recommended by the Code.

The members of the NC are:

Dr Lau Teik Soon	-	Chairman
Ms Lai Chin Yee	-	Member
Mr Lee Yiok Seng	-	Member

The Lead Independent Director, Ms Lai Chin Yee, is also a member of the NC. The key roles and authorities of the NC are:

- review, assess and recommend nominee(s) or candidate(s) for appointment or election to the Board, having regard to his/her qualifications, competency, principal commitments and whether or not he/she is independent and in the case of a re-appointment or re-election, to his/her contribution and performance;

- determine, on an annual basis or as and when circumstances require, if a Director is independent bearing in mind the circumstances set forth in Guideline 2.3 and 2.4 of the Code and any other salient factors;

CORPORATE GOVERNANCE REPORT

- assess the effectiveness of the Board as a whole;
- review and approve any new employment of related persons and the proposed terms of their employment;
- recommend to the Board re-appointment of Director who has reached the age of seventy (70) years; and
- recommend Directors who are retiring by rotation to be put forward for re-election at general meetings of the Company.

Each member of the NC shall abstain from making any recommendation or voting on any resolutions in respect of nomination for his/her re-appointment or re-election as a director and other matters concerning him/her except for providing information and documents specifically requested by the NC to assist it in its deliberations.

Article 91 of the Articles of Association of the Company requires the number nearest to but not less than one-third of the Directors for the time being to retire from office by rotation and subject themselves for re-election by shareholders at the annual general meeting (the "AGM") of the Company. It is also provided in Article 97 of the Articles of Association of the Company that any Director appointed during financial year shall hold office only until the next AGM and shall then be eligible for re-election at that AGM.

The dates of initial appointment and last re-election or re-appointment date of each Director are set out below:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election / re-appointment as Director
Lee Yiok Seng	Chairman and Non-Executive Director	7 December 2009	20 October 2014
Ong Tiong Siew	Executive Director	28 February 2008	24 October 2013
Ong Teng Choon	Executive Director	28 February 2008	24 October 2013
Lai Chin Yee	Lead Independent Director	7 December 2009	20 October 2014
Lau Teik Soon	Independent Director	7 December 2009	20 October 2014

Although the Non-Executive Directors hold directorships in other public listed companies, the NC is of the view that such multiple listed company board representations do not hinder them from carrying out their duties as Directors. Thus, the NC believes that putting a maximum limit on the number of listed company board representation which a Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

During the financial year ended 30 June 2015, Non-Executive Directors have contributed their invaluable views and provided a broader perspective on the board affairs of the Company. The NC, after taking into account the multiple board representations and principal commitments disclosed by each Non-Executive Director, is satisfied that each Non-Executive Director has allocated sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors of the Company.

The Board, unless circumstance warrants, generally do not encourage the practice of appointing alternate directors for Directors of the Board. During the financial year ended 30 June 2015, none of the Directors has put forward the appointment of any alternative director representing them on the Board.

The Board has accepted the recommendation of the NC's nomination of the re-election of retiring Directors, who have given their consent for re-election, at the forthcoming AGM of the Company. The retiring Directors are Mr Ong Tiong Siew and Mr Ong Teng Choon, who will retire pursuant to Article 91 of the Company's Articles of Association.

Section 153 of the Companies Act, Chapter 50, provides, inter alia, the office of a director of a public company shall become vacant at the conclusion of annual general meeting commencing next after he attains the age of 70 years. A person of or over the age of 70 years may by ordinary resolution passed at an annual general meeting of the company be appointed or re-appointed as a director of the company until next annual general meeting of the company.

CORPORATE GOVERNANCE REPORT

The Board has accepted the recommendation of the NC's nomination of the re-appointment of Mr Lee Yiok Seng and Dr Lau Teik Soon, who have given their consent for re-appointment, as Directors of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50, at the forthcoming AGM of the Company.

The Board, to the best of their knowledge, is not aware of any relationships (including immediate family relationships) between Directors retiring at the forthcoming AGM of the Company, namely Mr Ong Tiong Siew, Mr Ong Teng Choon, Mr Lee Yiok Seng and Dr Lau Teik Soon, and the other Director other than as follows: Mr Ong Tiong Siew and Mr Ong Teng Choon are brothers, and Mr Lee Yiok Seng is a brother-in-law of Ms Ong Huay Chin, sister of Mr Ong Tiong Siew and Mr Ong Teng Choon.

Other key information in relation to the retiring Directors at the forthcoming AGM of the Company pursuant to Guideline 4.7 of the Code is stated on pages 10 and 11 of this Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. The Board has also ensured that each Director, with his/her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has established a review process to assess performance and effectiveness of the Board as a whole following the conclusion of each financial year. The assessment criteria for board performance evaluation includes but not limited to board size and composition, board independence, board processes, board information, board accountability and standard of conduct.

For the financial year ended 30 June 2015, all Directors were requested to complete a board evaluation questionnaire designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The said board evaluation questionnaire were submitted to the Company Secretaries for collation and the performance result were presented to the NC for assessment before submitting the same to the Board for discussion and determining areas for improvement and enhancement of the Board's effectiveness.

The Board, after taking into consideration the recommendation of the NC, is satisfied that the each Director contributes towards the overall effectiveness of the Board during the financial year ended 30 June 2015.

No external facilitator has been engaged by the Company for the purpose of evaluation of the Board during the financial year ended 30 June 2015.

The NC is of the view that each Director contributes in different areas and overall success of the Group, and therefore, it would be more appropriate to assess the performance of the Board as a whole, than assessing on individual basis or on Board Committee basis.

Notwithstanding the foregoing, the performance and contribution of each Director to the Board and Board Committees would be taken into consideration by the NC before putting forward their recommendation on nomination for re- appointment or re-election of retiring directors at the forthcoming AGM of the Company.

The NC, when considering the re-appointment or re-election of any Director, had deliberated amongst others, the attendance record at meetings of the Board and Board Committees, the intensity of participation in the proceedings at meetings and quality of contributions made by each retiring director.

CORPORATE GOVERNANCE REPORT

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Directors have separate and independent access to the Management and the Company Secretaries at all times through electronic mail, telephone and face-to-face meetings. The Company Secretaries or their representatives will attend and prepare minutes of all Board and Board Committees meetings and assist the Directors to ensure that Board procedures, rules and regulations are complied with. The Management keeps the Directors informed of the Group's operation and performance through regular updates and reports as well as through separate meetings and discussions. The Management will present periodic reports and updates on the Group's performance, financial position, prospects and other relevant information for review at each Board and Board Committees meeting. In addition, all other relevant information on material events and transactions are circulated by electronic mail to the Directors for consideration and approval. The key management personnel may be invited to attend Board and Board Committee meetings to answer queries in relation to the Group's operations.

The appointment and removal of Company Secretaries is subject to approval of the Board.

The Board will seek independent professional advice as and when necessary to enable it (including the Independent Directors) to discharge their responsibilities effectively. Each Director has the right to seek independent legal and professional advice, at the Company's expense, to assist him/her in the furtherance of his/her duties and responsibilities in relation to any aspect of the operations or undertakings of the Group.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC was formed in January 2010 and had adopted the written terms of reference duly established and approved by the Board. The RC held two (2) meetings during the financial year ended 30 June 2015. The RC comprises three (3) Non-Executive Directors, two (2) of whom, including the Chairman of the RC, are considered independent pursuant to the definition of independence recommended by the Code.

The members of the RC are:

Dr Lau Teik Soon	-	Chairman
Ms Lai Chin Yee	-	Member
Mr Lee Yiok Seng	-	Member

The key roles and authorities of the RC are:

- review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment for each Director and key management personnel including but not limited to senior executives/ divisional directors/those reporting directly to the Director/Chairman/CEO and those employees related to the Executive Directors and controlling shareholders of the Group;

- function as the Committee referred to in Ryobi Kiso Share Award Schemes (the "RKSAS") and shall have all the powers as set out in the RKSAS; and

- carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

CORPORATE GOVERNANCE REPORT

As part of its review, the RC shall ensure that:

- all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, share-based incentives and awards, and benefits-in-kinds are covered;
- the remuneration packages should be comparable within the industry practices including those offered by comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures for assessing individual Director's and key management personnel's performance; and
- the remuneration package of employees related to Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities.

The RC, while carrying its review of remuneration matters, seeks to align interests of Directors with those of the shareholders and links rewards to corporate and individual performance as well as the roles and responsibilities of each Director. The RC also aims to be fair and avoid rewarding poor performance.

The recommendation of the RC would be submitted to the Board for endorsement. The RC is assisted by the Company Secretaries and Human Resource Department of the Group in carrying out the review of remuneration matters as and when necessary. External professional advice may be sought by the RC as and when required in furtherance of their duties and responsibilities. The Company has not engaged any remuneration consultant in respect of the remuneration matters of the Group during the financial year ended 30 June 2015.

Each member of the RC shall abstain from making any recommendation or voting on any resolutions in respect of his/ her own remuneration package and other matters concerning him/her, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

Level and Mix of Remuneration

Principle 8:	*The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

The annual reviews of the remuneration packages are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance in the Group, by taking into account the financial and commercial health and business needs of the Group. The performance of the Executive Directors and key management personnel is reviewed periodically by the RC and the Board respectively in conjunction with the review of their remuneration packages.

The RC will consider the recommendation of the Code to use contractual provision to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group before the implementation of long term incentive scheme.

The Non-Executive and Independent Directors do not have any service contracts with the Company. They receive Directors' fees, which take into account their level of contribution and responsibilities. The aggregate Directors' fees are recommended by the Board for approval by the shareholders at the forthcoming AGM of the Company.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprises primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits.

CORPORATE GOVERNANCE REPORT

Service contracts for Executive Directors are subject to a fixed appointment period of three (3) years with effect from 27 January 2010, the date when the Company is admitted to the Official List of the SGX-ST. The existing service contracts of the Executive Directors which had been due for renewal on 26 January 2013 had been extended to another period of three (3) years, subject to periodic review by the RC. The Executive Directors' remuneration packages consist of salary and incentive bonuses. The said Executive Directors are entitled to the personal use of Company's cars and reimbursement of expenses relating to the use of the cars. They are also entitled to benefits of membership of not more than two country clubs and the reimbursement of subscription fees and all expenses incurred in the use of such club memberships. Their service contracts will continue for a further term of three (3) years from 26 January 2013 unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on their last drawn salary. The RC is of the view that the Executive Directors' service contracts are not excessively long nor with onerous removal clauses.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown of the remuneration of the Directors, in percentage terms showing the level and mix, for the financial year ended 30 June 2015 falling within the broad bands are set out below:

Name of Director	Remuneration Band	Salary %	Bonus %	Other Benefits %	Directors' Fees %	Total %
Executive Directors						
Ong Tiong Siew	Above $500,000 and below $750,000	88.2	8.8	3.0	–	100
Ong Teng Choon	Above $250,000 and below $500,000	87.0	8.7	4.3	–	100
Non-Executive Directors						
Lee Yiok Seng	Below $250,000	–	–	–	100	100
Lai Chin Yee	Below $250,000	–	–	–	100	100
Lau Teik Soon	Below $250,000	–	–	–	100	100

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a basic salary. The variable component is in the form of a variable bonus that is linked to the Company's and individual's performance. Staff appraisals are conducted once every financial year. The Board will respond to any queries raised at the AGM of the Company pertaining to such policies. Accordingly, it is the opinion of the Board that there is no necessity for such policies to be approved by the shareholders.

Principle 9 of the Code recommends, inter alia, the full disclosure of remuneration of Directors and the top five (5) key management personnel (who are not Directors or CEO) together with remuneration breakdown in bands of $250,000 in annual report. The Board believes that the said remuneration disclosure requirements for Directors and key management personnel is disadvantageous to the Group's business interests, given the highly competitive industry conditions, where poaching of Directors and key management personnel is prevalent. Further, the Board is of the view that the total aggregate remuneration paid to the top five (5) key management personnel (who are not directors or the CEO) is not material as the total aggregate remuneration paid amounted to less than 5% of the total operating expenses of the Group.

There were three (3) key management personnel who received remuneration above $250,000 but below $500,000 and five (5) key management personnel received remuneration within the band of $250,000 for the financial year ended 30 June 2015.

Ms Tan Ghee Hwa, an Executive Officer who works for the Group as the Director, Corporate Development, is the sister-in-law of the spouse of the Executive Director, Mr Ong Teng Choon.

CORPORATE GOVERNANCE REPORT

Mr Ong Yee Khong, a director of a subsidiary of the Company, and the brother of the Executive Directors, Mr Ong Tiong Siew and Mr Ong Teng Choon, received remuneration which exceeded $50,000 for the financial year ended 30 June 2015. Save as disclosed, there is no employee of the Group who is an immediate family member of any Director or the CEO and whose remuneration exceeded $50,000 during the financial year ended 30 June 2015. The remuneration of the employees who are related to the Directors and the controlling shareholders shall be subject to an annual review of the RC.

Each member of the RC shall abstain from voting on any resolutions in respect of his/her remuneration package or that of employees related to him/her.

The RC also administers the RKSAS. The shareholders of the Company have approved and adopted the RKSAS on 13 January 2010. The RKSAS conforms to the requirements as set out in Chapter 8 Part VIII of the Listing Manual of the SGX-ST. The rationale for adopting the RKSAS is to give the Company greater flexibility to align the interests of employees, especially key management personnel, with those of the shareholders of the Company. It is also intended to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for the shareholders.

The details of the RKSAS are set out on pages 149 to 159 of the Prospectus dated 18 January 2010, and on page 42 of this Annual Report.

There have been no shares awarded pursuant to under the RKSAS during the financial year ended 30 June 2015.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board recognises that it has overall responsibility to provide a balanced and fair assessment of the Group's operations, performance, financial position and prospects in its audited financial statements and quarterly results announcements. The Management provides the Directors on a quarterly basis, financial reports and other information on the Group's operations, performance, financial position and prospects for their effective monitoring and decision-making. The Board provides the shareholders with quarterly results announcements and audited financial statements within statutory period stipulated by laws and regulations.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges the overall responsibility of the Board for the governance of risks and the overall risk management and internal control systems, but the Board recognises that no cost effective systems will preclude all errors and irregularities, as systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has empowered the Management to conduct reviews regularly on the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these significant business risks within the Group's policies and strategies. In addition, the AC engages the internal auditors to review the Group's processes and key areas, strengthen its risk management processes and framework, update and maintain an adequate and effective risk management and internal control systems and recommend measures of controls to mitigate risks. The internal auditors will report internal audit report to the AC, together with their recommendations. The Management will follow up on the internal auditors' recommendations so as to strengthen the Group's risk management procedures.

CORPORATE GOVERNANCE REPORT

Information relating to the risk management policies and processes are set out on pages 21 and 22 of this Annual Report.

On an annual basis, the internal auditors prepare the internal audit plan by taking into consideration the risks identified for approval of the AC and the internal audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Those material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. The said internal audit report is forwarded to the relevant departments for their follow-up action. The timely and proper implementation of all procedures requiring corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses on financial reporting, if any, highlighted by the external auditors during the course of the external audit, will also be rectified by the Management at the advice of the AC.

The Board has received assurance from the CEO and the GFC respectively that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances; and the Group's risk management and internal control systems in place is adequate and effective in addressing the material risks identified by the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the Group's risk management and internal control systems put in place, the internal controls policies and procedures established and maintained by the Group, as well as the reviews performed by the external auditors and internal auditors, the Board, with the concurrence of the AC, is of the view that the internal control systems and risk management system of the Group in addressing financial, operational, compliance and information technology risks are adequate and effective as at 30 June 2015.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC was formed in January 2010 and had adopted the written terms of reference established and approved by the Board. The AC held four (4) meetings during the financial year ended 30 June 2015. The AC comprises three (3) Non-Executive Directors, two (2) of whom, including the Chairman of the AC, are considered independent pursuant to the definition of independence recommended by the Code.

The members of the AC are:

Ms Lai Chin Yee	-	Chairman
Dr Lau Teik Soon	-	Member
Mr Lee Yiok Seng	-	Member

None of the AC members is a former partner or director of the Company's existing auditing firm or auditing corporation within a period of twelve months commencing on the date of his/her ceasing to be partner of the auditing firm or director of the auditing corporation; and in any case, a person having any financial interest in the auditing firm or auditing corporation.

The AC meets regularly with the Group's external auditors and the Management to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. The AC also reviews internal audit functions to ensure that an effective and adequate system of internal controls is maintained in the Group.

On a quarterly basis, the AC also reviews interested person transactions and quarterly results announcements before the submission to the Board for approval. The AC is kept abreast by the Company Secretaries, the Management and the external auditors in respect of changes to accounting standards, Listing Manual of the SGX-ST and other rules and regulations which could have an impact on the Group's business and financial statements.

The AC reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with Management, external and internal auditors before reporting to the Board annually.

CORPORATE GOVERNANCE REPORT

The Board considers that the members of the AC are appropriately qualified to fulfill their duties and responsibilities as the AC members, individually or collectively, bringing with them invaluable managerial and professional expertise in the financial, legal and industry domains.

The AC meets at a minimum, on a quarterly basis to perform the following functions:

- review whether the external and internal auditors have met the agreed audit plan, and understanding the reasons for any changes, including changes in perceived audit risks, and the work undertaken by the external and internal auditors to address those risks;
- review and report to the Board at least annually on adequacy and effectiveness of the Group's system of internal controls including financial, operational, compliance, information technology controls and risk management systems;
- review any announcements relating to the Group's financial performance;
- discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors, where necessary;
- review and discuss with the external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and seek Management's response;
- recommend to the Board with regards to selection, appointment, re-appointment, removal and resignation of the external and internal auditors;
- review interested person transactions to consider whether they are on normal commercial terms and/or prejudicial to the interests of the Company or its minority shareholders;
- review potential conflicts of interest;
- review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual report and if the findings are material, immediately announced via SGXNET;
- undertake such other reviews and projects as may be requested by the Board; and
- undertake such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST and by such amendments made thereto from time to time.

Each member of the AC shall abstain from making any recommendation or voting any resolution in respect of matters concerning him/her, if any, except for providing information and documents specifically requested by the AC to assist it in its deliberations.

The external and internal auditors have full access to the AC and the AC has full access to the Management. The AC has the authority to commission investigations on any matters, which has or is likely to have material impact on the Group's operating and financial results. The AC meets with the external and internal auditors without the presence of Management annually. The AC reviews the findings from the external and internal auditors and the assistance given to the external and internal auditors by the Management.

The AC annually reviews the adequacy of the internal audit function to ensure that the internal audit resources are adequate and that the internal audits are performed effectively. The AC examines the internal audit plans, determines the scope of audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function.

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.

CORPORATE GOVERNANCE REPORT

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, Messrs Nexia TS Public Accounting Corporation, which comprise tax advisory services, is satisfied that the nature and extent of such services will not prejudice and affect the independence and objectivity of the external auditors. The audit and non-audit fees paid/payable to the external auditors of the Company, Messrs Nexia TS Public Accounting Corporation, (including its associated firm) for the financial year ended 30 June 2015 were $153,268 and $46,779 respectively.

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as all subsidiaries of the Company in Singapore and joint ventures are audited by Messrs Nexia TS Public Accounting Corporation for the purposes of the consolidated financial statements of the Group.

The AC will undertake a review of the scope of services provided by the external auditors, the independence and the objectivity of the external auditors on annual basis. Messrs Nexia TS Public Accounting Corporation, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with ACRA and provided a confirmation of their independence to the AC. The AC had assessed the external auditors based on factors such as their performance, adequacy of resources and experience. Accordingly, the AC is satisfied that Rule 712 of the Listing Manual of the SGX-ST is complied with and has recommended to the Board that Messrs Nexia TS Public Accounting Corporation be nominated for re-appointment as external auditors at the forthcoming AGM of the Company.

The external auditors, during their course of external audit, will evaluate the adequacy and effectiveness of the Group's internal controls and report to the AC, together with their recommendations, on any material weakness and non-compliance.

In July 2010, the Singapore Exchange Limited and ACRA had launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the guidance.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is subject to shareholders' approval at the forthcoming AGM of the Company.

The Company has established a Code of Conduct and Business Ethics which applies to all employees of the Group. This code covers areas such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflicts of interest, etc. Directors, key management personnel and employees are expected to observe and uphold high standards of integrity which are in compliance with the Group's policies and the law and regulations of the countries in which the Group operates.

The Company has put in place the Whistle-Blowing Procedures, endorsed by the AC, which provides the mechanisms to provide a channel for employees to report, in good faith and in confidence, raise concerns or observations about possible fraud, corruption, dishonest acts, improprieties or wrongdoings in connection with Group, to Ms Lai Chin Yee, the Chairman of the AC. Details of the whistle blowing policies and procedures have been made available to all employees of the Group. It has a well-defined process which ensures independent investigation of such matters and appropriate follow-up action and provides the assurance that employees will be protected from reprisal within the limits of the law.

Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or requires, a report shall be made to the relevant government authorities for further investigation or action. The Group has not received any reported incidents pertaining to whistle-blowing for financial year ended 30 June 2015.

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal audit function of the Company has been out-sourced to Messrs KPMG Services Pte Ltd, an international public accounting firm, during financial year ended 30 June 2015. The internal auditors report primarily to the Chairman of the AC and have full access to documents, records, properties and personnel of the Company and the Group, and the AC.

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal auditors are suitably qualified and the audit function is adequately resourced and has appropriate standing within the Group.

The internal audit carried out is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA.

The internal audit plans and internal audit schedules are planned in consultation with the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. In addition, the internal auditors may be involved in ad-hoc projects undertaken by the Management which require the assurance of the internal auditor in specific areas of concerns.

During the financial year ended 30 June 2015, the internal auditors conducted its annual internal audit review and reported its findings and recommendations to the AC. The AC reviewed the adequacy and effectiveness of the key internal controls, including financial, operational, compliance and information technology controls and risk management on an on-going basis.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights
Communication with Shareholders

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of general meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in The Business Times and released through SGXNET. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated on and decided upon. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company will conduct voting for all resolutions tabled at the general meetings by poll in accordance with applicable rules of the SGX-ST and Articles of Association of the Company.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company provides that each shareholder is entitled to appoint up to two proxies to attend general meetings.

CORPORATE GOVERNANCE REPORT

The Company is firmly committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its shareholders' views and addressing their concerns.

All material information on the performance and development of the Group is disclosed through SGXNET, supplemented by press release and the Company's website. The Company does not practice selective disclosure of material information. Price sensitive announcements including quarterly and full year results announcements are released through SGXNET. Shareholders and investors can access essential information on the Company's website at www.ryobi-kiso.com which provides, inter-alia, corporate announcements, press releases and quarterly results announcements disclosed by the Company on SGXNET.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has a team of investor relations (the "IR") personnel who focus on facilitating the communications with all stakeholders including shareholders, analysts and media on a regular basis, attending to their queries or concerns as well as keeping the investors updated on the Group's corporate developments and financial performance. To enable shareholders to contact the Company easily, the contact details of the IR personnel are set out in the corporate information of this Annual Report as well as on the Company's website. The IR personnel will attend to investors' queries as soon as applicable.

The Company does not have a formal dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other relevant factors deemed relevant by the Board, including but not limited to the level of the cash and retained earnings; the actual and projected financial performance; the projected levels of capital expenditure and other investment plans; and the restrictions on payment of dividends imposed on the Group by any financing arrangements.

The Board has recommended tax exempt one-tier final dividend of 1.00 Singapore cents per ordinary share (post share consolidation) for the financial year ended 30 June 2015 for shareholders' approval at the forthcoming AGM of the Company.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company encourages active shareholders' participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions. If shareholders are unable to attend the meetings, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote for and on behalf of the shareholder.

Resolutions tabled at general meetings are on each substantially separate issue.

The Board views the general meetings as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the resolutions tabled for approval and/or ask the Directors or the Management questions regarding the Company and its operations.

At general meetings of the Company, shareholders are given the opportunity to air their views and ask the Directors and the Management questions regarding the Group. The Chairman of the AC, NC and RC are available at the general meetings to answer those questions relating to the function of the respective Board Committees.

The external auditors, Messrs Nexia TS Public Accounting Corporation are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the external audit and the preparation and content of the auditors' report.

To have greater transparency in the voting process, the Company will conduct the voting of all resolutions by poll at general meeting. The voting results of each of the resolutions tabled are announced immediately at the general meeting. The voting result, together with the total numbers of votes cast for or against the resolutions will be announced via SGXNET after the market close.

Minutes of general meetings will be made available to shareholders upon receipt of their request.

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

The Group has adopted its own Internal Compliance Code on dealing in securities by setting out its regulations with regard to dealings in the Company's securities by its Directors and officers, that is modeled, with some modifications, on Rule 1207(19) of the Listing Manual of the SGX-ST. The Group's Internal Compliance Code provides guidance for Directors and officers on their dealings in the Company's securities.

The Group's Internal Compliance Code prohibits the Directors and officers who have access to unpublished material price sensitive information from dealing in Company's securities. They are advised not to deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and one (1) month before the announcement of the Company's full year financial statements and ending on the date of the release of the announcement of such results via SGXNET, or when they are in possession of the unpublished price sensitive information of the Group. In addition, the Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short term consideration.

MATERIAL CONTRACTS

There were no material contracts to which the Company or any of its subsidiary, is a party and which involve the interests of the CEO, any Director or the controlling shareholder, subsisting at the end of the financial year ended 30 June 2015.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are properly reviewed and conducted at arms' length basis.

The following is the aggregate value of all transactions entered into with interested persons (as defined in Chapter 9 of the Listing Manual of the SGX-ST) for the financial year ended 30 June 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)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
	$'000	**$'000**
HL Suntek Insurance Brokers Pte Ltd[1] Insurance expense	701	–
Kiso Engineering (S) Pte Ltd[2] Waiver of interest expense	(339)	–
Mandarin Road Pty Ltd[3] Office rental expense	170	–

Notes:

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

CORPORATE GOVERNANCE REPORT

(2) Mr Ong Tiong Siew, Chief Executive Officer and Executive Director; Mr Ong Teng Choon, Executive Director and Ms Ong Huay Chin, substantial shareholder of the Company, are directors and shareholders of Kiso Engineering (S) Pte. Ltd.

(3) Mr Ong Tiong Siew, Chief Executive Officer and Executive Director of the Company, is a director and shareholder of Mandarin Road Pty Ltd.

The Company does not have any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

The Board and the AC will review transactions entered into with interested persons to ensure that the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST are complied with.

DIRECTORS' REPORT

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the statement of financial position of the Company as at 30 June 2015.

Directors

The directors of the Company in office at the date of this report are as follows:

Ong Tiong Siew
Ong Teng Choon
Lai Chin Yee
Lau Teik Soon
Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng ("Lee Yiok Seng")

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this report.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 30.06.2015	At 01.07.2014	**At 30.06.2015**	At 01.07.2014
Company				
(No. of ordinary shares)				
Ong Tiong Siew	**37,438,240**	37,438,240	**497,085,360**	497,085,360
Ong Teng Choon	**26,857,880**	26,857,880	**497,085,360**	497,085,360
Lee Yiok Seng	**3,200,000**	3,200,000	**–**	–
Immediate and Ultimate Holding Corporation - Tanglin Capital Pte. Ltd.				
(No. of ordinary shares)				
Ong Tiong Siew	**46**	46	**–**	–
Ong Teng Choon	**33**	33	**–**	–

The directors' interests in the ordinary shares of the Company as at 21 July 2015 were the same as those as at 30 June 2015.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Ong Tiong Siew and Ong Teng Choon are deemed to have an interest in the shares of all the Company's subsidiaries at the end of the financial year.

Ong Tiong Siew and Ong Teng Choon, who by virtue of their interests of not less than 20% of the issued capital of Tanglin Capital Pte. Ltd., the immediate and ultimate holding corporation of Ryobi Kiso Holdings Ltd., are deemed to have an interest in the Company.

DIRECTORS' REPORT

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

Ryobi Kiso Share Award Scheme

The Ryobi Kiso Share Award Scheme (the "RKSAS") of the Company was approved and adopted by shareholders on 13 January 2010. The RKSAS conforms to the requirements as set out in Chapter 8 Part VIII of the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"). The RKSAS is administered by the Remuneration Committee comprising three non-executive directors, Lau Teik Soon, Lee Yiok Seng and Lai Chin Yee.

Other information regarding the RKSAS is set out below:

(i) Awards represent the right of a participant to receive fully paid shares free of charge, upon the participant satisfying the criteria set out in the RKSAS;

(ii) The Remuneration Committee has the absolute discretion on the following in relation to an award:

  (a) select eligible directors, employees and controlling shareholders or associates of controlling shareholders to participate in the RKSAS;

  (b) determine the date on which the Award is to be vested;

  (c) determine the number of shares to be offered to each participant;

  (d) determine the prescribed performance targets and vesting periods;

  (e) determine the performance period during which the prescribed performance targets are to be satisfied; and

  (f) assess the service and performance of the participants.

(iii) The aggregate number of shares to be delivered ("Award Shares") pursuant to the vesting of the Awards on any date shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company on the day preceding that date;

(iv) All Awards are settled by physical delivery of shares; and

(v) RKSAS shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing on 13 January 2010.

No shares have been granted to the directors or the controlling shareholders of the Company or their associates or participants under the RKSAS since the commencement of the RKSAS. At the end of the financial year, there were no shares granted under the RKSAS.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

DIRECTORS' REPORT

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

- Lai Chin Yee (Chairman), independent non-executive director
- Lau Teik Soon, independent non-executive director
- Lee Yiok Seng, non-executive director

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the internal and independent auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and has been given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the independent auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ong Tiong Siew
Director

Ong Teng Choon
Director

1 October 2015

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 47 to 119 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

Ong Tiong Siew
Director

Ong Teng Choon
Director

1 October 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RYOBI KISO HOLDINGS LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Ryobi Kiso Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 47 to 119, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 30 June 2015, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RYOBI KISO HOLDINGS LTD.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Loh Hui Nee
Appointed since financial year ended 30 June 2014

Singapore

1 October 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	**18,869**	15,750	**1,992**	1,903
Derivative financial instruments	5	**–**	4	**–**	–
Trade and other receivables	6	**90,393**	75,788	**47,950**	45,403
Inventories	7	**12,870**	9,095	**–**	–
Construction contract work-in-progress	8	**3,701**	6,272	**–**	–
		125,833	106,909	**49,942**	47,306
Non-current assets					
Available-for-sale financial assets	9	**20,717**	12,666	**–**	–
Investments in subsidiaries	10	**–**	–	**41,894**	41,894
Investments in joint ventures	11	*****	–	**–**	–
Investment properties	12	**5,085**	4,880	**–**	–
Property, plant and equipment	13	**100,125**	95,980	**–**	–
Club memberships	14	**220**	220	**–**	–
Land use right	15	**1,912**	1,867	**–**	–
Goodwill arising on consolidation	16	**5,561**	5,561	**–**	–
Deferred income tax assets	20	**41**	–	**–**	–
		133,661	121,174	**41,894**	41,894
TOTAL ASSETS		**259,494**	228,083	**91,836**	89,200
LIABILITIES					
Current liabilities					
Trade and other payables	17	**53,369**	51,022	**315**	308
Current income tax liabilities	31(b)	**309**	292	**186**	163
Derivative financial instruments	5	**3**	–	**–**	–
Borrowings	18	**52,216**	38,630	**–**	–
		105,897	89,944	**501**	471
Non-current liabilities					
Borrowings	18	**38,036**	22,751	**–**	–
Deferred income tax liabilities	20	**8,591**	8,755	**–**	–
		46,627	31,506	**–**	–
TOTAL LIABILITIES		**152,524**	121,450	**501**	471
NET ASSETS		**106,970**	106,633	**91,335**	88,729
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21(a)	**88,385**	88,385	**88,385**	88,385
Treasury shares	21(b)	**(3,039)**	(2,651)	**(3,039)**	(2,651)
Other reserves	22	**1,533**	283	**–**	–
Retained profits		**16,111**	18,235	**5,989**	2,995
		102,990	104,252	**91,335**	88,729
Non-controlling interests		**3,980**	2,381	**–**	–
TOTAL EQUITY		**106,970**	106,633	**91,335**	88,729

* Amount less than $1,000

The accompanying notes form an integral part of the financial statements.



CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$'000	$'000
Revenue	25	**179,126**	140,206
Cost of sales		**(153,088)**	(124,139)
Gross profit		**26,038**	16,067
Other income	26	**3,105**	1,375
Other (losses)/gains - net	27	**(1,819)**	123
Expenses			
- Administrative		**(23,973)**	(23,093)
- Finance	28	**(2,564)**	(1,910)
- Share of results of joint ventures	11	**(22)**	–
Profit/(loss) before income tax	29	**765**	(7,438)
Income tax credit	31	**31**	191
Profit/(loss) for the year		**796**	(7,247)
Profit/(loss) attributable to:			
Equity holders of the Company		**103**	(5,032)
Non-controlling interests		**693**	(2,215)
		796	(7,247)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic	32	**0.01**	(0.67)
Diluted	32	**0.01**	(0.67)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$'000	$'000
Profit/(loss) for the year		**796**	(7,247)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - Gains/(losses)	22(b)(ii)	**1,799**	(36)
Available-for-sale financial assets			
- Currency translation differences	22(b)(i)	**151**	–
- Fair value losses	22(b)(i)	**(218)**	(157)
- Reclassifications	22(b)(i)	**24**	–
Other comprehensive income/(loss), net of tax		**1,756**	(193)
Total comprehensive income/(loss) for the year		**2,552**	(7,440)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**1,353**	(5,361)
Non-controlling interests		**1,199**	(2,079)
		2,552	(7,440)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Note	Share capital	Treasury shares	Retained profits	Other reserves	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015								
Beginning of financial year		88,385	(2,651)	18,235	283	104,252	2,381	106,633
Purchase of treasury shares	21(b)	–	(388)	–	–	(388)	–	(388)
Total comprehensive income for the year		–	–	103	1,250	1,353	1,199	2,552
Contribution from non-controlling interests pursuant to additional share issue and deemed disposal		–	–	–	–	–	690	690
Dividends paid	24	–	–	(2,227)	–	(2,227)	(290)	(2,517)
End of financial year		**88,385**	**(3,039)**	**16,111**	**1,533**	**102,990**	**3,980**	**106,970**
2014								
Beginning of financial year		88,385	(2,458)	25,510	612	112,049	4,759	116,808
Purchase of treasury shares	21(b)	–	(193)	–	–	(193)	–	(193)
Total comprehensive loss for the year		–	–	(5,032)	(329)	(5,361)	(2,079)	(7,440)
Dividends paid	24	–	–	(2,243)	–	(2,243)	(299)	(2,542)
End of financial year		88,385	(2,651)	18,235	283	104,252	2,381	106,633

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$'000	$'000
Cash flows from operating activities			
Profit/(loss) before income tax		**765**	(7,438)
Adjustments for:			
Interest income	26	**(604)**	(109)
Dividend income	26	**(22)**	(31)
Share of loss of joint ventures		**22**	–
Gain on disposal of available-for-sale financial assets	27	**(8)**	–
Gain on disposal of property, plant and equipment	27	**(108)**	(293)
Impairment loss on available-for-sale financial assets	27	**25**	–
Interest expense	28	**2,564**	1,910
Amortisation of land use right	29	**43**	43
Depreciation of investment property	29	**144**	113
Depreciation of property, plant and equipment	29	**15,656**	14,385
Loss on deemed disposal on interest in subsidiary		**390**	–
Currency translation losses		**1,382**	154
		20,249	8,734
Change in working capital:			
Trade and other receivables		**(14,660)**	6,820
Finance lease receivables		**–**	78
Inventories		**(3,775)**	(6,374)
Construction contract work-in-progress		**2,571**	(1,306)
Trade and other payables		**2,350**	7,809
Cash generated from operations		**6,735**	15,761
Income tax (paid)/refund	31(b)	**(120)**	87
Net cash provided by operating activities		**6,615**	15,848
Cash flows from investing activities			
Purchases of and/or additions to:			
- available-for-sale financial assets	9	**(9,258)**	(11,302)
- property, plant and equipment		**(5,783)**	(9,044)
- investment properties	12	**(118)**	–
Proceeds from:			
- disposal of property, plant and equipment		**1,171**	503
- disposal of available-for-sale financial assets		**1,107**	–
Incorporation in joint ventures	11	**(22)**	–
Dividends received		**22**	31
Interest received		**604**	109
Net cash used in investing activities		**(12,277)**	(19,703)

The accompanying notes form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$'000	$'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares to non-controlling interests		**300**	–
Proceeds from bank borrowings		**85,193**	70,620
Repayment of:			
- bank borrowings		**(64,299)**	(62,894)
- finance lease liabilities		**(6,963)**	(5,031)
Purchase of treasury shares	21(b)	**(388)**	(193)
Interest paid		**(2,564)**	(1,910)
Deposits under pledged to banks	4	**(50)**	–
Dividends paid to:			
- equity holders of the Company	24	**(2,227)**	(2,243)
- non-controlling interests		**(231)**	(299)
Net cash provided by/(used in) financing activities		**8,771**	(1,950)
Net increase/(decrease) in cash and cash equivalents		**3,109**	(5,805)
Cash and cash equivalents			
Beginning of financial year		**14,818**	20,608
Effects of currency translation on cash and cash equivalents		**10**	15
End of financial year	4	**17,937**	14,818

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

Domicile and activities

Ryobi Kiso Holdings Ltd. (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 58A Sungei Kadut Loop, Ryobi Industrial Building, Singapore 729505.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and joint ventures are disclosed in Note 10 and 11 to the financial statements respectively.

The Company's immediate and ultimate holding corporation is Tanglin Capital Pte. Ltd. and it is incorporated in Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group").

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD or $") and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 July 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS112 Disclosures of Interests in Other Entities

The Group has adopted the above new FRS on 1 July 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 July 2014. The Group has incorporated the additional required disclosures into the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Contract revenue

Revenue from construction contracts is recognised on percentage of completion method. The percentage of completion is measured by reference to the stage of completion of the contract activity at the reporting date. Please refer to the paragraph "Construction contracts" for the accounting policy for revenue from construction contracts.

Revenue is recognised when services are performed according to contract agreements.

(ii) Sale of monitoring instruments

Sale of goods is recognised when goods are sold to customers, which generally coincides with their delivery and acceptance.

(iii) Interest income

Interest income is recognised using the effective interest rate method.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

(vi) Scrap sales

Revenue from scrap sales is recognised when the Company has delivered the scrap to locations specified by its customers and customers have accepted the scrap.

(vii) Miscellaneous income

Miscellaneous income is recognised at the point of entitlement of income.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair values of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Goodwill on Acquisitions" for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investment in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisition

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(c) Joint ventures (Cont'd)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in the joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

(b) Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold property	13 and 25 years
Leasehold improvement	3 to 5 years
Computer and office equipment	2 to 5 years
Furniture and fittings	3 to 5 years
Machinery and equipment	3 to 15 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/gains – net".

2.6 Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries and joint ventures include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.7 Club memberships

Transferable corporate club memberships are initially recognised at cost and subsequently carried at cost less accumulated impairment losses.

2.8 Land use right

Land use right is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The land use right is amortised on a straight-line basis over the lease term of 45 years.

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.10 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the physical stage of completion of the contract activity at the reporting date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the value of work done certified by the Group's quantity surveyor. Costs incurred during the financial year in connection with future activity on a contract are shown as construction contract work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the reporting date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "Trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "Trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "Trade and other receivables". Advances received are included within "Trade and other payables".



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.11 Investment properties

Investment properties include those portions of factories that are held for long-term rental yields and/or for capital appreciation. Investment properties include factories that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 45 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.12 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Dividends received from subsidiaries and joint ventures

Dividends received from subsidiaries and joint ventures are recognised in profit or loss in the separate financial statements of the Company.

2.13 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.13 Impairment of non-financial assets (Cont'd)

(b) Club memberships
Land use right
Property, plant and equipment
Investments in subsidiaries and joint ventures

Club memberships, land use right, property, plant and equipment and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.14 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

At the end of the financial year, the Group does not hold any of the financial assets except for loans and receivables and available-for-sale financial assets.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 6) and "Cash and cash equivalents" (Note 4) on the statements of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.14 Financial assets (Cont'd)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment losses.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.14 Financial assets (Cont'd)

(e) Impairment (Cont'd)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.14(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

2.15 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

2.16 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using effective interest method.

2.18 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group has entered into currency options for currency risk arising from purchases denominated in foreign currencies. These contracts do not qualify for hedge accounting and consequently, the changes in fair values of these contracts are recognised in profit or loss.

2.19 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-courter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of currency options are determined using actively quoted foreign exchange rates at the reporting date.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.20 Leases

(a) When the Group is the lessee:

The Group leases certain machinery and equipment and motor vehicles under finance leases and premises under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.20 Leases (Cont'd)

(a) When the Group is the lessee: (Cont'd)

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor:

The Group leases certain plant and machinery under finance lease and leasehold property, office and investment properties under operating leases to related parties and non-related parties.

(i) Lessor – Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the statement of financial position. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

(ii) Lessor – Operating leases

Leases of leasehold property, office and investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.21 Inventories

Inventories comprise materials and supplies to be consumed in the course of rendering of services.

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method.

Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.22 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.23 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.24 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as expense in the period in which the related services are performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.24 Employee compensation (Cont'd)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(c) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the Group's profit before income tax. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2.25 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.25 Currency translation (Cont'd)

(b) Transactions and balances (Cont'd)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other (losses)/gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.26 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed by the Group's Chief Executive Officer and Executive Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.27 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, cash at banks and short-term bank deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2 Significant accounting policies (Cont'd)

2.28 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.29 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) Uncertain tax positions

The Group is subject to income taxes in Singapore, Malaysia, Vietnam and Australia. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax liabilities in the financial period in which such determination is made. The carrying amounts of the Group's income tax liabilities and deferred income tax assets/liabilities are disclosed in Notes 31 and 20 to the financial statements respectively.

(b) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the physical stage of completion of the contract activity.

Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making this estimate, the Group evaluates by relying on past experience.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3 Critical accounting estimates, assumptions and judgements (Cont'd)

3.1 Critical accounting estimates and assumptions (Cont'd)

(b) Construction contracts (Cont'd)

If the revenue on uncompleted contracts at the reporting date had been higher/lower by 10% from management's estimates, the Group's profit would have been higher/lower by $1,607,000 and $1,705,000 (2014: $1,251,000 and $1,570,000) respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by $1,633,000 (2014: $1,949,000).

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present value of estimated cash flows had been lower by 10% from management's estimate for all past due but not impaired loans and receivables, the allowance for impairment of the Group would have been higher by $1,075,000 (2014: $629,000).

The carrying amounts of trade and other receivables are disclosed in Note 6 to the financial statements.

(d) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 25 years. The carrying amounts of the Group's property, plant and equipment are disclosed in Note 13 to the financial statements.

Changes in the expected level of usage and technological development could impact the economic useful lives of these assets; therefore; future depreciation charges could be revised. If the actual useful lives of these items of property, plant and equipment were to differ by 10% from management's estimates, the carrying amounts of the property, plant and equipment would be an estimated $1,566,000 (2014: $1,439,000) higher or lower.

(e) Joint arrangements

Judgement is required to determine when the Group has joint control over an investee. The Group has made an assessment of the relevant activities of the investee and whether the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its investee are those relating to the financing, operating and capital decisions of the investee, such as: the approval of the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the investee. A joint arrangement exists only when the Group has joint control over the relevant activities of its investee under a contractual arrangement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3 Critical accounting estimates, assumptions and judgements (Cont'd)

3.1 Critical accounting estimates and assumptions (Cont'd)

(e) Joint arrangements *(Cont'd)*

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, it considers:

(1) The structure of the joint arrangement – whether it is structured through a separate vehicle

(2) When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:

i. the legal form of the separate vehicle

ii. the terms of the contractual arrangement; and

iii. other facts and circumstances (when relevant)

The Group's joint arrangements are structured as limited company and separate vehicle and provide the Group and the parties to the arrangements with rights to the net assets of the limited company and separate vehicle under the arrangements. Therefore, these arrangements are classified as joint ventures. Details of the Group's joint arrangements and carrying amounts are disclosed in Note 11 to the financial statements.

(f) Deferred income tax

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised.

A deferred tax asset is recognised for tax losses and capital allowances carried forward if it is probable that the entities within the Group will generate sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations.

Due to their inherent nature, assessments of likelihood are judgmental and not subjected to precise determination. The Group has unrecognised tax losses of approximately $15,443,000 (2014: $16,525,000) and capital allowances of approximately $10,343,000 (2014: $4,988,000) carried forward at the reporting date (Note 20).

If the tax authority regards the entities within the Group as not satisfying and/or meeting certain statutory requirements in their respective countries of incorporation, the unrecognised tax losses will be forfeited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

4 Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash on hand	**112**	104	**–**	–
Cash at banks	**17,314**	14,589	**1,992**	1,903
Short-term bank deposits	**1,443**	1,057	**–**	–
	18,869	15,750	**1,992**	1,903

Short-term bank deposits amounting to $350,000 (2014: $300,000) have been pledged to banks as securities for the banking facilities granted to certain subsidiaries.

Short-term bank deposits are made for varying periods of between 2 weeks and 12 months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates between 0.1% to 4.4% (2014: 0.1% to 7.0%) per annum.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2015	2014
	$'000	$'000
Cash and bank balances (as above)	**18,869**	15,750
Less: Bank overdrafts (Note 18)	**(582)**	(632)
Less: Short-term bank deposits pledged	**(350)**	(300)
Cash and cash equivalents per consolidated statement of cash flows	**17,937**	14,818

5 Derivative financial instruments

	Contract notional amount	Fair value	
		Asset	Liability
	$'000	**$'000**	**$'000**
Group			
2015			
Non-hedging instruments			
- Currency forwards	**420**	**–**	**3**
2014			
Non-hedging instruments			
- Currency forwards	409	4	–

Currency forward contracts are entered for currency risk arising from purchases denominated in foreign currencies. These contracts do not qualify for hedge accounting and consequently, the changes in fair value of these contracts are recognised in profit or loss.

The settlement dates on currency forward contracts range between 1 to 6 months (2014: 4 to 5 months) from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

6 Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**25,703**	16,070	**–**	–
Less: Allowance for impairment of trade receivables (Note 35(b)(ii))	**(305)**	(305)	**–**	–
	25,398	15,765	**–**	–
Construction contracts				
- Due from customers (Note 8)	**39,058**	38,013	**–**	–
- Retentions (Note 8)	**16,213**	15,140	**–**	–
	55,271	53,153	**–**	–
Other receivables				
- Non-related parties	**2,865**	2,293	**–**	–
- Advances to supplier	**2,125**	1,990	**–**	–
- Subsidiaries	**–**	–	**5,169**	4,312
	4,990	4,283	**5,169**	4,312
Dividend receivable from a subsidiary	**–**	–	**5,000**	2,000
Loans receivables				
- Non-related party	**2,160**	–	**–**	–
- Subsidiaries	**–**	–	**37,769**	39,069
	2,160	–	**37,769**	39,069
Deposits	**2,372**	2,359	**1**	1
Prepayments	**202**	228	**11**	21
	90,393	75,788	**47,950**	45,403

The non-trade amount due from subsidiaries and non-related party are unsecured, interest-free and repayable on demand.

The loan to non-related party is unsecured, interest bearing at 5% (2014: Nil) per annum and repayable on demand.

The loans to subsidiaries by the Company are unsecured, interest-bearing at 2.5% to 6% (2014: 2.5% to 8.0%) per annum and repayable on demand.

7 Inventories

	Group	
	2015	2014
	$'000	$'000
Construction materials and consumables	**7,945**	6,294
Hardware parts	**4,925**	2,801
	12,870	9,095

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $72,530,000 (2014: $53,990,000) (Note 29).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

8 Construction contract work-in-progress

	Group	
	2015	2014
	$'000	$'000
Contract cost incurred in excess of contract expenses recognised in profit or loss:		
Construction contract work-in-progress, current asset	**3,701**	6,272
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**411,384**	319,963
Less: Progress billings	**(372,326)**	(281,950)
	39,058	38,013

	Group	
	2015	2014
	$'000	$'000
Presented as:		
Due from customers on construction contracts (Note 6)	**39,058**	38,013
Retentions on construction contracts (Note 6)	**16,213**	15,140

9 Available-for-sale financial assets

	Group	
	2015	2014
	$'000	$'000
Beginning of financial year	**12,666**	1,553
Currency translation differences (Note 22 (b)(i))	**151**	–
Additions	**9,258**	11,302
Fair value losses recognised in other comprehensive income (Note 22(b)(i))	**(258)**	(189)
Impairment losses (Note 27)	**(2)**	–
Disposals	**(1,098)**	–
End of financial year	**20,717**	12,666
Available-for-sale financial assets are analysed as follows:		
Listed securities		
- Equity securities - Singapore	**1,048**	1,364
Unlisted securities		
- Equity securities - Singapore	**5,530**	6,302
- Equity securities - United Kingdom	**14,139**	5,000
	19,669	11,302
	20,717	12,666

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

9 Available-for-sale financial assets (Cont'd)

During the financial year, the Group recognized an impairment loss of $2,119 (2014: $Nil) against a listed equity security in Singapore due to the investee company was de-registered from Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 November 2014.

The unlisted equity securities were measured at cost less impairment losses as the investments do not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate. The management is of the opinion that the carrying amounts of the financial assets will be recoverable. Accordingly, no impairment is required for the financial years ended 30 June 2014 and 2015.

10 Investments in subsidiaries

	Company	
	2015	2014
	$'000	$'000
Equity investment at cost		
Beginning and end of financial year	**41,894**	41,894

The Group had the following subsidiaries as at 30 June 2015 and 2014:

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by respective entities		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2015	2014	**2015**	2014	**2015**	2014
			%	%	**%**	%	**%**	%
Held by the Company:								
Ryobi Kiso (S) Pte. Ltd.[(a)]	Ground engineering and piling contractors	Singapore	**100**	100	**100**	100	**–**	–
Ryobi Ground Engineering Pte. Ltd.[(a)]	Soil improvements and civil engineering	Singapore	**100**	100	**100**	100	**–**	–
Raffles Piling Singapore Pte. Ltd.[(a)]	Ground engineering and piling contractors	Singapore	**100**	100	**100**	100	**–**	–
Ryobi-Kiso (M) Sdn. Bhd.[(b)]	Construction works	Malaysia	**100**	100	**100**	100	**–**	–
Ryobi Development Pte. Ltd.[(a)]	Property development and investment	Singapore	**100**	100	**100**	100	**–**	–
Raffles Geosystems Pte. Ltd.[(a)]	Construction and piling work, soil improvement and diaphragm wall	Singapore	**100**	100	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

10 Investments in subsidiaries (Cont'd)

The Group had the following subsidiaries as at 30 June 2015 and 2014: (Cont'd)

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by respective entities		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
Held by Ryobi Kiso (S) Pte. Ltd.:								
Ryobi Geotechnique Pte Ltd[a]	Instrumentation and geotechnical engineering	Singapore	**74**	74	**74**	74	**26**	26
Ryobi Machinery Pte Ltd[a]	Trading in machinery and equipment and provision of engineering services	Singapore	**100**	100	**100**	100	**–**	–
Ryobi Tactics Pte. Ltd.[a]	Sheet pile, strutting and other earth retaining systems and civil engineering works	Singapore	**70**	100	**70**	100	**30**	–
Star Piling Pte. Ltd.[a]	Foundation works and general building engineering services	Singapore	**75**	75	**75**	75	**25**	25
Held by Ryobi Ground Engineering Pte. Ltd.:								
Ryobi Compile Holdings Pty Ltd[e][f]	Investment holdings and piling and geotechnical services	Australia	**100**	100	**100**	100	**–**	–
Held by Ryobi Development Pte. Ltd.:								
Wellford Limited[e]	Investment holdings	Cayman Islands	**100**	100	**100**	100	**–**	–
RMTL Investment Pte. Ltd.[a]	Investment holdings	Singapore	**75**	75	**75**	75	**25**	25
PT. Mulia Indah Perkasa[d]	Trading of ground engineering equipment, investments and services	Indonesia	**100**	100	**100**	100	**–**	–
Leeds Investment & Development Pte. Ltd.[g][h]	Investment holdings	Singapore	**75**	–	**75**	–	**25**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

10 Investments in subsidiaries (Cont'd)

The Group had the following subsidiaries as at 30 June 2015 and 2014: (Cont'd)

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by respective entities		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
Held by Raffles Geosystems Pte. Ltd.:								
Raffles Geosystems Myanmar Pte Limited[e]	Instrumentation and geotechnical engineering, piling and foundation works, construction and project management	Myanmar	**100**	100	**100**	100	**–**	–
Raffles Geosystems (Cambodia) Pte. Ltd.[e]	Instrumentation and geotechnical engineering, piling and foundation works and property development	Cambodia	**100**	100	**100**	100	**–**	–
Raffles Piling Vietnam Company Limited[c]	General construction services in relation to civil construction, foundation work and building completion work	Vietnam	**100**	100	**100**	100	**–**	–
Held by Ryobi Geotechnique Pte Ltd:								
Ryobi Geotechnique International Pte. Ltd.[a]	Instrumentation and geotechnical engineering	Singapore	**80**	80	**59**	59	**41**	41
Held by Ryobi Geotechnique International Pte. Ltd.:								
Ryobi Geoproducts Pte. Ltd.[a]	Sale of geotechnical products	Singapore	**100**	100	**59**	59	**41**	41
Ryobi Geomonitoring Pte. Ltd.[a]	Instrumentation and geotechnical engineering	Singapore	**100**	100	**59**	59	**41**	41
Ryobi Geosystems Pte. Ltd.[a]	Instrumentation and geotechnical engineering	Singapore	**100**	100	**59**	59	**41**	41
Ryobi Geotech Pte. Ltd.[a]	Instrumentation and geotechnical engineering	Singapore	**100**	100	**59**	59	**41**	41
Ryobi Geotechnique (M) Sdn. Bhd.[b]	Instrumentation and geotechnical engineering	Malaysia	**100**	100	**59**	59	**41**	41

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

10 Investments in subsidiaries (Cont'd)

The Group had the following subsidiaries as at 30 June 2015 and 2014: (Cont'd)

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by respective entities		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
Held by Ryobi Machinery Pte Ltd:								
Ryobi Plant Engineering Pte. Ltd.[a]	Installation of industrial machinery and equipment and provision of mechanical engineering works	Singapore	**80**	80	**80**	80	**20**	20
Held by Star Piling Pte. Ltd.:								
Star Geotechnic (M) Sdn. Bhd.[b]	Ground engineering, construction and piling works	Malaysia	**100**	100	**75**	75	**25**	25
Held by Ryobi Compile Holdings Pty Ltd:								
Compile-Ryobi Australia Pty Ltd[e][f]	Piling and geotechnical services	Australia	**70**	70	**70**	70	**30**	30
Compile Australia Pty Ltd[e]	Piling and geotechnical services	Australia	**70**	70	**70**	70	**30**	30
Held by Wellford Limited:								
Widelink Limited[e]	Investment holdings	Cayman Islands	**100**	100	**100**	100	**–**	–
Held by Widelink Limited:								
RDV Realty Pte. Ltd.[a]	Investment holdings	Singapore	**100**	100	**100**	100	**–**	–
Held by RDV Realty Pte. Ltd.:								
RDV Binh Duong Company Limited[c]	Property development and investment; and provision of real estate consultancy and management	Vietnam	**100**	100	**100**	100	**–**	–
Held by RMTL Investment Pte. Ltd.:								
RMTL Property Development (M) Sdn. Bhd.[b]	Property investment and development and project management	Malaysia	**100**	100	**75**	75	**25**	25

(a) Audited by Nexia TS Public Accounting Corporation, Singapore
(b) Audited by W. S. Tan & Associates, Chartered Accountants, Malaysia
(c) Audited by Grant Thornton (Vietnam), Vietnam
(d) Audited by Kanaka Puradiredja, Suhartono, Indonesia, a member firm of Nexia International
(e) Not required to be audited
(f) Reviewed by Nexia TS Public Accounting Corporation, Singapore for consolidation purpose
(g) Newly incorporated subsidiary during the financial year
(h) In the process of appointing an auditor

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

10 Investments in subsidiaries (Cont'd)

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

Carrying value of non-controlling interests

	Group	
	2015	2014
	$'000	$'000
Ryobi Geotechnique Pte. Ltd. and its subsidiaries	4,251	3,712
Ryobi Compile Holdings Pty Ltd and its subsidiaries	(1,202)	(1,495)
Ryobi Tactics Pte. Ltd.	745	–
Other subsidiaries with non-controlling interests	186	164
	3,980	2,381

Summarised financial information of subsidiaries

No summarised financial information for each of the respective subsidiaries that has non-controlling interests are presented as management is of the opinion that the carrying amount of the non-controlling interests are in aggregate and individually not material to the Group.

11 Investments in joint ventures

	Group	
	2015	2014
	$'000	$'000
Beginning of financial year	**–**	–
Incorporated during the financial year	**22**	–
Share of losses of investments accounted for using the equity method	**(22)**	–
	*****	–

* Amount less than $1,000

Set out below is the joint venture of the Group as at 30 June 2015. Each of the joint ventures has share capital consisting solely of ordinary shares which are held directly by the Group, the country of incorporation is also its principal place of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

11 Investments in joint ventures (Cont'd)

Name of companies	Principal activities	Country of business/ incorporation	Effective equity interest held directly by respective entities		Effective equity interest held by the Group	
			2015	2014	2015	2014
			%	%	%	%
Held by Ryobi Geotechnique International Pte. Ltd.:						
Ryobi Terra Pte. Ltd.[(a)]	Engineering activities and kinematic data acquisition	Singapore	**50**	–	**30**	–
Held by PT. Mulia Indah Perkasa						
MIP-EKKON[(b)(c)]	Property development	Indonesia	**65**	–	**65**	–

The Group holds 50% and 65% of the voting rights of its joint arrangement, Ryobi Terra Pte. Ltd. ("Ryobi Terra") and MIP-EKKON respectively. Ryobi Terra is structured as a limited company whereas MIP-EKKON is set up as a separate vehicle. The Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the respective joint agreements for all relevant activities.

The respective joint arrangements provide all parties to the agreements with rights to the net assets of Ryobi Terra and MIP-EKKON under the arrangements. Therefore, the respective arrangement is classified as a joint venture, which are accounted for using the equity method in the financial statements.

Shares of loss of joint ventures exceeding the amount of the investment are not recognised as losses in the profit or loss. The Group's share of loss of such joint ventures not recognised was $26,000.

There are no contingent liabilities relating to the Group's interests in respective joint ventures.

(a) Audited by Nexia TS Public Accounting Corporation, Singapore

(b) Not required to be audited

(c) Dormant

Summarised financial information for joint ventures

No summarised financial information for each of the respective joint ventures are presented as management is of the opinion that the joint ventures are in aggregate and individually not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

11 Investments in joint ventures (Cont'd)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented (adjusted for differences (if any) in accounting policies between the Group and the joint venture), to the carrying amount of the Group's interest in joint venture is as follows:

	2015	2014
	$'000	$'000
Net assets/(liabilities)		
At date of incorporation*	**43**	–
Loss for the financial period	**(96)**	–
Other comprehensive income	**–**	
	(53)	–
At 30 June		
Interest in joint venture (50%) (2014: Nil)	**–**	–
Carrying amount	**–**	–

* Net assets at date of incorporation relates only to Ryobi Terra and consist solely of share capital of 43,000 ordinary shares with no par value, amounting to $43,000.

Net assets of MIP-EKKON are not included as it is dormant since the date of formation.

12 Investment properties

	Group	
	2015	2014
	$'000	$'000
Cost		
Beginning of financial year	**5,025**	5,133
Currency translation differences	**239**	(108)
Additions	**118**	–
End of financial year	**5,382**	5,025
Accumulated depreciation		
Beginning of financial year	**145**	34
Currency translation differences	**8**	(2)
Depreciation charge (Note 29)	**144**	113
End of financial year	**297**	145
Net book value		
End of financial year	**5,085**	4,880
Fair value for disclosure purposes only:		
Fair value at the end of financial year	**10,167**	9,668



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

12 Investment properties (Cont'd)

The following amounts are recognised in profit or loss:

	Group	
	2015	2014
	$'000	$'000
Rental income (Note 25)	**521**	221
Direct operating expenses arising from:		
- Investment properties that generate rental income	**(14)**	(10)

Investment properties are leased to non-related parties under operating leases (Note 34(b)).

At the reporting date, details of the Group's investment properties are as follows:

Location	Description	Existing use	Tenure	Unexpired term of lease
Ascendas – Protrade Singapore Tech Park, An Tay Ward, Ben Cat Town, Binh Duong Province, Vietnam.	17,888 square meter land and 11 factory units with total built area of 15,120 square meter and supporting built area of 6,657 square meter	Factory units rent to non-related parties	50 years lease expiring on 28 October 2057	42 years

Fair value hierarchy – Recurring fair value measurements

	Fair value measurements using		
Description	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	**$'000**	**$'000**
30 June 2015			
- Factory units - Vietnam	–	10,167	–
30 June 2014			
- Factory units - Vietnam	–	9,668	–

Valuation techniques used to derive Level 2 fair values

The fair value measurement is categorised under Level 2 of the fair value hierarchy, generally derived using the depreciated replacement cost approach and capitalisation approach.

The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidence by observed condition or obsolescence present, whether arising from physical, functional or economics causes.

The capitalisation approach involves the analysis of a single year net income (or average of several years' income).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

12 Investment properties (Cont'd)

Valuation process of the Group

The Group engages external, independent and qualified valuer to determine the fair value of the Group's investment properties at the end of each reporting date based on the valuation techniques as above.

The management reviews and analyses the valuations of the investment properties required for financial reporting purposes, including Level 2 fair values with reference to the valuation prepared by external independent and qualified valuer. Discussions of valuation processes and results are held between the Board of Directors on yearly basis.

13 Property, plant and equipment

	Leasehold property	Leasehold improvement	Computer and office equipment	Furniture and fittings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
2015								
Cost								
Beginning of financial year	12,623	1,895	1,441	575	152,289	6,026	53	174,902
Currency translation differences	–	(18)	(11)	(1)	(1,022)	(90)	–	(1,142)
Additions	–	44	198	32	19,265	1,921	–	21,460
Disposals	–	–	(4)	(3)	(2,160)	(835)	–	(3,002)
Transfer	–	53	–	–	–	–	(53)	–
End of financial year	12,623	1,974	1,624	603	168,372	7,022	–	192,218
Accumulated depreciation								
Beginning of financial year	5,311	888	1,079	437	67,493	3,714	–	78,922
Currency translation differences	–	(8)	(10)	(1)	(445)	(82)	–	(546)
Depreciation charge (Note 29)	730	311	228	68	13,400	919	–	15,656
Disposals	–	–	(4)	(3)	(1,212)	(720)	–	(1,939)
End of financial year	6,041	1,191	1,293	501	79,236	3,831	–	92,093
Net book value								
End of financial year	**6,582**	**783**	**331**	**102**	**89,136**	**3,191**	**–**	**100,125**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

13 Property, plant and equipment (Cont'd)

	Leasehold property	Leasehold improvement	Computer and office equipment	Furniture and fittings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
2014								
Cost								
Beginning of financial year	12,623	1,794	1,222	541	139,822	4,326	–	160,328
Currency translation differences	–	2	1	*	41	11	–	55
Additions	–	99	234	36	13,217	1,708	53	15,347
Disposals	–	–	(16)	(2)	(791)	(19)	–	(828)
End of financial year	12,623	1,895	1,441	575	152,289	6,026	53	174,902
Accumulated depreciation								
Beginning of financial year	4,581	591	855	374	55,658	3,053	–	65,112
Currency translation differences	–	1	1	*	30	11	–	43
Depreciation charge (Note 29)	730	296	239	65	12,389	666	–	14,385
Disposals	–	–	(16)	(2)	(584)	(16)	–	(618)
End of financial year	5,311	888	1,079	437	67,493	3,714	–	78,922
Net book value								
End of financial year	**7,312**	**1,007**	**362**	**138**	**84,796**	**2,312**	**53**	**95,980**

* Amount less than $1,000

(a) Included in additions are machinery and equipment and motor vehicles acquired under finance leases amounting to $14,400,000 and $1,277,000 (2014: $5,471,000 and $832,000) respectively.

The carrying amounts of machinery and equipment and motor vehicles held under finance leases are $22,332,000 and $1,303,000 (2014: $17,507,000 and $340,000) respectively at the reporting date.

(b) Bank borrowings are secured on machinery and equipment of the Group with carrying amounts of $23,576,000 (2014: $24,257,000) (Note 18(a)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

14 Club memberships

	Group	
	2015	2014
	$'000	$'000
Cost		
Beginning and end of financial year	**312**	312
Accumulated impairment losses		
Beginning and end of financial year	**92**	92
Carrying amount	**220**	220

15 Land use right

	Group	
	2015	2014
	$'000	$'000
Cost		
Beginning of financial year	**1,938**	1,980
Currency translation differences	**92**	(42)
End of financial year	**2,030**	1,938
Accumulated amortisation		
Beginning of financial year	**71**	30
Currency translation differences	**4**	(2)
Amortisation charge (Note 29)	**43**	43
End of financial year	**118**	71
Net book value		
End of financial year	**1,912**	1,867
Balance to be amortised		
- Not later than one year	**43**	43
- Later than one year but not later than five years	**172**	172
- Later than five years	**1,697**	1,652

The land use right is intended for use in Vietnam for factories. It is amortised over the period of the lease term on straight line method. The land use right expires on 28 October 2057 and is not transferable.

The amortisation of the land use right is included in "Cost of sales" of the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

16 Goodwill arising on consolidation

	Group	
	2015	2014
	$'000	$'000
Cost		
Beginning and end of financial year	**5,561**	5,561
Accumulated impairment		
Beginning of financial year	**–**	–
Impairment charge	**–**	–
End of financial year	**–**	–
Net book value		
End of financial year	**5,561**	5,561

Impairment test of goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to country of operation.

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	Group	
	2015	2014
	%	%
Gross margin[1]	**30**	25
Growth rate[2]	**2**	–
Discount rate[3]	**18**	21

1 Budgeted gross margin
2 Weighted average growth rate used to extrapolate cash flows beyond the budget period
3 Pre-tax discount rate applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts based on current market condition and past performance. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

The goodwill recognised on the statement of financial position is attributable to the CGU in Australia. Based on the impairment test of the CGU in Australia as at 30 June 2015, the estimated recoverable amount of the CGU is $11,369,000, equivalent to AUD10,999,000 (2014: $5,768,000, equivalent to AUD4,886,000) while the carrying amount of the CGU is $5,561,000, equivalent to AUD4,301,000 (2014: $5,561,000, equivalent to AUD4,301,000).

If the assumed gross margin used to estimate the recoverable amount had declined by 13% (2014: 1%), or the assumed growth rate declined by 23% (2014: 3.9%), or discount rate increased by 16% (2014: 4%), the recoverable amount of the CGU would fall to its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

17 Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade payables				
- Non-related parties	**24,661**	29,390	**–**	–
- Related party	**–**	30	**–**	–
	24,661	29,420	**–**	–
Other payables				
- Non-related parties	**7,743**	3,168	**3**	4
- Non-controlling interests	**202**	1,404	**–**	–
- Subsidiary	**–**	–	**–**	*
- Related parties	**293**	796	**–**	–
	8,238	5,368	**3**	4
Loans from				
- Non-controlling interests	**4,288**	1,020	**–**	–
- Related party	**1,843**	2,105	**–**	–
	6,131	3,125	**–**	–
Accruals for operating expenses	**14,339**	13,109	**312**	304
	53,369	51,022	**315**	308

* Amount less than $1,000

The non-trade amount due to non-controlling interests, subsidiary and related parties are unsecured, interest-free and repayable on demand.

The loans due to non-controlling interests and related party are unsecured, interest bearing at 5% to 8% (2014: 8%) per annum and repayable on demand.

18 Borrowings

	Group	
	2015	2014
	$'000	$'000
Current (secured)		
Bank overdrafts (Note 4)	**582**	632
Bank borrowings	**45,868**	32,758
Finance lease liabilities (Note 19)	**5,766**	5,240
	52,216	38,630
Non-current (secured)		
Bank borrowings	**25,223**	18,113
Finance lease liabilities (Note 19)	**12,813**	4,638
	38,036	22,751
Total borrowings	**90,252**	61,381



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

18 Borrowings (Cont'd)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one year	**52,216**	38,630
Between one and five years	**34,841**	17,211
Later than five years	**3,195**	5,540
	90,252	61,381

(a) Security granted

Bank borrowings of the Group are secured over certain machinery and equipment of the Group (Note 13(b)) and corporate guarantees from the Company and a subsidiary; and personal guarantee from a non-controlling interest of a subsidiary. Finance lease liabilities of the Group are effectively secured over the leased machinery and equipment and motor vehicles (Note 13(a)) and corporate guarantees from the Company and certain subsidiaries; and personal guarantees from the directors of certain subsidiaries, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) Fair value of non-current borrowings

	Group	
	2015	2014
	$'000	$'000
Bank borrowings	**26,955**	19,809
Finance lease liabilities	**13,365**	4,628

The fair values above are determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group	
	2015	2014
Bank borrowings	1.8% - 6.7%	1.8% - 6.7%
Finance lease liabilities	1.1% - 6.4%	1.1% - 6.4%

(c) Breach of financial covenants

The Group is subjected to certain financial covenant clauses with the banks. During the financial years ended 30 June 2015 and 2014, the following financial covenants were breached:

FY2015

- Minimum finance charges cover of 1.0 times by a subsidiary

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

18 Borrowings (Cont'd)

(c) Breach of financial covenants (Cont'd)

FY2014

- Maintain minimum capital adequacy ratio of 15% on yearly basis and minimum finance charges cover of 1.0 times by a subsidiary; and
- Maintain debt to earnings before tax, depreciation and amortisation ratio at not more than 3.5 times by the Group.

FY2015

Due to the breach of the above financial covenants, the banks are contractually entitled to request for immediate repayment of the outstanding loan amount of $1,791,000. The Group has on 18 June 2015 obtained the waiver letters on the non-adherence of the financial covenants from the bank. The bank had not requested for early repayment of the borrowings which are presented as non-current liabilities as at 30 June 2015 and as of the date when these financial statements were approved by the Board of Directors.

FY2014

Due to the breach of the above financial covenants, the banks are contractually entitled to request for immediate repayment of the outstanding loan amount of $3,611,000. The outstanding balance is presented as a current liability as at 30 June 2014. The management is cognisant of the above mentioned non-adherence of the financial covenants and has taken steps to inform and seek the approval of the relevant banks to waive the breach of the financial covenants.

As of the date when the financial statements for FY2014 were approved by the Board of Directors on 30 September 2014, the banks had issued the waiver letters on the non-adherence of the financial covenants and did not request for early repayment of the borrowings.

19 Finance lease liabilities

The Group leases certain machinery and equipment and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2015	2014
	$'000	$'000
Minimum lease payments due		
- Not later than one year	**6,062**	5,467
- Between one and five years	**13,365**	4,835
	19,427	10,302
Less: Future finance charges	**(848)**	(424)
Present value of finance lease liabilities	**18,579**	9,878

The present values of finance lease liabilities are analysed as follows:

Not later than one year (Note 18)	**5,766**	5,240
Between one and five years (Note 18)	**12,813**	4,638
Total	**18,579**	9,878



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

20 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2015	2014
	$'000	$'000
Deferred income tax assets to be recovered after one year		
- Tax losses	**41**	–
Deferred income tax liabilities to be settled after one year		
- Accelerated tax depreciation	**9,170**	9,010
- Available-for-sale financial assets	**(262)**	(222)
- Other	**(317)**	(33)
	8,591	8,755

Movement in deferred income tax account is as follows:

	Group	
	2015	2014
	$'000	$'000
Beginning of financial year	**8,755**	8,810
Currency translation differences	**3**	–
Tax credited to:		
- profit or loss	**(168)**	(23)
- equity (Note 22(b)(i))	**(40)**	(32)
End of financial year	**8,550**	8,755

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax assets

	Tax losses
	$'000
2015	
Beginning of financial year	**–**
Currency translation differences	*****
Tax credited to:	
- profit or loss	**41**
End of financial year	**41**
2014	
Beginning of financial year	118
Currency translation differences	(1)
Tax credited to:	
- profit or loss	(117)
End of financial year	–

* Amount less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

20 Deferred income taxes (Cont'd)

Deferred income tax liabilities

	Accelerated tax depreciation	Fair value (losses)/ gains - net	Other	Total
	$'000	$'000	$'000	$'000
2015				
Beginning of financial year	**9,010**	**(222)**	**(33)**	**8,755**
Currency translation differences	**–**	**–**	**3**	**3**
Tax charged/(credited) to:				
- profit or loss	**160**	**–**	**(287)**	**(127)**
- equity (Note 22(b)(i))	**–**	**(40)**	**–**	**(40)**
End of financial year	**9,170**	**(262)**	**(317)**	**8,591**
2014				
Beginning of financial year	9,256	(190)	(138)	8,928
Currency translation differences	–	–	(1)	(1)
Tax (credited)/charged to:				
- profit or loss	(246)	–	106	(140)
- equity (Note 22(b)(i))	–	(32)	–	(32)
End of financial year	9,010	(222)	(33)	8,755

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately $15,443,000 (2014: $16,525,000) and capital allowances of approximately $10,343,000 (2014: $4,988,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry dates except for amounts of $125,000 and $151,000 which will expire in 2017 and 2018 respectively. The capital allowances have no expiry dates.

21 Share capital and treasury shares

(a) Share capital

	2015		2014	
	Number of ordinary shares	Amount $'000	Number of ordinary shares	Amount $'000
Group and Company				
Beginning and end of financial year	**765,268,240**	**88,385**	765,268,240	88,385

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares (excluding treasury shares) carry one vote per share and carry a right to dividends as and when declared by the Company.

On 13 August 2015, the Company completed the transaction on proposed consolidation of every five existing issued ordinary shares in the capital of the Company held by shareholders of the Company into two consolidated shares capital of the Company. This has resulted in the Company shares reduced from 741,622,840 shares (excluding treasury shares) to 296,649,136 shares ("consolidated shares").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

21 Share capital and treasury shares (Cont'd)

(b) Treasury shares

	2015		2014	
	Number of ordinary shares	**Amount $'000**	Number of ordinary shares	Amount $'000
Group and Company				
Beginning of financial year	**19,480,000**	**2,651**	17,671,000	2,458
Treasury shares purchased	**3,440,000**	**388**	1,809,000	193
End of financial year	**22,920,000**	**3,039**	19,480,000	2,651

The Company acquired 3,440,000 (2014: 1,809,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was $388,000 (2014: $193,000) and this was presented as a component within shareholders' equity.

(c) Share options – Performance share plan

The Ryobi Kiso Share Award Scheme (the "RKSAS") of the Company was approved and adopted by shareholders on 13 January 2010. The RKSAS conforms to the requirements as set out in Chapter 8 Part VIII of the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"). The RKSAS is administered by the Remuneration Committee comprising three non-executive directors, Lau Teik Soon, Lee Yiok Seng and Lai Chin Yee.

Other information regarding the RKSAS is set out below:

(i) Awards represent the right of a participant to receive fully paid shares free of charge, upon the participant satisfying the criteria set out in the RKSAS;

(ii) The Remuneration Committee has the absolute discretion on the following in relation to an award:

(a) select eligible directors, employees and controlling shareholders or associates of controlling shareholders to participate in the RKSAS;

(b) determine the date on which the Award is to be vested;

(c) determine the number of shares to be offered to each participant;

(d) determine the prescribed performance targets and vesting periods;

(e) determine the performance period during which the prescribed performance targets are to be satisfied; and

(f) assess the service and performance of the participants.

(iii) The aggregate number of shares to be delivered ("Award Shares") pursuant to the vesting of the Awards on any date shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company on the day preceding that date;

(iv) All Awards are settled by physical delivery of shares; and

(v) RKSAS shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing on 13 January 2010.

No shares have been granted to the directors or the controlling shareholders of the Company or their associates or participants under the RKSAS since the commencement of the RKSAS. At the reporting date, there were no shares granted under the RKSAS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

22 Other reserves

		Group	
		2015	2014
		$'000	$'000
(a)	Composition:		
	Fair value reserve	**(238)**	(195)
	Currency translation reserve	**1,771**	478
		1,533	283
(b)	Movements:		
	(i) Fair value reserve		
	Beginning of financial year	**(195)**	(38)
	Available-for-sale financial assets		
	- Currency translation differences (Note 9)	**151**	–
	- Fair value losses (Note 9)	**(258)**	(189)
	- Tax on fair value changes (Note 20)	**40**	32
		(218)	(157)
	- Reciassification to profit or loss (Note 27)	**24**	–
	End of financial year	**(238)**	(195)
	(ii) Currency translation reserve		
	Beginning of financial year	**478**	650
	Net currency translation differences of financial statements of - foreign subsidiaries	**1,799**	(36)
	Non-controlling interests	**(506)**	(136)
	End of financial year	**1,771**	478

The fair value reserve represents (i) the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired; and (ii) exchange differences arising from the available-for-sale equity securities (i.e non-monetary items).

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

23 Retained profits

(a) Retained profits of the Group and the Company are distributable, except for accumulated losses of joint ventures and amount utilised to purchase treasury shares amounting to $22,000 (2014: $Nil) and $3,039,000 (2014: $2,651,000) respectively.

(b) Movement in retained profits of the Company is as follows:

	Company	
	2015	2014
	$'000	$'000
Beginning of financial year	**2,995**	2,516
Net profit	**5,221**	2,722
Dividends paid (Note 24)	**(2,227)**	(2,243)
End of financial year	**5,989**	2,995

24 Dividends

	Group and Company	
	2015	2014
	$'000	$'000
Ordinary dividends declared and paid		
Final tax exempt (one-tier) dividend paid in respect of the previous financial year of 0.3 cents (2014: 0.3 cents) per share (Note 23)	**2,227**	2,243

At the forthcoming Annual General Meeting on 23 October 2015, a final tax exempt (one-tier) dividend of 1.0 cents per share amounting to a total of $2,966,491 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2016.

The above final dividend recommended for the financial year ended 30 June 2015 is calculated based on share capital of 296,649,136 ordinary shares (post share consolidation and excluding treasury shares).

25 Revenue

	Group	
	2015	2014
	$'000	$'000
Bored piling	**126,071**	105,447
Eco-friendly piling and geoservices and others	**46,587**	31,609
System engineering and process automation	**5,947**	2,929
Rental income from investment properties (Note 12)	**521**	221
	179,126	140,206

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

26 Other income

	Group	
	2015	2014
	$'000	$'000
Dividend income	**22**	31
Government grant	**270**	363
Interest income		
- Shareholder loans and receivables	**573**	–
- Bank deposits	**31**	109
Recovery from insurance claim	**171**	55
Rental income from lease of machinery, equipment and office	**454**	288
Scrap sales	**428**	401
Waiver of interest expense from related party	**484**	–
Miscellaneous income	**672**	128
	3,105	1,375

27 Other (losses)/gains – net

	Group	
	2015	2014
	$'000	$'000
Allowance for impairment of trade receivables (Note 35(b)(ii))	**–**	(167)
Available-for-sale financial assets		
- Gain on disposal	**9**	–
- Reclassification from other comprehensive income on disposal	**(1)**	–
	8	–
- Impairment loss (Note 9)	**(2)**	–
- Reclassification from other comprehensive income on impairment loss	**(23)**	–
	(25)	–
	(17)	(167)
Currency exchange loss – net	**(1,520)**	(3)
Gain on disposal of property, plant and equipment	**108**	293
Loss on deemed disposal on interest in subsidiary	**(390)**	–
	(1,819)	(123)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

28 Finance expenses

	Group	
	2015	2014
	$'000	$'000
Interest expense		
- bank borrowings	**2,229**	1,640
- finance lease liabilities	**335**	270
	2,564	1,910

29 Profit/(loss) before income tax

The following items have been included in arriving at profit/(loss) before income tax:

	Group	
	2015	2014
	$'000	$'000
Audit fees paid/payable to:		
- Auditor of the Company	**153**	144
- Other auditors [(a)]	**18**	15
Non-audit fees paid to the auditor of the Company	**47**	41
Allowance for foreseeable losses on construction contract work-in-progress	**315**	–
Amortisation of land use right (Note 15)	**43**	43
Depreciation of investment properties (Note 12)	**144**	113
Depreciation of property, plant and equipment (Note 13)	**15,656**	14,385
Employee compensation (Note 30)	**32,144**	29,262
Insurance	**1,057**	943
Inventories recognised as an expense in cost of sales (Note 7)	**72,530**	53,990
Professional fees	**2,290**	2,200
Rental on operating leases - premises	**1,035**	635
Rental on operating leases - machinery and equipment	**4,278**	3,885
Subcontractors' fees	**19,016**	17,795
Survey, testing and other fees	**2,934**	1,611
Tools and hardware	**3,151**	2,087
Transportation costs	**9,762**	11,453
Upkeep of machinery and equipment	**7,788**	6,549

(a) Includes the fees paid to member firms of Nexia International

30 Employee compensation

	Group	
	2015	2014
	$'000	$'000
Wages, salaries and short-term benefits	**30,689**	27,798
Employer's contribution to defined contribution plans	**1,455**	1,464
	32,144	29,262

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

31 Income taxes

(a) Income tax credit

	Group	
	2015	2014
	$'000	$'000
Tax credit attributable to profit/(loss) is made up of:		
– Profit/(loss) for the financial year:		
Current income tax		
- Singapore	**235**	98
- Foreign	**–**	12
Deferred income tax	**(237)**	105
	(2)	215
– Over provision in prior financial years:		
Current income tax		
- Singapore	**(98)**	(278)
Deferred income tax	**69**	(128)
	(29)	(406)
	(31)	(191)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	Group	
	2015	2014
	$'000	$'000
Profit/(loss) before income tax	**765**	(7,438)
Share of loss of joint ventures, net of tax	**22**	–
Profit/(loss) before tax and share of loss of joint ventures	**787**	(7,438)
Tax calculated at tax rate of 17% (2014: 17%)	**134**	(1,265)
Effects of:		
- Different tax rates in other countries	**(346)**	(1,143)
- Change in tax rate	**–**	53
- Statutory stepped income exemption	**(78)**	(26)
- Expenses not deductible for tax purposes	**943**	741
- Income not subject to tax	**(81)**	(238)
- Tax incentive	**(610)**	(1,425)
- Utilisation of previously unrecognised		
- tax losses	**(566)**	(62)
- capital allowances	**(86)**	(8)
- Deferred tax assets not recognised	**748**	3,618
- Tax rebate	**(60)**	(30)
Tax charge	**(2)**	215

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

31 Income taxes (Cont'd)

(b) Movement in current income tax liabilities

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**292**	373	**163**	132
Income tax (paid)/refund	**(120)**	87	**(96)**	(67)
Tax expense	**235**	110	**186**	98
Over provision in prior financial years	**(98)**	(278)	**(67)**	–
End of financial year	**309**	292	**186**	163

(c) The tax credit/(charge) relating to each component of other comprehensive income is as follows:

	2015			2014		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After tax
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Fair value losses and reclassification adjustments on available-for-sale financial assets	**(83)**	**40**	**(43)**	(189)	32	(157)
Currency translation differences arising from consolidation of subsidiaries	**1,799**	**–**	**1,799**	(36)	–	(36)
Other comprehensive income	**1,716**	**40**	**1,756**	(225)	32	(193)

32 Earnings/(loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2015	2014
Net profit/(loss) attributable to equity holders of the Company ($'000)	**103**	(5,032)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	**743,399,007**	747,139,522
Basic and diluted earnings/(loss) per share (cents)	**0.01**	(0.67)

There were no dilutive potential ordinary shares during the financial year ended 30 June 2014 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

33 Contingent liabilities

Group

As previously disclosed in FY2014 Annual Report, the Company's wholly-owned subsidiary, Ryobi Kiso (S) Pte. Ltd. ("RKS") is presently engaged in arbitration proceedings with Lum Chang Building Contractors Pte Ltd ("LCBC"), a wholly-owned subsidiary of Lum Chang Holdings Limited over a dispute relating to construction and piling works for a construction project located along Upper Bukit Timah Road and Woodlands Road.

In the arbitration proceedings, LCBC's claim is in respect of the handing over of works and RKS is claiming for payments which are due and unpaid by LCBC pursuant to the projects. Whilst LCBC's claim is in the region of $32 million ("Claim"), RKS has a counterclaim of $19 million (excluding further damages which are to be assessed in the arbitration). RKS understands that the adjudication award is included as part of LCBC's claim.

As at the date of this report, the arbitration proceedings are still on-going. RKS has been advised that they have a good arguable case going forward in the proceedings. The directors are of the view that no material losses will arise in respect of the arbitration.

Company

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These bank borrowings amount to $77,891,000 (2014: $56,001,000) at the reporting date. The Company has given letters of financial support to certain subsidiaries in the Group with net liability positions at the reporting date. The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefits derived from its guarantees to the banks and financial institutions with regard to the subsidiaries is minimal.

On 21 September 2015, the Company issued a corporate guarantee of $5.7 million to a bank relating to a loan for property development.

34 Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group leases premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one year	**448**	426
Between one and five years	**1,769**	1,688
Later than five years	**2,100**	2,426
	4,317	4,540

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

34 Commitments (Cont'd)

(b) Operating lease commitment - where the Group is a lessor

The Group leases out leasehold property, office and investment properties to related and non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one year	**629**	458
Between one and five years	**244**	637
	873	1,095

35 Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including price risk, interest rate risk and currency risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. Regular reports are also submitted to the Board of Directors and Audit Committee.

(a) Market risk

(i) Price risk

The Group is exposed to equity securities price risk arising from the quoted investments held by the Group which are classified on the statement of financial position as available-for-sale financial assets. The equity securities are listed in Singapore. To manage its price risk arising from investments in equity securities, the Group diversified its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The unquoted investments held by the Group which are classified on the consolidated statement of financial position as available-for-sale financial assets are carried at cost less impairment losses. As these financial are not quoted on any active market, the management is of the opinion that these investments are not exposed to equity price risk.

Sensitivity analysis

If prices for equity securities listed in Singapore change by 23% (2014: 12%) with all other variables including tax rate is being held constant, the effects on equity will increase/decrease by approximately $241,000 (2014: $164,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(ii) Interest rate risk

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest income and expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its exposure.

The following table sets out the carrying amounts as at 30 June 2015, by maturity or repricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Less than one year	Between one and five years	Over five years	Total
	$'000	$'000	$'000	$'000
Group				
At 30 June 2015				
Financial assets				
Fixed rate				
Short-term bank deposits	**1,443**	**–**	**–**	**1,443**
Financial liabilities				
Fixed rate				
Finance lease liabilities	**5,766**	**12,813**	**–**	**18,579**
Floating rate				
Bank overdrafts	**582**	**–**	**–**	**582**
Bank term loans	**45,868**	**22,028**	**3,195**	**71,091**
At 30 June 2014				
Financial assets				
Fixed rate				
Short-term bank deposits	1,057	–	–	1,057
Financial liabilities				
Fixed rate				
Finance lease liabilities	5,240	4,638	–	9,878
Floating rate				
Bank overdrafts	632	–	–	632
Bank term loans	32,758	12,573	5,540	50,871

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial liabilities, a change of 30 basis points (2014: 30 basis points) in interest rate at the reporting date would increase/(decrease) profit before income tax by the amounts shown below. This analysis assumes that all other variables is being held constant.

	Profit or loss	
	30 basis points increase	30 basis points decrease
	$'000	$'000
Group		
2015		
Floating rate instruments	**(215)**	**215**
2014		
Floating rate instruments	(155)	155

(iii) Currency risk

The Group incurs currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily, the Euro ("Euro"), Australian Dollar ("AUD"), United States Dollar ("USD"), Vietnamese Dong ("VND"), Japanese Yen ("JPY"), British Pound ("GBP") and Malaysia Ringgit ("MYR"). The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

35 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Currency risk (Cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	Euro $'000	AUD $'000	USD $'000	VND $'000	JPY $'000	GBP $'000	MYR $'000	Others $'000	Total $'000
Group										
At 30 June 2015										
Financial assets										
Cash and cash equivalents	17,337	1	247	64	316	7	42	647	208	18,869
Trade and other receivables	67,255	–	4,954	3	13,377	–	–	2,425	52	88,066
Available-for-sale financial assets	6,308	–	–	270	–	–	14,139	–	–	20,717
Receivables from subsidiaries	74,565	–	12,169	268	547	–	4,590	205	*	92,344
	165,465	1	17,370	605	14,240	7	18,771	3,277	260	219,996
Financial liabilities										
Trade and other payables	(40,463)	(148)	(3,258)	(447)	(5,988)	(269)	(1,530)	(1,254)	(12)	(53,369)
Payables to subsidiaries	(74,565)	–	(12,169)	(268)	(547)	–	(4,590)	(205)	*	(92,344)
Borrowings	(85,370)	–	(4,854)	–	–	–	–	(28)	–	(90,252)
	(200,398)	(148)	(20,281)	(715)	(6,535)	(269)	(6,120)	(1,487)	(12)	(235,965)
Net financial (liabilities)/assets	(34,933)	(147)	(2,911)	(110)	7,705	(262)	12,651	1,790	248	(15,969)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	35,022	–	3,114	–	(7,705)	–	–	(1,841)	(248)	28,342
Less: Currency forwards	–	–	–	–	–	(420)	–	–	–	(420)
Currency exposure on financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**89**	**(147)**	**203**	**(110)**	**–**	**(682)**	**12,651**	**(51)**	**–**	**11,953**

* Amount less than $1,000

35 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Currency risk (Cont'd)

	SGD $'000	Euro $'000	AUD $'000	USD $'000	VND $'000	JPY $'000	GBP $'000	MYR $'000	Others $'000	Total $'000
Group										
At 30 June 2014										
Financial assets										
Cash and cash equivalents	13,490	10	1,046	9	927	13	43	182	30	15,750
Trade and other receivables	56,951	–	4,603	–	10,883	–	–	1,107	26	73,570
Available-for-sale financial assets	7,664	–	–	–	–	–	5,002	–	–	12,666
Receivables from subsidiaries	91,900	–	11,875	517	533	–	–	126	365	105,316
	170,005	10	17,524	526	12,343	13	5,045	1,415	421	207,302
Financial liabilities										
Trade and other payables	(34,524)	(342)	(8,882)	(70)	(6,118)	(269)	(6)	(796)	(15)	(51,022)
Payables to subsidiaries	(91,900)	–	(11,875)	(517)	(533)	–	–	(126)	(365)	(105,316)
Borrowings	(55,211)	–	(6,131)	–	–	–	–	(39)	–	(61,381)
	(181,635)	(342)	(26,888)	(587)	(6,651)	(269)	(6)	(961)	(380)	(217,719)
Net financial (liabilities)/assets	(11,630)	(332)	(9,364)	(61)	5,692	(256)	5,039	454	41	(10,417)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	11,710	–	9,444	12	(5,692)	–	–	(736)	(49)	14,689
Less: Currency forwards	–	–	(409)	–	–	–	–	–	–	(409)
Currency exposure on financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**80**	**(332)**	**(329)**	**(49)**	**–**	**(256)**	**5,039**	**(282)**	**(8)**	**3,863**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Currency risk (Cont'd)

The Company's foreign currency exposure based on the information provided to key management is as follows:

	SGD $'000	AUD $'000	Total $'000
Company			
At 30 June 2015			
Financial assets			
Cash and cash equivalents	1,853	139	1,992
Trade and other receivables	39,362	8,577	47,939
	41,215	8,716	49,931
Financial liabilities			
Trade and other payables	(315)	–	(315)
Net financial assets	40,900	8,716	49,616
Less: Net financial assets denominated in the Company's functional currency	(40,900)	–	(40,900)
Currency exposure on financial assets net of those denominated in the Company's functional currency	**–**	**8,716**	**8,716**
At 30 June 2014			
Financial assets			
Cash and cash equivalents	1,903	–	1,903
Trade and other receivables	35,561	9,821	45,382
	37,464	9,821	47,285
Financial liabilities			
Trade and other payables	(308)	–	(308)
Net financial assets	37,156	9,821	46,977
Less: Net financial assets denominated in the Company's functional currency	(37,156)	–	(37,156)
Currency exposure on financial assets net of those denominated in the Company's functional currency	–	9,821	9,821



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Currency risk (Cont'd)

Sensitivity analysis

If the Singapore Dollar change against the following currencies by 5% (2014: 5%) at the reporting date, the effects arising from the net financial liability/asset position would increase/ (decrease) profit before income tax by the amounts shown below. This analysis assumes that all other variables is being held constant.

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Euro	**7**	17	**–**	–
AUD	**(10)**	17	**(436)**	(491)
USD	**6**	2	**–**	–
JPY	**34**	13	**–**	–
GBP	**(633)**	(252)	**–**	–
MYR	**3**	14	**–**	–
Others	**–**	*	**–**	–

* Amount less than $1,000

A 5% (2014: 5%) weakening of Singapore Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables, including tax rate is being held constant.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of working with customers with good credit worthiness, market reputation and long working relationship with the Group. The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follow:

	Company	
	2015	2014
	$'000	$'000
Corporate guarantee provided to banks on subsidiaries' borrowings	**77,891**	56,001

The subsidiaries have not defaulted in the payment of borrowings in the financial years ended 30 June 2014 and 30 June 2015. As at the reporting date, no claims on the financial guarantee are expected.

The trade receivables of the Group comprise 5 debtors (2014: 3 debtors) that individually represented 5% to 21% (2014: 7% to 12%) of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2015	2014
	$'000	$'000
By geographical areas		
Singapore	**19,092**	10,299
Australia	**472**	1,828
Malaysia	**509**	58
Vietnam	**5,298**	3,580
Myanmar	**27**	–
	25,398	15,765

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2015	2014
	$'000	$'000
Past due 0 to 30 days	**3,927**	1,565
Past due 31 to 60 days	**1,389**	2,086
Past due above 60 days	**5,131**	2,635
	10,447	6,286

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

Past due above 60 days	**305**	305
Less: Allowance for impairment of trade receivables (Note 6)	**(305)**	(305)
	–	–
Beginning of financial year	**305**	138
Allowance made (Note 27)	**–**	167
End of financial year	**305**	305



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

(ii) Financial assets that are past due and/or impaired (Cont'd)

The impaired trade receivables of the Group relate to customers that are in financial difficulty and management is of the view that payments are not forthcoming.

Except for the amounts which allowances for impairment have been made, management believes that the amounts that are past due are collectible, based on historic payment behaviour and credit-worthiness of the customers.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuation in cash flows.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than one year $'000	Between one and five years $'000	Over five years $'000	Total $'000
Group				
At 30 June 2015				
Trade and other payables	**53,369**	**–**	**–**	**53,369**
Borrowings	**54,332**	**36,879**	**3,421**	**94,632**
	107,701	**36,879**	**3,421**	**148,001**
At 30 June 2014				
Trade and other payables	51,022	–	–	51,022
Borrowings	40,132	18,207	5,905	64,244
	91,154	18,207	5,905	115,266
Company				
At 30 June 2015				
Trade and other payables	**315**	**–**	**–**	**315**
Financial guarantee contract	**77,891**	**–**	**–**	**77,891**
	78,206	**–**	**–**	**78,206**
At 30 June 2014				
Trade and other payables	308	–	–	308
Financial guarantee contract	56,001	–	–	56,001
	56,309	–	–	56,309

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the Group's gearing ratio and compliance of externally imposed capital requirements. The Group's strategy is to maintain: (i) gearing ratio within 1 time (2014: 1 time); (ii) net worth at not less than $40 million (2014: $30 million) at all times; and (iii) debt to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio at not more than 3.5 times (2014: 3.5 times).

(i) Gearing ratio

The gearing ratio is calculated as total borrowings divided by shareholders' funds.

	Group	
	2015	2014
	$'000	$'000
Total borrowings	**90,252**	61,381
Shareholders' funds	**102,990**	104,252
Gearing ratio (times)	**0.9**	0.6

(ii) Net worth

Net worth is calculated as total assets less total liabilities.

	Group	
	2015	2014
	$'000	$'000
Total assets	**259,494**	228,083
Total liabilities	**(152,524)**	(121,450)
Net worth	**106,970**	106,633

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(d) Capital risk (Cont'd)

(iii) Debt to earnings before interest, tax, depreciation and amortisation ("EBITDA")

Debt to EBITDA is calculated as total borrowings divided by EBITDA. EBITDA is calculated as profit/(loss) for the year plus interest expense, income tax expense, depreciation and amortisation.

	Group	
	2015	2014
	$'000	$'000
Total borrowings	**90,252**	61,381
EBITDA		
Profit/(loss) for the year	**796**	(7,247)
Interest expense	**2,564**	1,910
Income tax credit	**(31)**	(191)
Depreciation and amortisation	**15,843**	14,541
	19,172	9,013
Debt to EBITDA (times)	**4.7**	6.8

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2014 and 30 June 2015, except for the breach of financial covenants which was disclosed in Note 18(c) to the financial statements.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market date (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

35 Financial risk management (Cont'd)

(e) Fair value measurements (Cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2015				
Assets				
Available-for-sale financial assets	**1,048**	**–**	**–**	**1,048**
Liabilities				
Derivative financial instruments	**–**	**3**	**–**	**3**
2014				
Assets				
Available-for-sale financial assets	1,364	–	–	1,364
Derivative financial instruments	–	4	–	4

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the reporting date. These investments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

Certain available-for-sale financial assets are carried at cost less impairment losses. The management is of the opinion that these financial assets are not exposed to financial risk arising from fair value measurements.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosures purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amount of current borrowings approximates their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Notes 5 and 9 to the financial statements, except for the following:

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Loans and receivables	**106,935**	89,320	**49,931**	47,285
Financial liabilities at amortised cost	**143,621**	112,403	**315**	308



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

36 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2015	2014
	$'000	$'000
Immediate and ultimate holding corporation:		
Rental income-office	**6**	6
Related parties:		
Rental on operating lease-office	**(170)**	(145)
Interest expenses	**–**	(166)
Insurance expenses	**(701)**	(517)
Waiver of interest expense	**484**	–

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances as at 30 June 2015 and 30 June 2014, arising from sale/purchases of goods and services, are unsecured and payable within 12 months from the reporting date and are disclosed in Note 6 and Note 17 respectively to the financial statements.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2015	2014
	$'000	$'000
Salaries and other short term employee benefits	**4,390**	4,345
Employer's contribution to defined contribution plans, including Central Provident Fund	**210**	222
Directors' fees	**437**	674
	5,037	5,241
Comprise amounts paid to:		
Directors of the Company	**1,346**	1,252
Other key management personnel	**3,691**	3,989
	5,037	5,241

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

37 Segment information

(a) Business segments

The Group has 4 (2014: 4) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer and Executive Directors review the internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Bored piling	:	Piling work to carry heavy vertical loads from structures (such as buildings and bridges) and horizontal loads in earth retaining structures for deep excavation (such as MRT tunnels and basements of buildings).
Eco-friendly piling, geoservices and others		
(a) Eco-friendly piling	:	Eco-friendly and low pollution piling works with minimal noise, vibration and soil removal/disposal and use of lesser raw materials.
(b) Geoservices	:	Environmental protection engineering, micro-piling, ground anchoring, slope protection and stabilisation works such as soil nailing and graniting, soil investigation, geophysical surveying and vibration/seismic monitoring, and sale of strong motion seismic equipment, geophysical survey equipment and geotechnical sensors.
(c) Others	:	Strutting systems, sheet pile and civil engineering works.
System Engineering and Process Automation	:	Metal fabrication on truck body, work for liquid petroleum gas tanks, high pressure vessels, chemical tanks, aircrafts refillers and oil and gas refillers, installation of industrial machinery and equipment and mechanical engineering works.
Property investment	:	Investment in and trading of and development of residential, commercial and industrial properties.

The basis of measurement of the reportable segments are in accordance with the Group's accounting policies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer and Executive Directors. Segment result is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments. Inter-segment pricing is determined based on agreed term.

The unallocated income and expenses include investment/corporate segment which identifies new investment opportunities locally and oversea that has the potential to increase revenue streams and produce good returns on investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

37 Segment information (Cont'd)

(a) Business segments (Cont'd)

The segment information provided to the Group's Chief Executive Officer and Executive Directors for the reportable segments for the financial year ended 30 June 2015 is as follows:

Group	Bored Piling $'000	Eco-friendly Piling, Geoservices and Others $'000	System Engineering and Process Automation $'000	Property Investment $'000	Elimination $'000	Total $'000
Revenue						
External sales	126,071	46,587	5,947	521	–	179,126
Inter-segment sales	6,340	8,599	14	–	(14,953)	–
Total revenue	132,411	55,186	5,961	521	(14,953)	179,126
Segment results	868	409	874	378		2,529
Interest income						604
Unallocated income						2,501
Unallocated expenses						(2,283)
Finance expenses						(2,564)
						787
Share of loss of joint venture						(22)
Profit before income tax						765
Income tax credit						31
Profit for the year						796
Assets						
Segment assets	137,879	60,223	3,768	7,690		209,560
Unallocated assets						49,934
Total assets						259,494
Liabilities						
Segment liabilities	19,235	6,585	1,030	625		27,475
Unallocated liabilities						125,049
Total liabilities						152,524
Other segment information						
Capital expenditure	10,162	9,593	35	118		19,908
Unallocated capital expenditure						1,670
Total capital expenditure						21,578
Depreciation	9,318	4,695	43	152		14,208
Unallocated depreciation						1,592
Total depreciation						15,800
Amortisation	–	–	–	43		43
Loss/(gain) on disposal of property, plant and equipment	169	(277)	–	–		(108)
Allowance for foreseeable losses on construction contract work-in-progress	315	–	–	–		315

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

37 Segment information (Cont'd)

(a) Business segments (Cont'd)

The segment information provided to the Group's Chief Executive Officer and Executive Directors for the reportable segments for the financial year ended 30 June 2014 is as follows:

Group	Bored Piling $'000	Eco-friendly Piling, Geoservices and Others $'000	System Engineering and Process Automation $'000	Property Investment $'000	Elimination $'000	Total $'000
Revenue						
External sales	105,447	31,609	2,929	221	–	140,206
Inter-segment sales	–	7,552	29	–	(7,581)	–
Total revenue	105,447	39,161	2,958	221	(7,581)	140,206
Segment results	(9,547)	3,359	10	(237)		(6,415)
Interest income						109
Unallocated income						1,266
Unallocated expenses						(488)
Finance expenses						(1,910)
Loss before income tax						(7,438)
Income tax credit						191
Loss for the year						(7,247)
Assets						
Segment assets	133,836	48,715	2,349	7,456		192,356
Unallocated assets						35,727
Total assets						228,083
Liabilities						
Segment liabilities	24,435	7,575	324	594		32,928
Unallocated liabilities						88,522
Total liabilities						121,450
Other segment information						
Capital expenditure	7,859	6,469	91	64		14,483
Unallocated capital expenditure						864
Total capital expenditure						15,347
Depreciation	9,358	3,587	30	122		13,097
Unallocated depreciation						1,401
Total depreciation						14,498
Amortisation	–	–	–	43		43
Gain on disposal of property, plant and equipment	(206)	(87)	–	–		(293)
Allowance for impairment on trade receivables - non-related parties	167	–	–	–		167

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

37 Segment information (Cont'd)

(a) Business segments (Cont'd)

(i) Segment assets

The amounts provided to the Group's Chief Executive Officer and Executive Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. All assets are allocated to reportable segments other than cash and cash equivalents, derivative financial instruments, club memberships, available-for-sale financial assets, property, plant and equipment and certain other receivables.

Segment assets are reconciled to total assets as follows:

	Group	
	2015	2014
	$'000	$'000
Segment assets for reportable segments	**209,560**	192,356
Unallocated:		
Cash and cash equivalents	**18,869**	15,750
Other receivables	**5,864**	3,510
Derivative financial instruments	**–**	4
Club memberships	**220**	220
Available-for-sale financial assets	**15,456**	6,366
Property, plant and equipment	**9,525**	9,877
	259,494	228,083

(ii) Segment liabilities

The amounts provided to the Group's Chief Executive Officer and Executive Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax liabilities, derivative financial instruments, deferred income tax liabilities, borrowing and certain other payables.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2015	2014
	$'000	$'000
Segment liabilities for reportable segments	**27,475**	32,928
Unallocated:		
Other payables	**25,894**	18,094
Current income tax liabilities	**309**	292
Derivative financial instruments	**3**	–
Deferred income tax liabilities	**8,591**	8,755
Borrowings	**90,252**	61,381
	152,524	121,450

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

37 Segment information (Cont'd)

(b) Geographical segments

Geographical segments are analysed by four principal geographical areas, namely Singapore, Vietnam, Australia, Malaysia and others. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment assets are based on the geographical location of the assets.

	Revenue		Non-current assets		Total assets	
	2015	2014	**2015**	2014	**2015**	2014
Group	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
By geographical locations						
Singapore	**137,552**	111,585	**114,323**	100,828	**213,703**	183,233
Vietnam	**10,966**	9,593	**7,732**	7,431	**23,706**	22,201
Australia	**27,033**	17,524	**11,603**	12,674	**17,628**	20,707
Malaysia	**3,504**	1,461	**2**	240	**4,074**	1,866
Myanmar	**71**	43	**1**	1	**–**	31
Others	**–**	**–**	**–**	**–**	**383**	45
Total	**179,126**	140,206	**133,661**	121,174	**259,494**	228,083

Revenue of approximately $23,720,000 (2014: $14,055,000) are derived from 2 (2014: 2) external customers. These revenues are attributable to the Singapore bored piling segment.

38 Events occurring after the balance sheet date

(a) Subsequent to the financial year end, the Company had obtained the shareholder's approval at an Extraordinary General Meeting held on 30 July 2015 for the proposed share consolidation of every 5 shares of the Company into 2 Consolidated Shares. Upon completion of the share consolidation exercise on 13 August 2015, the issued share capital of the Company comprises of 306,107,296 Consolidated Shares (including 9,458,160 treasury shares).

(b) On 7 July 2015, the Company through its subsidiary, Leeds Investment & Development Pte. Ltd. ("LID"), together with Heeton Capital Pte. Ltd. ("Heeton Capital"), KSH Global Investment Pte. Ltd. and Wealth Land Pte. Ltd. incorporated a company, Fairmont Land Pte. Ltd. ("Fairmont") in Singapore, with shareholding interest of 15%, 55%, 15% and 15% respectively. The total initial paid up capital of Fairmont is $100. The principal activities of Fairmont are those of investment holdings.

(c) On 7 July 2015, Heeton Capital transferred all its share capital which consists of 2 ordinary shares of US$1.00 each in Ultra Assets Holdings Limited ("Ultra Assets") to Fairmont, thus making Ultra Assets a wholly-owned subsidiary of Fairmont. On 3 July 2015, Ultra Assets completed a sales and purchase transaction to acquire a freehold property with approximate 2.45 acres or 106,722 sq ft site on the north side of New York Road, Leeds of United Kingdom.

The above events are not expected to have a material effect to the Group for the financial year ending 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

39 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 July 2015 or later periods and which the Group and the Company has not early adopted:

Effective for annual periods beginning on or after 1 January 2015

- Improvements to FRSs (January 2014)
  - Amendment to FRS 102 Share-based payment
  - FRS 103 Business Combinations
  - FRS 108 Operating Segments
  - FRS 16 Property, Plant and Equipment
  - FRS 24 Related Party Disclosures
  - FRS 38 Intangible Assets
- Improvements to FRSs (February 2014)
  - FRS 103 Business Combinations
  - FRS 113 Fair Value Measurement
  - Amendment to FRS 40 Investment Property

Effective for annual periods beginning on or after 1 January 2016

- Amendments to FRS 1: Disclosure Initiative
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants
- Amendments to FRS 27: Equity Method in Separate Financial Statements
- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Improvements to FRSs (November 2014)
- FRS 105 Non-current Assets Held for Sale and Discontinued Operations
- FRS 107 Financial Instruments: Disclosures
- FRS 19 Employee Benefits
- FRS 34 Interim Financial Reporting

Effective for annual period beginning on or after 1 January 2017

- FRS 115 Revenue from Contracts with Customers

Effective for annual period beginning on or after 1 January 2018

- FRS 109 Financial Instruments

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

40 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Ryobi Kiso Holdings Ltd. on 1 October 2015.

STATISTICS OF SHAREHOLDINGS

AS AT 10 SEPTEMBER 2015

SHAREHOLDERS' INFORMATION

Total number of issued shares (including treasury shares)	:	306,107,296
Total number of issued shares (excluding treasury shares)	:	296,649,136
Total number of treasury shares	:	9,458,160
Percentage of treasury shares against the total number of issued shares (excluding treasury shares)	:	3.19%
Class of shares	:	Ordinary Shares
Voting Rights (excluding treasury shares)	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	4	0.29	200	0.00
100 - 1,000	153	11.17	101,200	0.03
1,001 - 10,000	590	43.07	2,767,960	0.93
10,001 - 1,000,000	609	44.45	41,644,220	14.04
1,000,001 and above	14	1.02	252,135,556	85.00
	1,370	100.00	296,649,136	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Tanglin Capital Pte. Ltd.[1]	191,902,424	64.69	–	–
Ong Tiong Siew[2]	14,975,296	5.05	198,834,144	67.03
Ong Teng Choon[2]	10,743,152	3.62	198,834,144	67.03
Ong Huay Chin[2]	3,008,704	1.01	198,834,144	67.03

The percentage above is computed based on the total number of issued shares of 296,649,136 excluding treasury shares.

Notes:

(1) Tanglin Capital Pte. Ltd. is deemed to be interested in the 93,840,000 Shares held through Raffles Nominees (Pte) Ltd.

(2) Tanglin Capital Pte. Ltd. is an investment holding company incorporated in Singapore. The shareholders are Ong Tiong Siew, Ong Teng Choon, and Ong Huay Chin. Ong Huay Chin is the sister of Ong Tiong Siew and Ong Teng Choon. By virtue of Section 4 of the Securities and Futures Act, Ong Tiong Siew, Ong Teng Choon and Ong Huay Chin are deemed to be interested in the 191,902,424 Shares held by Tanglin Capital Pte. Ltd.

Kiso Engineering (S) Pte. Ltd. is an investment holding company incorporated in Singapore. The shareholders are Ong Tiong Siew, Ong Teng Choon, and Ong Huay Chin. Ong Huay Chin is the sister of Ong Tiong Siew and Ong Teng Choon. By virtue of Section 4 of the Securities and Futures Act, Ong Tiong Siew, Ong Teng Choon and Ong Huay Chin are deemed to be interested in the 6,931,720 Shares held by Kiso Engineering (S) Pte. Ltd.

STATISTICS OF SHAREHOLDINGS

AS AT 10 SEPTEMBER 2015

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Tanglin Capital Pte Ltd	98,062,424	33.06
2.	Raffles Nominees (Pte) Ltd	94,045,440	31.70
3.	Ong Tiong Siew	14,975,296	5.05
4.	UOB Kay Hian Pte Ltd	13,867,480	4.67
5.	Ong Teng Choon	10,743,152	3.62
6.	Kiso Engineering (S) Pte Ltd	6,931,720	2.34
7.	Ong Huay Chin	3,008,704	1.01
8.	Ong Yee Khong	2,000,000	0.67
9.	DBS Nominees Pte Ltd	1,628,720	0.55
10.	OCBC Securities Private Ltd	1,610,120	0.54
11.	Soon Li Heng Civil Engineering Pte Ltd	1,499,200	0.51
12.	Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng	1,280,000	0.43
13.	Ong Siew Hoon	1,250,000	0.42
14.	Maybank Kim Eng Securities Pte Ltd	1,233,300	0.42
15.	DBS Vickers Securities(s) Pte Ltd	880,000	0.30
16.	Citibank Nominees Singapore Pte Ltd	731,600	0.25
17.	Wong Shaw Seng Regi	680,000	0.23
18.	Chua Buan Ling Alicia	640,000	0.22
19.	Goh Ah Hoe	600,000	0.20
20.	Ong Phang Hoo (Wang Bangfu)	600,000	0.20
		256,267,156	86.39

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the above information available to the Company as at 10 September 2015, approximately 21.44% of the issued ordinary shares of the Company (excluding preference shares, convertible equity securities and treasury shares) are held by the public and, therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ryobi Kiso Holdings Ltd. (the "Company") will be held at The Imagination Room, Level 5, National Library Building, 100 Victoria Street, Singapore 188064 on Friday, 23 October 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 30 June 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt one-tier final dividend of 1.00 Singapore cents per ordinary share (post share consolidation) for the financial year ended 30 June 2015 (2014: 0.30 Singapore cents per ordinary share (before share consolidation)). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Articles of Association of the Company.

   Mr Ong Tiong Siew **(Resolution 3)**
   Mr Ong Teng Choon **(Resolution 4)**

   [See Explanatory Note (i)]

4. To re-appoint the following Directors of the Company who are over 70 years of age pursuant to Section 153(6) of the Companies Act, Chapter 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

   Mr Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng **(Resolution 5)**
   Dr Lau Teik Soon **(Resolution 6)**

   [See Explanatory Note (ii)]

5. To approve the payment of Directors' Fees of $214,200 for the financial year ended 30 June 2015 (2014: $214,200). **(Resolution 7)**

6. To re-appoint Messrs Nexia TS Public Accounting Corporation, Public Accountants and Chartered Accountants, as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at the Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **General Mandate to authorise the Directors to issue shares and/or convertible securities**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "Share Issue Mandate")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless varied or revoked by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 9)**

[See Explanatory Note (iii)]

9. **Renewal of the Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire ordinary shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to this Notice of Annual General Meeting dated 6 October 2015 (the "Letter"), in accordance with the terms of the Share Buyback Mandate set out in the Letter, and the Share Buyback Mandate shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which Share Buybacks are carried out to the full extent mandated, whichever is earlier.

(Resolution 10)

[See Explanatory Note (iv)]

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE DATE FOR FINAL DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed from 5.00 p.m. (Books Closure Date) on 30 October 2015 for the preparation of dividend warrants.

Duly completed registrable transfer received by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road #03-00 ASO Building Singapore 048544, up to 5.00 p.m. on the Books Closure Date will be registered to determine shareholders' entitlement to the final dividend. In respect of the ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final dividend will be paid by the Company to CDP which will, in turn, distribute the final dividend entitlements to the CDP account holders in accordance with its normal practice.

The final dividend, if approved by the members at the Annual General Meeting, will be paid on 6 November 2015.

By Order of the Board

Wong Chee Meng Lawrence
Tan Ghee Hwa
Joint Company Secretaries

Singapore
6 October 2015

Explanatory Notes:

(i) Mr Ong Tiong Siew will, upon re-election as a Director of the Company, remain as the Chief Executive Officer and Executive Director, and will be considered non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Ong Teng Choon will, upon re-election as a Director of the Company, remain as Executive Director and will be considered non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Mr Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng will, upon re-appointment as a Director of the Company, remain as Non-Executive Chairman of the Board, a member of the Audit Committee, Nominating Committee and Remuneration Committee respectively and will be considered non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Dr Lau Teik Soon will, upon re-appointment as a Director of the Company, remain as Chairman of the Nominating Committee and Remuneration Committee respectively, and a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) Resolution 9, if passed, will authorise and empower the Directors of the Company from the date of this Annual General Meeting ("AGM") until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the instruments or any convertible securities, new shares arising from the exercise of share options or the vesting of share awards outstanding or subsisting at the time of the passing of this Resolution and any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

(iv) Resolution 10, if passed, will authorise the Directors of the Company from the date of this AGM until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, or the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Company in a general meeting or the date on which Share Buybacks are carried out to the full extent mandated, whichever is earlier, to purchase or otherwise acquire ordinary shares in the capital of the Company by way of market purchases or off-market purchases on equal access scheme of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the price of up to but not exceeding the Maximum Price as defined in the Appendix to the Letter. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Company for the financial year ended 30 June 2015 are set out in greater detail in the Appendix to the Letter.

Notes:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead at the AGM. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 58A Sungei Kadut Loop, Ryobi Industrial Building, Singapore 729505 not less than forty-eight (48) hours before the time appointed for holding the AGM.

3. By submitting the instrument appointing a proxy or proxies and/or representative to attend and vote at the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy or proxies and/or representative appointed for the AGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy or proxies and/or representative to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy or proxies and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy or proxies and/or representative for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

RYOBI KISO HOLDINGS LTD.

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

IMPORTANT:

1. For investors who have used their CPF monies to buy Ryobi Kiso Holdings Ltd.'s shares, the Annual Report and Appendix are forwarded to them at the request of the CPF Approved Nominees and are sent solely FOR INFORMATION ONLY.
2. The Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing the Proxy Form)

I/We, _____ NRIC/Passport/Co. Registration No. _____

of _____

being a member/members of RYOBI KISO HOLDINGS LTD. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at The Imagination Room, Level 5, National Library Building, 100 Victoria Street, Singapore 188064 on Friday, 23 October 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1	Directors' Report and Audited Accounts for the financial year ended 30 June 2015 together with Auditors' Report thereon		
2	Approval of declaration of tax exempt one-tier final dividend of 1.00 Singapore cents per ordinary share (post share consolidation) for the financial year ended 30 June 2015		
3	Re-election of Mr Ong Tiong Siew as a Director		
4	Re-election of Mr Ong Teng Choon as a Director		
5	Re-appointment of Mr Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng as a Director		
6	Re-appointment of Dr Lau Teik Soon as a Director		
7	Approval of payment of Directors' Fees amounting to $214,200 for the financial year ended 30 June 2015		
8	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors and fixing of their remuneration		
Special Business			
9	General Mandate to authorise Directors to issue shares and/or convertible securities		
10	Renewal of Share Buyback Mandate		

Dated this _____ day of _____ 2015

Total No. of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

_____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number of Shares is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the number of Shares held by you.

2. A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Meeting of the Company. A proxy need not be a member of the Company.

3. Where a member of the Company appoints more than one proxy, he/she shall specify the proportion of his/her shareholding concerned to be represented by each proxy in the instrument appointing a proxy or proxies. If no such proportion of shareholding is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of Shares entered against his/her name in the Depository Register and the entire number of Shares registered in his/her name in the Register of Members, and any second named proxy as an alternate to the first named proxy.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member of the Company from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member of the Company attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 58A, Sungei Kadut Loop, Ryobi Industrial Building, Singapore 729505 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies, failing which the instrument appointing a proxy or proxies may be treated as invalid.

7. A corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. By submitting the instrument appointing a proxy or proxies and/or representative to attend and vote at the Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy or proxies and/or representative appointed for the Meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy or proxies and/or representative to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy or proxies and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy or proxies and/or representative for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have any Shares entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



RYOBI KISO HOLDINGS LTD.

Company Registration No. 200803985D

58A Sungei Kadut Loop
Ryobi Industrial Building
Singapore 729505
Tel : +65 6506 0000
Fax : +65 6506 0003

www.ryobi-kiso.com

cre8 Tel: (65) 63278398