



**Ryobi Kiso Holdings Ltd.**

(Company Registration No.: 200803985D)

Incorporated in the Republic of Singapore)

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

The Board of Directors (the “**Board**”) of Ryobi Kiso Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce and clarify material differences between the unaudited financial statements announced on 23 August 2018 (“**Results Announcement**”) and audited financial statements for the financial year ended 30 June 2018. The material variances and the reasons for the material differences are set out in the explanatory notes below.

**Consolidated Statements of Comprehensive Income for financial period/ year ended 30 June 2018**

	Note	Group					
		3 Months Ended		Variance	12 Months Ended		Variance
		Audited	Unaudited		Audited	Unaudited	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	A(iii)	33,366	24,231	9,135	156,043	146,908	9,135
Gross loss	A(iii)	(36,902)	(46,037)	(9,135)	(25,844)	(34,979)	(9,135)
Other losses	A	(26,117)	(173)	25,944	(27,557)	(1,613)	25,944
Loss before income tax	A	(69,238)	(52,429)	16,809	(75,214)	(58,405)	16,809
Income tax credit/(expense)	B	2,700	(46)	2,746	2,329	(417)	2,746
Loss for the period/year	A and B	(66,538)	(52,475)	14,063	(72,885)	(58,822)	14,063
Attributable to:							
Owners of the Company	A and B	(63,657)	(50,459)	13,198	(70,114)	(56,916)	13,198
Non-controlling interests	C	(2,881)	(2,016)	865	(2,771)	(1,906)	865
Loss for the period/year	A and B	(66,538)	(52,475)	14,063	(72,885)	(58,822)	14,063

**Statement of Financial Position as at 30 June 2018**

	Note	Group			Company		
		Audited	Unaudited	Variance	Audited	Unaudited	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>							
Trade and other receivables	A (iii)	70,441	81,464	(11,023)	26,722	26,722	-
<b>Non-current assets</b>							
Investment in subsidiaries	D	-	-	-	250	4,476	(4,226)
Investment in associated companies	A(ii)	11,559	11,235	324	-	-	-
Property, plant and equipment	A(i)	70,733	76,843	(6,110)	-	-	-
<b>Non-current liabilities</b>							
Deferred income tax liabilities	B	4,963	7,709	(2,746)	-	-	-
<b>NET ASSETS</b>	A, B and D	16,009	30,071	(14,062)	21,052	25,278	(4,226)
<b>Equity</b>							
Accumulated losses	A, B and D	(69,616)	(56,418)	13,198	(64,218)	(59,992)	4,226
Non-controlling interests	C	(1,709)	(845)	864	-	-	-

**Consolidated Statement of Cash Flows for the financial year ended 30 June 2018**

	Note	Group					
		3 Months Ended			12 Months Ended		
		Audited	Unaudited	Variance	Audited	Unaudited	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net cash (used in)/ generated from financing activities	E	(1,680)	(314)	1,366	2,054	3,420	(1,366)
Cash and cash equivalents at end of period/year	E	7,272	8,638	(1,366)	7,272	8,638	(1,366)

## Note

A. The variances comprise of the following:

- (i) Allowance for impairment of property, plant and equipment of \$6.1 million based on an external valuation report made available subsequent to the Results Announcement.
- (ii) Gain on dilution amounted to \$0.3 million arising from a reclassification of a joint venture to an associate due to capital injection from a third party. The reclassification of the investment adjustment was based on information available to the management subsequent to the Results Announcement.
- (iii) Unrecoverable progress claims of \$20.1 million.

Pursuant to the Orders of the Singapore High Courts on 27 August 2018, the Group has engaged an independent and qualified claim consultant to assess the sustainability of the cashflow forecast claims on all on-going projects. Management has taken the findings of the claims report into consideration when assessing the recoverability of amounts due from customers on construction contracts. Based on the finding of the claims report, the Group has made a further written down of amounts due from customers on construction contracts of \$11.0 million as the recovery of these amounts are deemed not probable. Applying the accounting treatment in the claim report, an additional amount of unrecoverable progress claims amounting to \$9.1 million, previously offset against revenue, has been reclassified from revenue to other losses accordingly.

B. Being reversal of deferred income tax liabilities in relation to adjustment made on A(i) and the deferral of capital allowance claim.

C. The variances comprise of the following:

- (i) Non-controlling interest share of adjustments made on Note A(i), A(ii) and Note B.
- (ii) Non-controlling interest share of allowance for impairment made on other receivables in subsidiaries.

D. Management has, after further assessment, made impairment loss on the Group's investment in a subsidiary of approximately \$4.2 million as the subsidiary has been incurring loss and had scaled down its operation during the financial year 2018.

E. The variance was due to reclassification of bank overdraft to cash and cash equivalents.

## BY ORDER OF THE BOARD

Ong Tiong Siew  
Chief Executive Officer and Executive Director

18 February 2019