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

THIRD QUARTER AND NINE MONTHS 2017 FINANCIAL STATEMENTS ANNOUNCEMENT

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

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

INCOME STATEMENT FOR THE THIRD QUARTER ("3Q2017") AND NINE MONTHS ENDED 31 MARCH 2017 ("9M2017")

		Group					
		3 Months Ended 31 March			9 Months Ended 31 March		
		2017	2016	Change	2017	2016	Change
	Note	$'000	$'000	%	$'000	$'000	%
Revenue	1	39,571	42,241	(6.3)	101,603	141,720	(28.3)
Cost of sales	2	(33,712)	(35,280)	(4.4)	(87,051)	(126,068)	(30.9)
Gross profit		5,859	6,961	(15.8)	14,552	15,652	(7.0)
Other income	3	600	319	88.1	2,066	1,329	55.5
Administrative expenses		(5,160)	(5,261)	(1.9)	(14,703)	(15,092)	(2.6)
Other (losses)/gains – net	4	(263)	(421)	(37.5)	1,448	(7,489)	119.3
Finance costs	5	(585)	(684)	(14.5)	(1,788)	(2,097)	(14.7)
		451	914	(50.7)	1,575	(7,697)	120.5
Share of results of joint venture		-	(1)	(100.0)	-	-	-
Profit/(loss) before income tax	6	451	913	(50.6)	1,575	(7,697)	120.5
Income tax expense	7	(151)	(374)	(59.6)	(783)	(501)	56.3
Profit/(loss) for the period		300	539	(44.3)	792	(8,198)	109.7
Attributable to:							
Equity holders of the Company		106	263	(59.7)	713	(7,540)	109.5
Non-controlling interests		194	276	(29.7)	79	(658)	112.0
Profit/(loss) for the period		300	539	(44.3)	792	(8,198)	109.7
Gross profit margin		14.8%	16.5%		14.3%	11.0%	
Net profit/(loss) margin		0.8%	1.3%		0.8%	(5.8%)	
Effective tax rate		33.9%	36.7%		51.2%	NM	
NM – Not Meaningful							

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

1(a) (i) Statement of Comprehensive Income for the Third Quarter and Nine Months Ended 31 March 2017

	Group					
	3 Months Ended 31 March			9 Months Ended 31 March		
	2017	2016	Change	2017	2016	Change
	$'000	$'000	%	$'000	$'000	%
Profit/(loss) for the period	300	539	(44.3)	792	(8,198)	109.7
Other comprehensive (loss)/income:						
Items that may be reclassified subsequently to profit and loss						
Currency translation differences arising from Consolidation						
- (Loss)/Gain	(350)	15	NM	(1,167)	34	NM
Available-for-sale financial assets						
- Currency translation differences	(181)	(1,030)	(82.4)	(391)	(1,115)	(64.9)
- Fair value gain/(loss)	66	6	NM	39	(136)	128.7
Other comprehensive loss, net of tax	(465)	(1,009)	(53.9)	(1,519)	(1,217)	24.8
Total comprehensive loss for the period	(165)	(470)	(64.9)	(727)	(9,415)	(92.3)
Attributable to:						
Equity holders of the Company	(224)	(469)	(52.2)	(497)	(8,463)	(94.1)
Non-controlling interests	59	(1)	NM	(230)	(952)	(75.8)
Total comprehensive loss for the period	(165)	(470)	(64.9)	(727)	(9,415)	(92.3)
NM – Not Meaningful						

1(a) (ii) Notes to Income Statement

(1) Revenue

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Bored piling	22,520	20,408	49,493	78,084
Eco-friendly piling, geoservices and others	16,716	20,690	50,474	60,001
System engineering and process automation	150	759	1,072	2,875
Property investment	185	384	564	760
Total revenue	39,571	42,241	101,603	141,720

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

(2) Cost of sales includes the following:

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Amortisation of land use right/(Reversal of amortisation), net	5	(64)	15	(42)
Depreciation of machinery and equipment	3,308	3,490	10,095	10,301
Depreciation of investment properties	40	40	118	120
Unrecoverable costs	-	-	-	1,880

(3) Other income

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Interest income from deposit and receivable	156	228	461	690
Rental income	114	-	369	-
Sales of minor assets	104	67	378	198
Government incentives	109	14	366	237
Miscellaneous income	117	10	492	204
Total other income	600	319	2,066	1,329

(4) Other (losses)/gains – net

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Foreign exchange (loss)/gain, net	(292)	(628)	1,389	(415)
Gain on disposal of property, plant and equipment	29	207	59	300
Unrecoverable progress claim written off	-	-	-	(7,374)
Total other (losses)/gains – net	(263)	(421)	1,448	(7,489)

(5) Finance costs

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Interest expenses				
- bank and other borrowings	499	587	1,522	1,803
- finance lease liabilities	86	97	266	294
Total finance costs	585	684	1,788	2,097

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

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

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Amortisation of land use right/(Reversal of amortisation), net	5	(64)	15	(42)
Depreciation of property, plant and equipment	3,950	4,050	11,850	11,918
Depreciation of investment properties	40	40	118	120
Employee compensation, including directors' remuneration	7,402	8,347	22,370	22,315
Rental on operating leases - premises	426	232	1,420	740
Professional fees	585	313	1,065	1,581

(7) Income tax expense

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current income tax				
- current period	153	334	805	438
- under provision in prior years	-	1	1	48
	153	335	806	486
Deferred income tax				
- current period	(2)	39	(23)	15
Total income tax expense	151	374	783	501

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

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

Statements of Financial Position

	Note	Group		Company	
		As At 31/03/17	As At 30/06/16	As At 31/03/17	As At 30/06/16
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents		14,234	30,312	502	1,880
Trade and other receivables	1	92,362	87,290	45,026	39,950
Inventories		14,410	13,100	-	-
Construction contract work-in-progress		9,118	1,365	-	-
Derivative financial instruments		207	8		
		130,331	132,075	45,528	41,830
Non-current assets					
Investment in subsidiaries		-	-	45,719	45,719
Investment in joint ventures		45	43	-	-
Investment in associate		4	-	-	-
Club memberships		203	220	-	-
Available-for-sale financial assets		15,425	16,696	-	-
Property, plant and equipment		83,629	90,752	-	-
Investment properties		4,806	4,858	-	-
Land use right		844	847	-	-
Deferred income tax assets		15	15	-	-
Goodwill arising on consolidation		-	-	-	-
		104,971	113,431	45,719	45,719
TOTAL ASSETS		235,302	245,506	91,247	87,549
LIABILITIES					
Current liabilities					
Trade and other payables	2	54,003	50,922	300	696
Current income tax liabilities		879	112	2	5
Derivative financial instruments		4	25	-	-
Borrowings		59,934	68,631	5,000	-
		114,820	119,690	5,302	701
Non-current liabilities					
Borrowings		24,478	28,179	-	-
Deferred income tax liabilities		8,544	8,559	-	-
		33,022	36,738	-	-
TOTAL LIABILITIES		147,842	156,428	5,302	701
NET ASSETS		**87,460**	**89,078**	**85,945**	**86,848**
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		88,385	88,385	88,385	88,385
Treasury shares		(3,115)	(3,115)	(3,115)	(3,115)
Other reserves		(797)	413	-	-
Retained profits		1,596	1,774	675	1,578
		86,069	**87,457**	**85,945**	**86,848**
Non-controlling interests		1,391	1,621	-	-
TOTAL EQUITY		**87,460**	**89,078**	**85,945**	**86,848**

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

(1) Trade and other receivables

	Group		
	As At 31/03/17	As At 30/06/16	Change
	$'000	$'000	$'000
Trade receivables	21,533	20,225	1,308
Construction contracts			
- Due from customers	47,553	44,250	3,303
- Retentions	15,987	15,920	67
	63,540	60,170	3,370
Total trade receivables	85,073	80,395	4,678
Other receivables	7,289	6,895	394
Total trade and other receivables	92,362	87,290	5,072
Average trade receivables' turnover (days)	224	155	
Average trade receivables' turnover, excluding amount due from customers from construction contracts pending certification (days)	59	46	

(2) Trade and other payables

	Group		
	As At 31/03/17	As At 30/06/16	Change
	$'000	$'000	$'000
Trade payables	32,055	25,216	6,839
Construction contract work-in-progress	5,017	7,602	(2,585)
Other payables and accruals	16,931	18,104	(1,173)
Total trade and other payables	54,003	50,922	3,081
Average trade payables' turnover (days)	134	69	

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

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

	Group	
	As At 31/03/17	As At 30/06/16
	$'000	$'000
Amount repayable in one year or less (secured)		
- Bank and other borrowings	54,103	62,338
- Finance lease liabilities	5,831	6,293
	59,934	68,631
Amount repayable after one year (secured)		
- Bank and other borrowings	18,145	18,964
- Finance lease liabilities	6,333	9,215
	24,478	28,179
Total borrowings	84,412	96,810

Details of any collaterals:

(a) Bank borrowings obtained by certain subsidiaries are secured by leasehold properties, certain machinery and equipment of the Group, corporate guarantees from the Company and a subsidiary; and personal guarantee from a non-controlling interest of a subsidiary.

(b) Finance lease liabilities of the Group are secured over the leased machinery and equipment, motor vehicles and corporate guarantees from the Company and certain subsidiaries.

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

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

Consolidated Statement of Cash Flows for the Third Quarter and Nine Months Ended 31 March 2017

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash flows from operating activities:				
Profit/(Loss) before income tax	451	913	1,575	(7,697)
Adjustments for:				
Interest income	(156)	(228)	(461)	(690)
Dividend income	-	-	(2)	(5)
Share of results of joint venture	-	1	-	-
Gain on disposal of property, plant and equipment	(29)	(207)	(59)	(300)
Amortisation of land use right/(Reversal of amortisation), net	5	(64)	15	(42)
Depreciation of property, plant and equipment	3,950	4,050	11,850	11,918
Depreciation of investment properties	40	40	118	120
Interest expenses	585	684	1,788	2,097
Operating profit before working capital changes	4,846	5,189	14,824	5,401
Changes in working capital				
Trade and other receivables	(5,295)	3,720	(4,188)	7,632
Inventories	(1,077)	(660)	(1,302)	(765)
Construction contract work-in-progress	(5,160)	(961)	(7,751)	(3,857)
Trade and other payables	5,903	(13,465)	928	(1,314)
Cash (used in)/generated from operations	(783)	(6,177)	2,511	7,097
Income tax paid	(16)	(97)	(38)	(347)
Net cash (used in)/provided by operating activities	(799)	(6,274)	2,473	6,750
Cash flows from investing activities:				
Interest received	17	36	41	55
Dividend received	-	-	2	5
Proceed from:				
- disposals of property, plant and equipment	318	378	645	660
- cessation of club membership	18	-	18	-
Redemption of available-for-sale financial assets	-	2,246	1,384	7,929
Purchases of and/or additions to:				
- available-for-sale financial assets	(185)	(1,906)	(458)	(4,937)
- property, plant and equipment	(931)	(1,397)	(3,628)	(3,023)
- land use rights	-	(35)	-	(35)
Investment in associate	(4)	-	(4)	-
Investment in joint venture	-	(7)	(3)	(41)
Net cash (used in)/provided by investing activities	(767)	(685)	(2,003)	613
Cash flows from financing activities:				
Proceeds from bank borrowings	28,276	34,800	110,172	104,485
Dividends paid to:				
- equity holders of the Company	-	-	(890)	(2,966)
Deposit pledged to bank	-	-	-	50
Interest paid	(585)	(684)	(1,788)	(2,097)
Repayments of:				
- bank borrowings	(32,547)	(36,459)	(119,236)	(97,538)
- finance lease liabilities	(1,605)	(1,569)	(4,820)	(4,786)
Purchase of treasury shares	-	-	-	(76)
Net cash used in financing activities	(6,461)	(3,912)	(16,562)	(2,928)
Net (decrease)/increase in cash and cash equivalents	(8,027)	(10,871)	(16,092)	4,435
Cash and cash equivalents				
Beginning of financial period	21,935	33,273	30,012	17,936
Effect of currency translation on cash and cash equivalents	26	(3)	14	28
End of financial period	13,934	22,399	13,934	22,399

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

Consolidated Statement of Cash Flows for the Third Quarter and Nine Months Ended 31 March 2017 (Cont'd)

	Group			
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	11,604	19,309	11,604	19,309
Short-term bank deposits	2,630	3,390	2,630	3,390
	14,234	22,699	14,234	22,699
Less: Bank deposits pledged to secure banking facilities	(300)	(300)	(300)	(300)
Cash and cash equivalents as per consolidated statement of cash flows	13,934	22,399	13,934	22,399

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

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

GROUP	Share capital	Treasury shares	Retained profits	Fair value reserves	Currency translation reserves	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1/07/15	88,385	(3,039)	16,111	(238)	1,771	102,990	3,980	106,970
Purchase of treasury shares	-	(76)	-	-	-	(76)	-	(76)
Total comprehensive loss for the period	-	-	(7,540)	(982)	59	(8,463)	(952)	(9,415)
Dividends paid	-	-	(2,966)	-	-	(2,966)	-	(2,966)
Balance at 31/03/16	88,385	(3,115)	5,605	(1,220)	1,830	91,485	3,028	94,513
Balance at 1/07/16	88,385	(3,115)	1,774	(1,911)	2,324	87,457	1,621	89,078
Total comprehensive loss for the period	-	-	713	(256)	(954)	(497)	(230)	(727)
Dividends paid	-	-	(891)	-	-	(891)	-	(891)
Balance at 31/03/17	88,385	(3,115)	1,596	(2,167)	1,370	86,069	1,391	87,460

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity (Cont'd)

COMPANY	Share capital	Treasury shares	Retained profits	Total
	$'000	$'000	$'000	$'000
Balance at 1/07/15	88,385	(3,039)	5,989	91,335
Purchase of treasury shares	-	(76)	-	(76)
Total comprehensive income for the period	-	-	1,333	1,333
Dividends paid	-	-	(2,966)	(2,966)
Balance at 31/03/16	88,385	(3,115)	4,356	89,626
Balance at 1/07/16	88,385	(3,115)	1,578	86,848
Total comprehensive loss for the period	-	-	(12)	(12)
Dividends paid	-	-	(891)	(891)
Balance at 31/03/17	88,385	(3,115)	675	85,945

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no new share issued during the financial period.

Treasury shares
During the three months ended 31 March 2017, the Company did not purchase any shares under the share buyback mandate from the market. The Company held 9,458,160 treasury shares as at the end of the financial period (31 March 2016: 9,458,160).

	Group and Company		Group and Company	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Number of shares		$'000	
Issued and fully paid				
At beginning of period	9,458,160	9,458,160	3,115	3,115
Acquired during period	-	-	-	-
At end of period	9,458,160	9,458,160	3,115	3,115

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2017 was 296,649,136 (31 March 2016: 296,649,136).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the nine months ended 31 March 2017.

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 30 June 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised Financial Reporting Standard which took effect from the current reporting period is assessed to have no material impact to the results of the Group and of the Company for the financial year ending 30 June 2017.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	3 Months Ended 31 March		9 Months Ended 31 March	
	2017	2016	2017	2016
Earnings/(Loss) per share				
(i) Basic (cent)	0.04	0.09	0.24	(2.5)
(ii) On a fully diluted basis (cent)	0.04	0.09	0.24	(2.5)

Earnings/(Loss) per ordinary share on existing issued share capital is computed based on the weighted average number of ordinary shares in issue during the period of 296,649,136 (31 March 2016: 296,673,143).

There is no difference between the basic and diluted earnings/(loss) per share.

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

	Group		Company	
	As at 31/03/17	As at 30/06/16	As at 31/03/17	As at 30/06/16
Net assets value per ordinary share based on issued share capital (excluding treasury share) (cents)	29.48	30.03	28.97	29.28
Number of shares in issue (excluding treasury shares)	296,649,136	296,649,136	296,649,136	296,649,136

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review on Group's Financial Results

9 months ended 31 March 2017 (9M2017) vs 9 months ended 31 March 2016 (9M2016)

The Group reported revenue of $101.6 million in 9M2017, a decrease of $40.1 million or 28.3% from $141.7 million in 9M2016. The revenue contribution from the Group's bored piling operations decreased by $28.6 million or 36.6% from $78.1 million in 9M2016 to $49.5 million in 9M2017. The revenue contribution from its eco-friendly piling, geoservices and other operations decreased by $9.5 million or 15.8% from $60.0 million in 9M2016 to $50.5 million in 9M2017. The decrease in the revenue was mainly due to lower value of workdone in the current period.

Cost of sales decreased by $39.0 million or 30.9% to $87.1 million in 9M2017 from $126.1 million in 9M2016, in tandem with the decrease in business activities.

Gross profit decreased by $1.1 million or 7.0% from $15.7 million in 9M2016 to $14.6 million in 9M2017, mainly due to decrease in revenue. However, the gross profit margin increase from 11.0% in 9M2016 to 14.3% in 9M2017 as a result of lower cost incurred for certain projects in 9M2017.

The increase in other income was mainly due to higher rental income and premium gained from derivative financial instruments.

The decrease in administrative expenses was mainly due to a reduction in professional fee.

The Group reversed from other losses of $7.5 million in 9M2016 to other gains of $1.4 million in 9M2017. The other losses in 9M2016 was mainly due to a one-off unrecoverable progress claim written off of $7.4 million. The other gains in 9M2017 was mainly as a result of foreign exchange gain of $1.4 million which was derived from the appreciation of Australian Dollar and Vietnamese Dong against Singapore Dollar during the period.

The lower finance costs in 9M2017 was in line with the decrease in borrowing.

The income tax expense was in relation to the profitable entities within the Group. The higher effective tax rate was mainly due to certain losses which cannot be offset for income tax purpose.

As a result of the above, the Group reported a profit before income tax of $1.6 million in 9M2017 as compared to a loss before tax of $7.7 million in 9M2016. Profit for the period was $0.8 million as compared to a loss of $8.2 million in 9M2016.

8. Review on Group's Financial Results

3 months ended 31 March 2017 (3Q2017) vs 3 months ended 31 March 2016 (3Q2016)

The Group reported revenue of $39.6 million in 3Q2017, a decrease of $2.6 million or 6.2% from $42.2 million in 3Q2016. The revenue contribution from the Group's bored piling operations increased by $2.1 million or 10.3% from $20.4 million in 3Q2016 to $22.5 million in 3Q2017. The revenue contribution from its eco-friendly piling, geoservices and other operations decreased by $4.0 million or 19.3% from $20.7 million in 3Q2016 to $16.7 million in 3Q2017. The decrease in the revenue was mainly due to lower value of workdone in the current period.

Cost of sales decreased by $1.6 million or 4.5% to $33.7 million in 3Q2017 from $35.3 million in 3Q2016, in tandem with decrease in business activities.

Gross profit decreased by $1.1 million or 15.7% from $7.0 million in 3Q2016 to $5.9 million in 3Q2017, mainly due to decrease in revenue and higher cost incurred for certain projects in 3Q2017. Accordingly, the gross profit margin decrease from 16.5% in 3Q2016 to 14.8% in 3Q2017.

The increase in other income was mainly due to higher rental income, sales of minor assets and government incentives.

Administrative expenses for 3Q2017 of $5.2 million was comparable to $5.3 million in 3Q2016.

The income tax expense was in relation to the profitable entities within the Group. The higher effective tax rate was mainly due to certain losses which cannot be offset for income tax purpose.

As a result of the above, the Group reported a profit before income tax of $0.5 million in 3Q2017 as compared to a profit before tax of $0.9 million in 3Q2016. Profit for the period was $0.3 million as compared to a profit of $0.5 million in 3Q2016.

8. Review of Statements of Financial Position and Cash Flow

Statements of Financial Position	As At 31/03/17	As At 30/06/16	Change
	$'000	$'000	$'000
Total Assets	235,302	245,506	(10,204)
Current Assets	130,331	132,075	(1,744)
Non-Current Assets	104,971	113,431	(8,460)
Current Liabilities (excluding borrowings)	54,886	51,059	3,827
Total Borrowings	84,412	96,810	(12,398)
Shareholders' Equity	86,069	87,457	(1,388)
Net Working Capital	15,511	12,385	3,126

Current Assets

Current assets decreased by $1.7 million were mainly attributable to the followings:

(i) Positive cash flow generated from operations of $2.5 million was utilised in investing activities and financing activities of $2.0 million and $16.6 million respectively, resulting in decrease in cash and cash equivalents of $16.1 million in 9M2017.

Partially offset by:-

(i) Increase in trade and other receivables of $5.1 million mainly contributed by the increase in trade receivables and due from customers on construction contracts of $1.3 million and $3.3 million respectively. The increase was due to higher billings/claims during the financial period.

(ii) Increase in inventories of $1.3 million mainly due to increase in construction materials purchased for the on-going projects.

(iii) Increase in construction contract work-in-progress of $7.8 million mainly due to higher value of construction work-in-progress over progress billing issued during the period.

Non-Current Assets

Non-current assets decreased by $8.5 million were mainly attributable to the followings:

(i) Decrease in property, plant and equipment of $7.1 million mainly due to depreciation charge of $11.9 million, which was partially offset by additions of property, plant and equipment of $5.1 million.

(ii) Decrease in available-for-sales financial assets of $1.3 million mainly due to repayment of funds received.

8. Review of Statements of Financial Position and Cash Flow (Cont'd)

Current Liabilities (excluding borrowings)

Current liabilities (excluding borrowings) increased by $3.8 million were mainly attributable to the followings:

(i) Increase in trade payables of $6.8 million mainly due to increase in construction materials purchased for the on-going projects.

Partially offset by:

(i) Decrease in construction contract work-in-progress of $2.6 million mainly due to completion of certain projects during the financial period.

Total Borrowings

Net decrease in total borrowings were mainly due to repayment made in the current period.

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

The current results are in line with the commentary in paragraph 10 of the Second Quarter and Half Year 2017 Result Announcement dated 10 February 2017.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Outlook

According to Ministry of Trade and Industry press release announced on 13 April 2017, the construction sector contracted by 1.1 per cent on a year-on-year basis in the first quarter, extending the 2.8 per cent decline in the previous quarter. The contraction was due to slowdown in private sector construction activities.

The Group's net order book as at 31 March 2017 stood at $178.7 million, comprising projects from public infrastructure, public housing, residential, commercial and geoservices.

The Group expects the outlook for the construction industry to remain challenging due to keen competition. Therefore, the Group will remain cautious about the local and regional markets where it operates and will continue to strive to secure more projects.

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

No interim dividend for the nine months ended 31 March 2017 is recommended (31 March 2016: Nil).

12. Interested Persons Transactions

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. The following is the aggregate value of all transactions with interested persons for the Third Quarter and Nine Months ended 31 March 2017:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	
	3 months ended 31 March 2017	9 months ended 31 March 2017
	$'000	$'000
HL Suntek Insurance Brokers Pte Ltd (1) - Insurance expense	112	463
Mandarin Road Pty Ltd (2) - Rental of premise	40	120
Tanglin Capital Pte.Ltd. (3) - Interest expense	53	106

Note:

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

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

(3) Mr Ong Tiong Siew, Chief Executive Officer and Executive Director of the Company and Mr Ong Teng Choon, Executive Director of the Company, are the directors and shareholders of Tanglin Capital Pte. Ltd.

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

The Directors of the Company confirm that to the best of their knowledge, nothing has come to attention of the Board of Directors which may render the unaudited financial statements of the Company and the Group for the Third Quarter and Nine Months ended 31 March 2017 to be false or misleading, in any material aspect.

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

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

By Order of the Board

Ong Tiong Siew
Chief Executive Officer/Executive Director
9 May 2017