RYOBI

RYOBI KISO HOLDINGS LTD.



SHAPING
OUR WAY FORWARD

ANNUAL REPORT 2017

RYOBI KISO HOLDINGS LTD.

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
15 Sustainability Report
18 Investor Relations
19 Risk Factors and Risk Management
21 Corporate Governance Report
38 Financial Contents
116 Statistics of Shareholdings
118 Notice of Annual General Meeting
Proxy Form

CORPORATE PROFILE

Established in 1990 and listed on the Stock Exchange of Singapore ("SGX-ST") in January 2010, Ryobi Kiso Holdings Ltd. ("Ryobi Kiso" or the "Group") is a leading ground engineering solutions provider principally engaged in Bored Piling, Eco-friendly Piling and Geoservices.

Through the years, Ryobi Kiso has built a strong track record of delivering quality services to its customers, enabling the Group to develop strong rapport and relationships with them. With more than 25 years of experience in the construction industry, Ryobi Kiso has completed many prominent projects from different sectors and a diverse clientele base. To date, the Group has completed more than 600 projects.

Ryobi Kiso's strengths lie in the dynamic synergies between itself and its clients based on forward planning, innovative solutions and an uncompromising focus on quality and excellence.

CHAIRMAN'S STATEMENT



> Entering into the new financial year, the Group will continue to leverage its strengths in ground engineering solutions with the aim of securing a steady stream of projects.

Dear Shareholders,

This financial year ended 30 June 2017 ("FY2017") continued to be a challenging year for the construction industry. The construction sector had declined on a year-on-year basis for four consecutive quarters since the third quarter of 2016. Going forward, the outlook of the construction industry remains uncertain in the short run.

Financial Highlights

Despite the decline in revenue, the Group achieved a net profit of $1.1 million in FY2017, an improvement from a negative position in financial year ended 30 June 2016 ("FY2016"). This is a demonstration of the Group's resilience in this volatile business environment. Amidst the reduction in total construction contract value and a highly competitive landscape within the Singapore market, the Group has continued to secure a steady stream of projects and maintained a healthy level of order book. This is due to its strong reputation and track record. Ryobi Kiso will continue to rely on its strengths to secure a healthy level of projects in the future.

Singapore-Centric

The Group will continue to focus its attention on Singapore. With respect to the weakness in both public and private construction sector activities, the management believes this is temporary and remains confident in the long term prospects of the Singapore market. Additionally, the Group expects a steady flow of projects from the public sector as Singapore continues its pace of investment in public infrastructures.

Property Investment

On the property investment front, the Group currently has minority interests in four hotels in the United Kingdom, namely LUMA Concept Hotel, London; Hotel ibis Style London Kensington; ibis Budget Bradford and ibis Hotel Gloucester as well as an ongoing redevelopment project in Leeds. Additionally, the Group also has an industrial property-Ryobi Tech Hub, near Ho Chi Minh City, Vietnam, which is fully leased out.

Going forward, Ryobi Kiso remains cautiously optimistic, given the current economic environment and continues to exercise prudence when selecting suitable investment to participate in.

Moving Ahead

Entering into the new financial year, the Group will continue to leverage its strengths in ground engineering solutions with the aim of securing a steady stream of projects. Additionally, the Group is also constantly pushing out new initiatives while reviewing existing ones to better manage the challenging business environment, streamline its processes and strengthen its operations.

Dividend

Taking into consideration of Ryobi Kiso's financial performance in FY2017 and the capital needs for the Group, the Board of Directors (the "Board") is recommending a first and final tax exempt dividend of 0.4 Singapore cent per share. This is to reward the shareholders for their continual trust and support. The proposed dividend is subjected to the shareholders' approval at the Annual General Meeting.

Words of Appreciation

On behalf of the Board of Ryobi Kiso, we would like to express our deepest gratitude to the management and staff for their relentless dedication and efforts during these challenging times.

I and the Board will also like to thank our shareholders, business associates and partners for their belief and confidence in the Group. The Board and management will continue to work hard and bring Ryobi Kiso to a better position in the coming years.

Thank you.

Lee Yiok Seng
Chairman and Non-Executive Director

CEO'S STATEMENT



Going forward, Ryobi Kiso will continue to explore various initiatives to build and enhance new capabilities. These initiatives will enable the Group to adapt readily to the ever-changing landscape of the local construction industry.

Dear Shareholders,

The Singapore construction sector continued to face a lot of headwinds in FY2017. Besides the intense competition among fellow industry players, there was also a decrease in both private and public sector construction activities. As a result, the Group's revenue declined in FY2017 compared to FY2016.

Financial Review

Revenue decreased 24.2% from $191.0 million in FY2016 to $144.8 million in FY2017. In tandem with the lower revenue, gross profit declined 17.9% from $22.3 million in FY2016 to $18.3 million in FY2017. However gross profit margin increased from 11.7% in FY2016 to 12.7% in FY2017.

Despite the lower revenue and gross profit, the Group reversed from a net loss position in FY2016 to record a net profit of $1.1 million in FY2017. The Group reported an EBITDA of $19.8 million for the financial year under review. Ryobi Kiso also continued to generate positive net cash from operating activities of $12.0 million in FY2017 and the Group's cash and cash equivalents stood at $22.0 million as at 30 June 2017.

Operational Review

Segmentally, Eco-friendly Piling, Geoservices and others is the main revenue contributor in FY2017, accounting for $74.4 million or 51.4% of the total revenue. Bored Piling contributed $69.0 million or 47.7%.

Geographically, the Singapore market contributed $141.4 million or 97.7% of the total revenue. This is in line with the Group's strategy to focus on Singapore.

Despite the challenging environment, Ryobi Kiso has continued to leverage on its past experience and strong reputation to secure a healthy pipeline of projects. The Group's net order book as at 30 June 2017 stood at $173.6 million, comprising projects from public infrastructure, public housing, residential, commercial and geoservices.

Some of the ground engineering projects undertaken by Ryobi Kiso during FY2017 include the following:

Infrastructure

- Changi Water Reclamation Plant at Changi East
- Contract T220 Great World Station and Tunnel for Thomson Line
- Contract T227 Marina South Station and Tunnel for Thomson Line
- DSTA Land Preparation at Changi East
- Inter-Estate Goods Mover System linking Tuas Port with Industrial Estates and Underground Cavern Development at Jurong West
- JTC Reclamation at Jurong Island Westward Extension
- Land Transport Authority Contracts T202, T203, T205, T206, T212, T213, T301, T313-SC017, T3008
- Project Jewel at Changi Airport
- Public Utility Board Service Reservoirs and Water Tower
- Pulau Tekong Phase 2
- Seletar Airport passenger terminal building
- Tuas View Basin

Residential

- HDB Ang Mo Kio N2 C31
- HDB Bedok N4 C9
- HDB Punggol West C39
- HDB Sembawang N1 C9
- HDB Term Contract No. 38
- Alexandra View
- Executive Condominium at Yio Chu Kang Road
- Martin Modern-Condominium at Martin Place

CEO'S STATEMENT

Commercial and Institutional

- Eunoia Junior College
- Integrated Intermediate Care Hub (IICH) at Health City Novena
- JTC Logistic Hub
- Nursing Home at Taman Jurong
- Seminary and Theological Institute at St. Joseph Church
- Staff Housing at Upper Aljunied Road
- Wet Science Building, National University of Singapore

Singapore's Construction Sector

While the construction activities had shown weakness for the past four calendar quarters (from 3Q 2016 to 2Q 2017), the Group remains confident in the long term prospects of Singapore. The management believes that the local government will continue to invest in infrastructure projects as Singapore seeks to redevelop itself. As such, the pipeline of public infrastructure projects is expected to remain healthy.

For the private property construction sector, the Group sees some silver lining in the horizon as there are increase in activities such as Government Land Sales as well as En-Bloc of private condominium. This seems to indicate a likely recovery in the near future. Given Ryobi Kiso's past track record, the management is confident that the Group is well poised to capitalise on these opportunities.

Going forward, Ryobi Kiso will continue to explore various initiatives to build and enhance new capabilities. These programs include, but not limited to, human talent acquisition and retention, productivity enhancement, research and development of new work process, and optimisation of the fleet of machinery. These initiatives will enable the Group to adapt readily to the ever-changing landscape of the local construction industry.

Words of Thanks

In appreciation of the shareholders' unwavering support of Ryobi Kiso, the Board has proposed a first and final tax exempt dividend of 0.4 Singapore cent per share for FY2017, subject to the approval of the shareholders during the Company's upcoming Annual General Meeting. The Board will continue to work hard, together with the management and staff.

We would also like to take this opportunity to thank our customers, business associates and partners. With their support, we have achieved the strong industry position that we have attained today. We sincerely hope to continue our close partnership and collaboration with all of you.

To our management team and our valued staff, your commitment to the Group in this challenging environment plays an important role in the Group's success. Your efforts and contributions are deeply appreciated and we will like to express our gratitude to everyone in our Ryobi Kiso family.

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
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

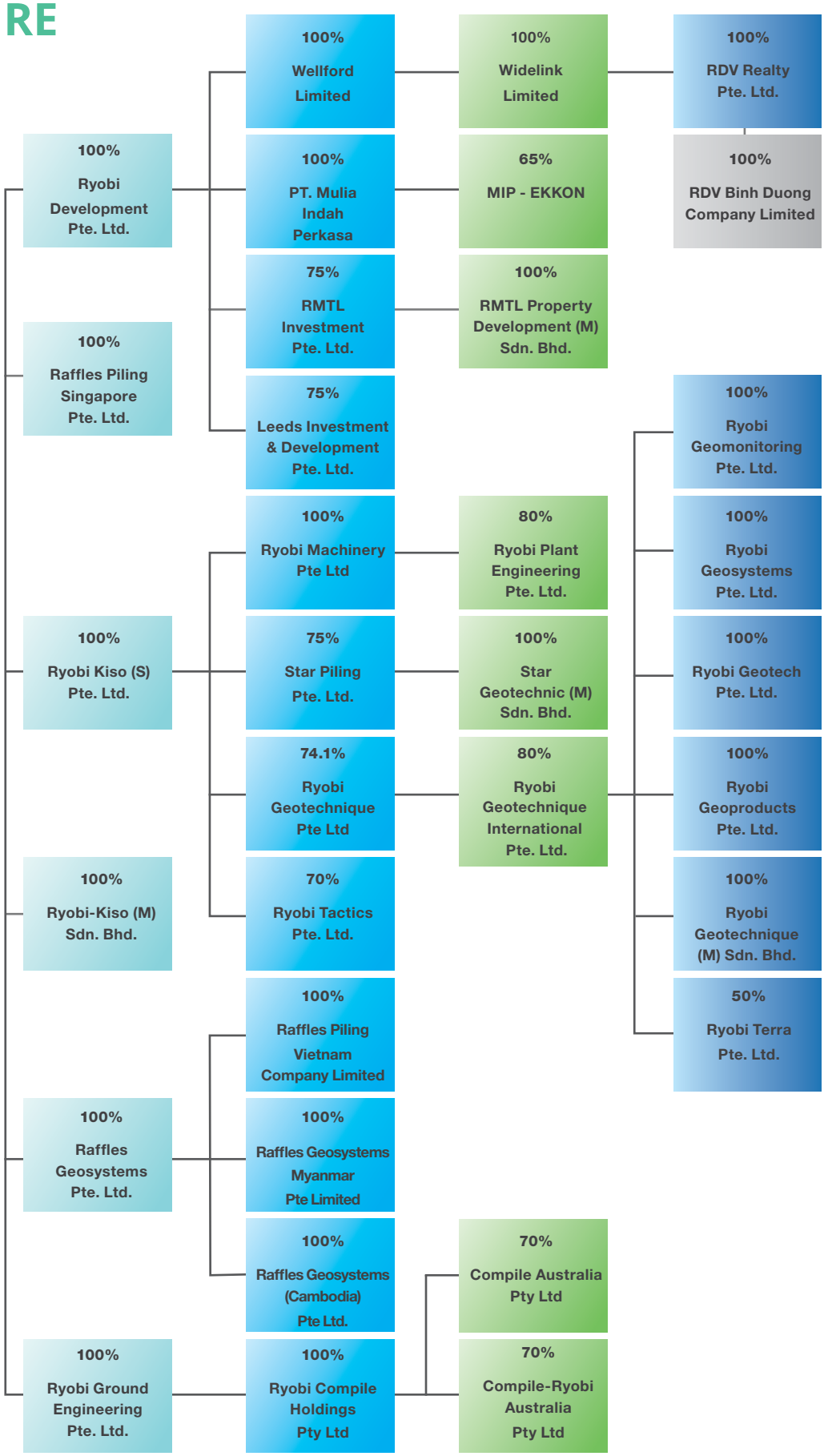
Investor Relations
Capital Access Communications Pte. Ltd.
39 Arab Street
#03-01
Singapore 199738
Tel: +65 62913928
Fax: +65 62207229
Contact: Edwin Lee/ Neo Aik Kee
Email: edwinlee@capitalaccess.com.sg/
aikkee@capitalaccess.com.sg

Auditors
Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
Shaw Tower #30-00
Singapore 189702
Director-in-charge: Lee Look Ling (Appointed in FY2017)

Principal Bankers
CIMB Bank Berhad
DBS Bank Ltd
Standard Chartered Bank
United Overseas Bank Limited

GROUP STRUCTURE

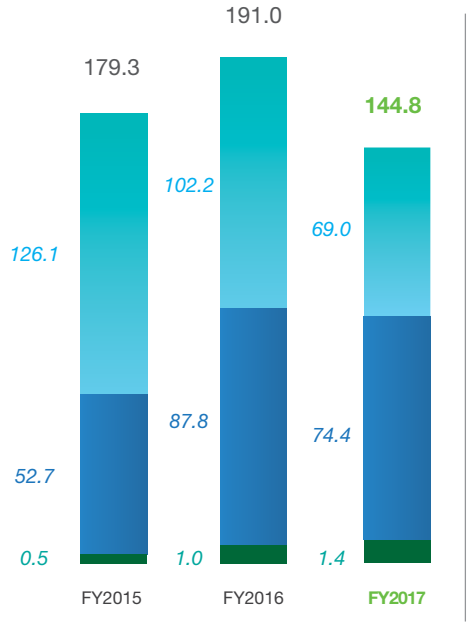
RYOBI KISO HOLDINGS LTD.



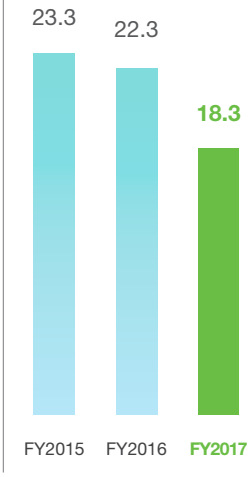
FINANCIAL HIGHLIGHTS

GROUP	FY2017 $'million	FY2016 $'million	FY2015 $'million
Revenue			
Bored Piling	**69.0**	102.2	126.1
Eco-friendly Piling, Geoservices and Others	**74.4**	87.8	52.7
Property Investment	**1.4**	1.0	0.5
Total Revenue	**144.8**	191.0	179.3
Gross Profit	**18.3**	22.3	23.3
Profit/(Loss) after Tax	**1.1**	(12.8)	0.8
EBITDA	**19.8**	11.7	19.1
Shareholders' Funds	**86.6**	87.5	103.0

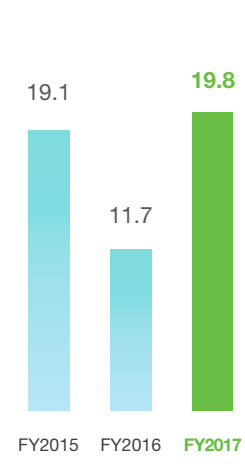
Revenue
$'million



Gross Profit
$'million



EBITDA
$'million



Shareholders' Funds
$'million



- Bored Piling
- Eco-friendly Piling, Geoservices and Others
- Property Investment

BOARD OF DIRECTORS







Mr Lee Yiok Seng

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 Government Whip, Chairman of the Construction Industry Development Board and Chairman of Town Council and others. 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

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

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

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 30 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

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 consultant of Tan Leroy & Associates, 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 a Lecturer 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 Mun Siong Engineering Limited, a company listed on SGX-ST.

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 Limited.

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 Lim Kok Hin
Director, Infrastructure

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 Limited and Raffles Geosytems (Cambodia) Pte Ltd. in June 2013. In January 2016, Mr Lim was re-designated as Director, Infrastructure. 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 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 Board of Engineers, Malaysia.



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 15 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.



Ms Ng Phick Suan

Financial Controller

Ms Ng joined our Group as Financial Controller in October 2015. She is currently responsible for the Group's accounting and tax functions. She has over 15 years of working experience in accounting and financing matters. Prior to joining the Group, Ms Ng was a Group Finance Manager/ Financial Controller for various listed companies in Singapore.

Ms Ng is a member of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants.

OUR BUSINESS

As a fully integrated ground engineering solutions provider, Ryobi Kiso engages with various ground engineering expertise and facilities in-house to provide full package of services and integrated solutions for buildings, infrastructures and civil engineering works

RYOBI KISO

Our specialised services

FOUNDATION

- Bored piles
- Barrette piles
- Micro piles
- Press grouted spun piles

GROUND IMPROVEMENT

- Grout mix piles
- Deep soil mixing
- Jet grouting
- Jet mechanical mixing
- Permeation grouting

ENGINEERING AND PROCUREMENT

- Project management and execution
- Machinery
- Design support
- Plant and workshop

EARTH RETAINING STRUCTURE

- Diaphragm walls
- Contiguous bored piles
- Secant bored piles
- Sheet pile walls
- Strutting and King Post
- Soil mix wall
- In-situ concrete wall
- Trench-cutting remixing deep-wall

GEOSERVICES

- 3D laser scanning
- Geotechnical engineering
- Noise monitoring and control
- Soil investigation
- Geophysical survey
- Geotechnical instrumentation

SUSTAINABILITY REPORT



Ryobi Kiso is a leading provider of ground engineering solutions and its services have a direct impact on the environment and the public. The Group's Board and the CEO understand the need to balance between maximising returns for the shareholders and fulfilling its social responsibilities. We strive to create long-term growth while embracing responsible business practices and limiting the impacts of our business operations to the environment.

While the Group did not set up a specific committee to cater to the needs of sustainability, non-economic goals and objectives such as pollution control, human capital, anti-corruption practice and etc are greatly emphasised upon and are integrated into the day-to-day operations of the Group.

At Ryobi Kiso, the management endeavors to make significant contributions towards achieving both economic and social goals for the various stakeholders. As such, the Group has identified the following seven Environmental, Social and Governance (ESG) factors which it has exerted its sustainability visions on:

Environmental – Pollution Control

Ryobi Kiso is aware that the nature of the Group's services will have certain impact on the environment. As such, the Group has adopted environmentally friendly work processes whenever possible. The Group is constantly undertaking research and development with its various relevant departments as well as external parties to introduce environmentally friendly work processes.

Moreover, Ryobi Kiso takes great care to ensure that measures are in place to minimise pollution whenever possible. For instance, in a recent project, the operation team proactively designed a more efficient Earth Control Measures ("ECM") system as well as enhanced the temporary drainage system to minimise the potential pollution to the nearby park and water sources from the work site.

Environmental – Resource Management

In general, the Group strives to reduce pollutions, particularly environmental and noise pollutions. The Group is always looking for ways to reuse and/or recycle excess resources for alternative purposes in order to reduce wastages.

Green Initiatives on work sites include:

- Real-time monitoring and control of soil movement, noise and vibration;
- Use of noise barrier to reduce construction noise to neighbourhood;
- Use of stockpile covers to prevent dust;
- Water treatment and water preservation scheme on work sites;
- Reuse of treated water from ECM for general uses such as area cleaning;
- Reuse of metal for rack, gate and others;
- Reuse of excess concrete to create walkway or access path around construction sites; and

- Use of green products such as green concrete

The Group's services have met industry sustainability and environmental guidelines. The Group also ensures, to the best its ability, that the material and services that it procures also meet the industry green standard.

Green Initiatives in office

The Group also places great emphasis on going green initiatives in both its headquarter and site offices and have implemented numerous initiatives to reduce energy and wastages. Some of the initiatives include:

- Hot-desking (sharing of desk space) to improve office space efficiency;
- Internal communication programs to educate "green" mentality;
- Paperless administrative programs such as e-filing of work reports and online leave application;
- Installation of motion sensors in places with lesser human traffic; and
- Installation of LED lights for better energy efficiency

Social - Human Capital

Training and professional development

In today's highly competitive environment, human capital is crucial to the success of any company. Likewise, Ryobi Kiso believes in nurturing the human talent, grooming leaders of tomorrow. This value is deep-rooted within the organization and our Human Resource department has introduced and identified various learning programs as well as training courses to help its employees to develop the necessary skills, competencies and behaviors to handle increasingly complex challenges at work. Training hours are tracked and monitored, while both in-house and external trainers are engaged to ensure progression and upgrading of skills. In FY2017, a total of 1700 hours of training was conducted across the various departments.

Talent acquisition and retention

In addition to training and professional development, the Group also have in place various initiatives to attract young and capable engineers as well as to retain experienced employees. The Group participated in various career talks and seminars held by tertiary institutions to attract new talents. The Human Resource department always keeps itself abreast of the latest salary trends in the industry in order to offer attractive and competitive remuneration packages. Clear career progression paths and skills acquisition programs are planned which allow the Group's employees to fully develop their potentials.

Ryobi Kiso also treasures experienced veterans of the industry, which is in line with the Government's initiative to promote employment beyond the statutory retirement age. Currently, approximately two per cent of the Group's employees are beyond their retirement age.

Care for workforce

Ryobi Kiso believes that a worker's well-being will have a positive effect on their productivity. As such, the Group has put in place programs to ensure that the welfare of its workers is being well taken care of.

As Ryobi Kiso has workers and employees of diverse background, it pays special attention to cultural differences. Having good culture awareness, the Group is able to understand its workers' needs and prevent unnecessary frictions and encourage better bonding between workers of different nationalities; thereby creating a much more harmonious work environment.

The Group houses its foreign workforce within its own dormitory. This gives Ryobi Kiso full autonomy in determining the types of amenities as well as the day-to-day welfare programs. A dormitory officer is appointed to understand the concerns of the general worker and conduct regular feedback sessions. All workers are encouraged to voice their concerns or any difficulties during their course of work.

Social - Workplace Safety Management

Another important aspect of the Group's culture is workplace safety and this is particularly important for construction related players like Ryobi Kiso. The management has always prioritized safety over many other things and will not compromise on the well-being of its workers and stakeholders.

Ryobi Kiso has attained 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 its 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:

- Safety briefing/tool box meeting are conducted every day to remind on-site workers of their safety obligations;
- Better emergency preparedness through regular safety drills;

- There are regular periodic review and discussions on Group's safety targets, as well as remedial actions and preventive measures for near-miss incidents;
- Clearly defined roles and responsibilities such as safety officers and supervisors and the respective checks to be performed at work sites in relation to safety guidelines;
- Performing risk analysis on work process to minimise risk of accidents;
- Ensuring employees are adequately trained and well equipped to carry out their tasks safely;
- Organising of talks and seminars for staff on topics such as proper safety procedures for each individual work process;
- 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 safety issues

The Group is continuously upgrading its safety and workflow process. During the year, Ryobi Kiso has launched the WSH Council Culture Safe campaign and InSight QSE (Quality, Safety and Environment) which is an IT initiative to reduce the communication time and improve the work flow among different stakeholders, such as statutory bodies, clients and consultants.

Social - Charity

As a firm believer in giving back to the community, Ryobi Kiso supports a variety of community-based programs that provide support to the elderly, needy and disabled. In FY2017, Ryobi Kiso contributed to organisations such as Stroke Support Station Ltd, National University of Singapore–Engineering and Singapore Bukit Panjang Hokkien Konghuay.

The Group supports and participates in numerous programs that promote the communities' social well-being. Overall, community engagement remains an important ethos for the Group as this reinforces a sense of pride and promotes a culture of contribution in the workplace. Going forward, the Group will continue to seek out more suitable community involvement programs.

Governance - Corporate Governance

As a SGX-ST listed company, Ryobi Kiso upholds a high-level of corporate governance so as to protect the interests of all shareholders. We have a very stringent framework so as to provide accountability among the key appointment holders. It also aims to strike a balance between short term and long term objectives among the different stakeholders.

Additionally, the Group strives to achieve a high standard of corporate transparency, allowing our shareholders and the investment public to be kept abreast of key material developments of the Group at all times.

The Board, as well as the management, will continue to explore ways to further enhance Ryobi Kiso's corporate governance practices, formulating the most suitable set of guidelines and framework in order to achieve sustainable growth in the long run.

Governance - Whistleblowing/Anti-corruption

Ryobi Kiso has put in place a whistleblowing policy which encourages employees and vendors to report malpractices and misconduct in the workplace. Ryobi Kiso will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Details of the whistleblowing 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.

At Ryobi Kiso, the Group has zero tolerance for bribery and corruption. Ryobi Kiso has developed a set of best practices to deter and minimised any opportunities for bribery and corruption. All management and staff are regularly communicated on the importance of integrity in their daily functions to ensure that Ryobi Kiso's commitment to business integrity and legal compliance is followed.

INVESTOR RELATIONS

Ryobi Kiso firmly believes that a successful Investor Relations ("IR") program is crucial to achieving a fair valuation for its share price in the long run. The Group emphasises on two-way communication between itself and the stakeholders, which include the investment community, media and the general public.

The current IR function is headed by Ms Tan Ghee Hwa, Director, Corporate Development and assisted by Ms Ng Phick Suan, Financial Controller and an external IR firm, Capital Access Communications Pte. Ltd..

Ryobi Kiso is committed to deliver timely, transparent, and consistent disclosures to its stakeholders and has put in place a series of processes to ensure that relevant and material information is disclosed in a clear, concise and consistent manner, in accordance with the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). In addition to the dissemination of timely information, stakeholders are also welcomed to reach out to the management and enquire about the latest development via various channels such as Annual General Meetings, email, telephone and etc. The Group firmly believes that such open and transparent communication approach will enable stakeholders to gain a better understanding of Ryobi Kiso's business strategies, operational realities and the market conditions it operates in.

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

- Posting of the financial results announcement through SGX-ST's SGXNet broadcast network and on the Group's corporate website at http://www.ryobi-kiso.com on a timely basis;
- Actively providing information on matters, such as new contracts secured and major project development milestones to shareholders and members of the financial community;
- Maintaining an informative corporate website to enable stakeholders easy access to key information about Ryobi Kiso, which includes a comprehensive IR channel that is updated with the Group's latest announcements, corporate information, financial information and IR contact points;
- Keeping its shareholders and interested parties abreast of the latest announcements by utilising shareinvestor.com's email alerts service;
- Engagement with financial analysts, existing and potential investors, and shareholders through multiple channels;
- Seeking opportunities to profile the Group in the business and financial media, so as to achieve greater awareness among the investment community; and
- Providing detailed information on business strategies, operational developments and financial results in its Annual Report as well as other marketing literature, which are available on the Group's website.

Through these initiatives, Ryobi Kiso is able to maintain an open communication with the Group's stakeholders, thereby understanding the needs of its stakeholders and also keeping them updated on Ryobi Kiso's latest developments.

RISK FACTORS AND RISK MANAGEMENT

Risk management is an integral part of Ryobi Kiso's strategic management as well as day-to-day operational management of its business. It involves identifying risks, setting policies and mitigation plans, which are reviewed regularly by the Board to respond to changing market conditions and business activities of the Group.

In order to ensure that risks are minimised, the management placed great emphasis on the strengthening of its risk management framework. This is achieved through integrating a structured and disciplined approach of managing risk into its core business processes and decision-making activities.

The Board has the overall responsibility to ensure that the Group has the capabilities to manage and control risks in new and existing businesses. On individual business unit level, each unit is responsible for identifying, managing and monitoring of related risks as well as the effectiveness of each risk management program.

Categorically, the risks identified include market risk, business risk and operational risk.

Market Risk

Ryobi Kiso has investments and operations in Australia, Malaysia, Singapore, UK and Vietnam. These investments and operations are exposed to changes in government policies and regulations as well as potentially 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 be affected by the global economy and business opportunities in these countries. While these circumstances may be beyond its control, the Board and the management consistently keep themselves 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 affected 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 will help to improve efficiency in its businesses.

The Group's performance is also affected by the continuity to secure new projects. To maintain the 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. 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. Additionally, Ryobi Kiso is always exploring alternative sources of cheaper supplies.

RISK FACTORS AND RISK MANAGEMENT

Operational Risk

The Group experiences risks that are common and inherent to the industry. Some of the operational risks which had been identified and the mitigation measures implemented to reduce the impact of these risks are as follows:

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 subcontractors. Unforeseen circumstances such as adverse weather conditions, unanticipated constraints at work site, 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 higher cost for the project.

To mitigate such increase in cost, the Group has implemented a cost monitoring and control regime. Additionally, the Group has also set up a Business Excellence Unit to further leverage on modern technology so as to mitigate such risks. As such, project costs are better managed and timely remedial response can be activated to control the impacts of such increase in costs.

Human Capital Risk

The industry relies heavily on the foreign work force. The recruitment of this group of workers is subjected to regulations which are evolving due to the Government effort to reduce reliance on the foreign work force. This will have a financial bearing on the Group's operations. In order to mitigate this, the Group has explored and implemented various initiatives to enhance its productivity and further streamline the operational 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 also implemented a mentorship programme to enhance employee's professional development and personal growth.

Work Safety

The work environment at the construction sites is generally more hazardous. As such, accidents or mishaps at project construction sites or storage yards may occur and can cause injury to workers, damages to equipment and properties and threaten the continuity of operations. In an effort to mitigate this, the Group consistently identify and manage the health and safety risks, implementing preventive measures to 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 its processes and to monitor the compliance of all relevant authorities' and in-house regulations. The Group's principal subsidiary has been certified under the internationally recognised assessment specifications for occupational health and safety management systems – OHSAS 18001:2007. The Group is continuously emphasizing on safety and had launched the WSH Council Culture Safe campaign in 2017, which will lead to Culture Safe certification.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Ryobi Kiso Holdings Ltd. (the "Company") together with its subsidiary corporations (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 2017.

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 quarterly, half-yearly and full-year results;
- approve major funding proposals, investment and divestment proposals;
- consider sustainability issues such as environmental factors; and
- assume responsibility for corporate governance.

All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

CORPORATE GOVERNANCE REPORT

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.

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 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 2017. The Company's Constitution allows 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 2017 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	1	1
Ong Tiong Siew	4	4	4	4*	1	1*	1	1*
Ong Teng Choon	4	4	4	4*	1	1*	1	1*
Lai Chin Yee	4	4	4	4	1	1	1	1
Lau Teik Soon	4	4	4	4	1	1	1	1

** 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.

In the event a new Director joins the Board, the Board will ensure that such newly appointed Director will be given a comprehensive orientation on the history, development and operational procedures of the Company or attend relevant seminars conducted by the Singapore Institute of Directors to familiarise them with the Group's business and governance practices. When necessary, training for first-time directors in areas such as accounting, legal and industry-specific knowledge will be provided by the Company.

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.

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 of 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 judgement with a view to the best interests of the Company. Further, none of the 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 and Lead Independent Director make up more than one-third of the Board. The Independent Directors provide the Board with independent and objective judgement on the corporate affairs of the Group and together with the Non-Executive Directors, 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. Further, the Non-Executive Directors will have discussions amongst themselves and the internal and external auditors without the presence of the Management and the rest of the Executive Directors at least once a year, to discuss issues such as those in relation to internal control and audit report. Feedback is provided to the Chairman after such meetings.

Guideline 2.2 of the Code recommends that independent directors make up at least half of the Board where: (a) the Chairman of the Board and the Chief Executive Officer (or equivalent) is the same person; (b) the Chairman and the Chief Executive Officer are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director. Under the present board composition, guideline 2.2 of the Code is not met as the Chairman is not an independent director, however the Board is satisfied as to Mr Lee Yiok Seng's independence of judgement as Mr Lee Yiok Seng has, inter alia:

- made significant contributions to Board matters such as the strategic planning and corporate governance of the Group;
- when necessary, sought clarification directly from key management personnel; and
- provided impartial advice and recommendations, and has exercised his independent judgement in doing so.

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, regardless of gender. The NC adopts the Code's definition of what constitutes an Independent Director and all Directors make prompt disclosure of any relationship that may appear to affect their judgement. As and when any such relationship arises, the NC will make recommendations to the Board on whether the relevant Director is independent in character and judgement and whether the relationship in question is likely to affect the Director's judgement.

CORPORATE GOVERNANCE REPORT

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.

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 Financial Controller (the "FC") has failed to resolve such concerns or when such normal channels of contact are inappropriate.

Under Guideline 2.2(d), the independent directors should make up at least half of the Board where the Chairman is not an independent director. Currently, the board is made up of five (5) directors of which two (2) are independent. As mentioned earlier, the Board is of the view that Mr Lee Yiok Seng exercises satisfactory independence of judgement. The Board believes that 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 representatives 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 the quality and timeliness of the information exchanged between the Board and the Management, which consists 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 2017. 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;
- 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; 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 Constitution 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 Constitution 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	19 October 2016
Ong Tiong Siew	Executive Director	28 February 2008	23 October 2015
Ong Teng Choon	Executive Director	28 February 2008	19 October 2016
Lai Chin Yee	Lead Independent Director	7 December 2009	19 October 2016
Lau Teik Soon	Independent Director	7 December 2009	19 October 2016

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 2017, 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 does not encourage the practice of appointing alternate directors for Directors of the Board. During the financial year ended 30 June 2017, 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 Lee Yiok Seng and Dr Lau Teik Soon, who will retire pursuant to Article 91 of the Company's Constitution.

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 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 the brother-in-law of Ms Ong Huay Chin. Ms Ong Huay Chin is the 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 2017, all Directors were requested to complete a board evaluation questionnaire designed to seek their views on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The said board evaluation questionnaires 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 each Director contributes towards the overall effectiveness of the Board during the financial year ended 30 June 2017.

No external facilitator has been engaged by the Company for the purpose of evaluation of the Board during the financial year ended 30 June 2017.

The NC is of the view that each Director contributes in different areas to the 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 an 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.

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 one (1) meeting during the financial year ended 30 June 2017. 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 the Ryobi Kiso Share Award Scheme (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.

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 link 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 2017.

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 of a basic salary component and a variable component which is inclusive of bonuses and other benefits.

Service contracts for Executive Directors are 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 27 January 2016 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 2017 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	87.8	8.8	3.4	–	100
Ong Teng Choon	Above $250,000 and below $500,000	86.4	8.6	5.0	–	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 which comprise of 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.

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 the annual report. Given the highly competitive industry conditions, where poaching of Directors and key management personnel is prevalent, and to maintain confidentiality of staff remuneration in the interest of the Company, the Board is of the view that it is not necessary to present detailed disclosure on the Company's remuneration policy as it will be disadvantageous to the Group's business interests. 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 two (2) key management personnel who received remuneration above $250,000 but below $500,000 and three (3) key management personnel who received remuneration below $250,000 for the financial year ended 30 June 2017. 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.

Mr Ong Yee Khong, a director of a subsidiary corporation 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 2017. 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 2017. The remuneration of the employees who are related to the Directors and the controlling shareholders shall be subjected to an annual review of the RC.

A breakdown of the remuneration of the employee who is immediate family member of a director or the CEO, and whose remuneration exceed $50,000 per annum in percentage terms for the financial year ended 30 June 2017 is set out below:

Name of immediate family member	Remuneration Band	Salary %	Bonus %	Other Benefits %	Directors' Fees %	Total %
Ong Yee Khong	Below $250,000	68.4	11.4	10.2	10.0	100.0

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 40 of this Annual Report.

There have been no shares awarded pursuant to under the RKSAS during the financial year ended 30 June 2017.

(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, half-yearly and full-year 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, half-yearly and full-year results announcements and audited financial statements within the 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 the 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.

Information relating to the risk management policies and processes are set out on pages 19 and 20 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 by 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 FC 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 2017.

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 2017. 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.

In the review of the financial statements for the year ended 30 June 2017, the AC has discussed with the Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were reviewed by the AC and discussed with the Management and the external auditors:

Key Audit Matters	How the AC reviewed these matters and what decisions were made
(1) Revenue recognition of construction contracts and completeness of accrued costs	The AC has obtained an understanding on the work performed by the external auditors and has assessed the reasonableness of the key assumptions made by management in relation to the estimation of the percentage of completion, project revenue and project costs. The external auditors have included this item as a key audit matter in its auditors' report for the financial year ended 30 June 2017. For more details, please refer to pages 42 and 43 of this Annual Report. The AC was satisfied that the appropriate accounting treatment had been adopted and consistently applied in the financial statements to ensure the accuracy and completeness of revenue recognised, cost accrued and that the disclosures in the financial statements were appropriate.

Key Audit Matters	How the AC reviewed these matters and what decisions were made
(2) **Recoverability of construction contracts due from customers**	The Group has a process to monitor the construction contracts due from customers and make adjustments for the balances that are deemed unrecoverable. The external auditors have included this item as a key audit matter in its auditors' report for the financial year ended 30 June 2017. For more details, please refer to pages 43 and 44 of this Annual Report. The AC has assessed the reasonableness of the recoverability of the construction contracts due from customers and has also considered the findings presented by the external auditors with reference to the on-going business relationships with these customers. It concurred with the management's assessment on the recoverability of construction contracts due from customers and that the disclosures in the financial statements were appropriate.
(3) **Reclassification from available-for-sale financial assets to investment in associated companies**	The AC has considered the rationale of the reclassification and has evaluated the facts and circumstances presented by the management in determining the reclassification. The external auditors have included this item as a key audit matter in its auditors' report for the financial year ended 30 June 2017. For more details, please refer to page 44 of this Annual Report. The AC was satisfied with the management's assessment and concurred with the management's judgement on the appropriateness of the reclassification and that the disclosures in the financial statements were appropriate.

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.

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 with 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 on 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 internal audit function to ensure that the internal audit resources are adequate and that the internal audits are performed effectively so as to ensure that an adequate system of internal controls is maintained in the Group. 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.

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 2017 were $164,000 and $6,000 respectively.

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as all subsidiary corporations 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 an 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.

CORPORATE GOVERNANCE REPORT

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 the financial year ended 30 June 2017.

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, for the financial year ended 30 June 2017. 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.

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) as 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 2017, the internal auditors conducted its risk management review and reported its findings and recommendations to the AC. The AC reviewed the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology risks and risk management systems through discussions with Management and internal auditors, and reported the same to the Board.

(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 of 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 Constitution of the Company.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Constitution of the Company provides that each shareholder is entitled to appoint up to two proxies to attend general meetings. With the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, relevant intermediaries such as banks, capital markets services license holders which provide custodial services for securities and the Central Provident Fund Board, may appoint more than two proxies to attend, speak and vote at general meetings.

The Company is firmly committed to corporate governance and transparency through disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as listening to 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, half-yearly 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 considers advices from its corporate lawyers, investor relation firm and other professionals on making an appropriate disclosure requirements before announcing material information to shareholders.

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 a first and final tax exempt dividend of 0.4 Singapore cent per ordinary share for the financial year ended 30 June 2017 for shareholders' approval at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE REPORT

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 Constitution allow a shareholder of the Company to appoint up to two proxies to attend and vote for and on behalf of the shareholder. Under the multiple proxies regime introduced by the Singapore Companies (Amendment) Act 2014, relevant intermediaries such as banks, capital markets services license holders which provide custodial services for securities and the Central Provident Fund Board, may appoint more than two proxies to attend and vote at general meetings.

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 closes.

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

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 corporation, 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 2017.

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 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) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
HL Suntek Insurance Brokers Pte Ltd [1] Insurance expense	699	–
Mandarin Road Pty Ltd [2] Office rental expense	160	–
Tanglin Capital Pte. Ltd. [3] Interest expense	159	–

Notes:

(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 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..

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.

CONTENTS

39 Directors' Statement

42 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

DIRECTORS' STATEMENT

For the financial year ended 30 June 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2017 and the statement of financial position of the Company as at 30 June 2017.

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 115 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 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

Directors

The directors of the Company in office at the date of this statement 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 statement.

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 30.06.2017	At 01.07.2016	**At 30.06.2017**	At 01.07.2016
Company				
(No. of ordinary shares)				
Ong Tiong Siew	**14,975,296**	14,975,296	**199,334,144**	198,834,144
Ong Teng Choon	**10,743,152**	10,743,152	**199,334,144**	198,834,144
Lee Yiok Seng	**1,280,000**	1,280,000	**–**	–
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 2017 were the same as those as at 30 June 2017.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2017

Directors' interests in shares or debentures (Cont'd)

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 subsidiary corporations 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.

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 (10) 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 subsidiary corporations.

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

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:

- the audit plan of the Company's independent and internal auditors;
- assistance provided by the Company's management to the independent and internal auditors;
- quarterly, half-yearly 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

Singapore

19 September 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Ryobi Kiso Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ryobi Kiso Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 115.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities* for the *Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
1. Accounting for construction contracts The Group recognised contract revenue and contract costs by reference to the stage of completion of the contract activity at each of the reporting period. The stage of completion is measured by reference to certifications certified by in-house quantity surveyor. Certain contracts are usually long-term, spanning a number of reporting period, changes in conditions and circumstances over time can be resulted in variations to the original contracts sums, including additional costs incurred which require further negotiation with the customers. There could be misstatement of the percentage-of-completion and revenue recognised arise from the failure to account for changes in the contract sum due to variation work (understatement of income) or agreed omission in work (overstatement of income) and erroneous inclusion of value for work which has been the subject of disputes and back charges by customers.	Our audit response comprises of both controls testing and substantive procedures as follows: ➢ understood and evaluated of the design and implementation of key controls over recognition of revenue and revised budgeting process and tested these key controls, on a sample basis, to determine whether these key controls were operating effectively throughout the year; ➢ assessed the competency of the in-house quantity surveyors; ➢ reviewed new contracts and variation works secured during the financial year and discussed with management the profitability, assessed the reasonableness of estimated costs and estimated gross profit margin; ➢ reviewed the latest progress billing, progress report and customers' certification on selected contracts. Discussed with management on material variances on progress of work between customers' acceptance and internal survey of works. Obtained supporting documents to verify management representations;

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
In addition, when it is probable that the total contract costs will exceed the total contract revenue, a provision for foreseeable losses shall be recognised as an expense immediately. We focused on this area because of the significant management judgements required in assessing the progress of the contracts and to determine the budgeted costs, including contingencies that could arise from variations to original contract terms and claims. The accounting policies for construction contracts are set out in Note 2.10 to the consolidated financial statements. Construction contract work-in-progress and the different revenue streams for the Group have been disclosed in Note 8 and Note 26 respectively.	➢ for contracts selected for testing, challenged management's key assumptions inherent in the estimated costs to complete as well as tested details of actual costs incurred which includes the following procedures: ● compared the budgeted gross profit margin against actual gross profit margin, analysed and discussed with management for the contracts with material gross profit margin variance; and ● verified costs incurred through vouching of supporting documents. ➢ for significant on-going contracts, vouched to subsequent progress billings and performed search for unrecorded liabilities and ascertained that all project costs have been appropriately accrued; and ➢ for contracts with indications of actual costs incurred exceeding the budgeted costs, assessed the adequacy of provision for foreseeable losses provided by the management. Based on the audit procedures performed above, we found that the key judgements made by management in relation to the estimation of percentage of completion, project revenue and project costs to be appropriate. We have also considered the adequacy of the Group's disclosure in respect of construction contracts.
2. **Recoverability of construction contract due from customers** Amount due from customers on construction contracts amounted to $43.6 million which represents 48.2% of total trade and other receivables. Construction contract due from customers arise when revenue recognised exceeds the progress billings. The Group assesses at each reporting date whether there is objective evidence that amount due from customer is not recoverable. In carrying out this assessment, judgement is applied by the management to determine appropriate parameters and assumptions, such as specific risks associated with each project and individual customers, will be used to determine the recoverability.	Our audit procedures focused on evaluating the key judgements used by the management in conducting the recoverability review. These procedures included: ➢ understood, evaluated and validated key controls over billings and receivables cycle; ➢ assessed the recoverability of aged construction contract due from customers by: ● compared management's assessment of recoverability of these amounts to historical patterns of billings and receipts; ● verified progress billings issued and cash received subsequent to financial year up to our date of Independent Auditor's Report; and

INDEPENDENT AUDITOR'S REPORT

To the members of Ryobi Kiso Holdings Ltd.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Management also considers the likelihood of issuance of progress billings, credit-worthiness of the customers, historical billings trend and business relationships fostered with the respective customers when performing their assessment. Due to the significance of amount due from customers on construction contracts (representing 30.2% of total current assets) and the related estimation uncertainty, this is considered a key audit matter. The accounting policies for impairment of trade and other receivables are set out in Note 2.14(e)(i) to the consolidated financial statements. The breakdown of trade and other receivables is disclosed in Note 6 to the consolidated financial statements.	• reviewed correspondences with external parties to assess recoverability of long overdue construction contract due from customers Based on the audit procedures performed above, we consider management's judgement in relation to determination of recoverability of the construction contract amount due from customers to be reasonable and the disclosures in this respect to be appropriate.
3. Investments in associated companies During the financial year, management has reclassified available-for-sale, financial assets amounted to $11.7 million to investments in associated companies. These are unquoted shares of 20% interests in Venture (UK) Pte. Ltd. and Glenthorne Pte. Ltd. and 15% interest in Fairmont Land Pte. Ltd.. Management is of the view that the Group has the ability to exercise significant influence over the investee through increased its participation in the financial and operating decisions of the investees. We focused on this area because of the significant management judgements required in determining in whether the management has significant influence in accordance to FRS 28 – Investments in Associates and Joint Ventures. The accounting policies for investments in associated companies are set out in Note 2.4(c) to the consolidated financial statements.	Our audit procedure focused on evaluating the key judgements used by the management in determining whether the management has significant influence as follows: ➢ evaluated the facts and circumstances and assessed whether the Group is able to exercise significant influence over the financial and operating decisions of the investees. Based on the audit procedure performed above, we consider management's judgement in relation to determining significant influence over the investee to be reasonable and the disclosures in this respect to be appropriate.

Report on the Audit of the Financial Statements (Cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the members of Ryobi Kiso Holdings Ltd.

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement director on the audit resulting in this independent auditor's report is Ms. Lee Look Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

19 September 2017

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017

	Note	Group		Company	
		2017	2016	**2017**	2016
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	**21,980**	30,312	**1,790**	1,880
Derivative financial instruments	5	**–**	8	**–**	–
Trade and other receivables	6	**90,550**	87,290	**42,164**	39,950
Inventories	7	**18,769**	13,100	**–**	–
Construction contract work-in-progress	8	**13,190**	1,365	**–**	–
		144,489	132,075	**43,954**	41,830
Non-current assets					
Available-for-sale financial assets	9	**4,278**	16,696	**–**	–
Investments in subsidiary corporations	10	**–**	–	**51,310**	45,719
Investments in associated companies	11	**11,778**	–	**–**	–
Investments in joint ventures	12	**44**	43	**–**	–
Investment properties	13	**4,723**	4,858	**–**	–
Property, plant and equipment	14	**80,582**	90,752	**–**	–
Club memberships	15	**200**	220	**–**	–
Land use rights	16	**831**	847	**–**	–
Goodwill arising on consolidation	17	**–**	–	**–**	–
Deferred income tax assets	21	**9**	15	**–**	–
		102,445	113,431	**51,310**	45,719
TOTAL ASSETS		**246,934**	245,506	**95,264**	87,549
LIABILITIES					
Current liabilities					
Trade and other payables	18	**65,278**	50,922	**2,168**	696
Current income tax liabilities	32(b)	**715**	112	**24**	5
Derivative financial instruments	5	**–**	25	**–**	–
Borrowings	19	**64,907**	68,631	**5,000**	–
		130,900	119,690	**7,192**	701
Non-current liabilities					
Borrowings	19	**19,678**	28,179	**–**	–
Deferred income tax liabilities	21	**8,001**	8,559	**–**	–
		27,679	36,738	**–**	–
TOTAL LIABILITIES		**158,579**	156,428	**7,192**	701
NET ASSETS		**88,355**	89,078	**88,072**	86,848
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22(a)	**88,385**	88,385	**88,385**	88,385
Treasury shares	22(b)	**(3,115)**	(3,115)	**(3,115)**	(3,115)
Other reserves	23	**(316)**	413	**–**	–
Retained profits		**1,685**	1,774	**2,802**	1,578
		86,639	87,457	**88,072**	86,848
Non-controlling interests		**1,716**	1,621	**–**	–
TOTAL EQUITY		**88,355**	89,078	**88,072**	86,848

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

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Revenue	26	**144,814**	190,991
Cost of sales		**(126,488)**	(168,647)
Gross profit		**18,326**	22,344
Other income	27	**2,851**	1,768
Other gains/(losses) - net	28	**1,104**	(13,910)
Expenses			
- Administrative		**(18,612)**	(20,147)
- Finance	29	**(2,545)**	(2,736)
Share of results of associated companies	11	**5**	–
Profit/(Loss) before income tax	30	**1,129**	(12,681)
Income tax expense	32	**(76)**	(168)
Profit/(Loss) for the year		**1,053**	(12,849)
Profit/(Loss) attributable to:			
Equity holders of the Company		**801**	(11,371)
Non-controlling interests		**252**	(1,478)
		1,053	(12,849)
Earnings/(Loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic	33	**0.27**	(3.83)
Diluted	33	**0.27**	(3.83)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2017

	Note	2017	2016
		$'000	$'000
Profit/(Loss) for the year		**1,053**	(12,849)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from			
- Consolidation of foreign subsidiary corporations	23(b)(ii)	**(1,027)**	658
- Loan to associated companies	23(b)(ii)	**295**	–
Available-for-sale financial assets			
- Currency translation differences	23(b)(i)	**(200)**	(2,050)
- Fair value gains/(losses)	23(b)(i)	**46**	(136)
Other comprehensive loss, net of tax		**(886)**	(1,528)
Total comprehensive income/(loss) for the year		**167**	(14,377)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**72**	(12,491)
Non-controlling interests		**95**	(1,886)
		167	(14,377)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2017

		← Attributable to equity holders of the Company →						
	Note	Share capital	Treasury shares	Retained profits	Other reserves	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017								
Beginning of financial year		**88,385**	**(3,115)**	**1,774**	**413**	**87,457**	**1,621**	**89,078**
Total comprehensive income for the financial year		**–**	**–**	**801**	**(729)**	**72**	**95**	**167**
Dividends paid	25	**–**	**–**	**(890)**	**–**	**(890)**	**–**	**(890)**
End of financial year		**88,385**	**(3,115)**	**1,685**	**(316)**	**86,639**	**1,716**	**88,355**
2016								
Beginning of financial year		88,385	(3,039)	16,111	1,533	102,990	3,980	106,970
Purchase of treasury shares	22(b)	–	(76)	–	–	(76)	–	(76)
Total comprehensive loss for the financial year		–	–	(11,371)	(1,120)	(12,491)	(1,886)	(14,377)
Dividends paid	25	–	–	(2,966)	–	(2,966)	(473)	(3,439)
End of financial year		88,385	(3,115)	1,774	413	87,457	1,621	89,078

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2017

	2017	2016
	$'000	$'000
Cash flows from operating activities		
Profit/(Loss) before income tax	**1,129**	(12,681)
Adjustments for:		
Interest income	**(614)**	(875)
Dividend income	**(11)**	(11)
Share of results of associated companies	**(5)**	–
Gain on disposal of available-for-sale financial assets	**–**	*
Gain on disposal of property, plant and equipment	**(183)**	(142)
Interest expense	**2,545**	2,736
Amortisation of land use rights	**20**	36
Depreciation of investment properties	**156**	159
Depreciation of property, plant and equipment	**15,960**	15,874
Impairment loss of goodwill	**–**	5,561
	18,997	10,657
Change in working capital:		
Trade and other receivables	**(2,224)**	3,131
Inventories	**(5,661)**	(257)
Construction contract work-in-progress	**(14,577)**	2,288
Trade and other payables	**15,544**	154
Cash generated from operations	**12,079**	15,973
Income tax paid	**(34)**	(335)
Net cash provided by operating activities	**12,045**	15,638
Cash flows from investing activities		
Purchases of and/or additions to:		
- available-for-sale financial assets	**(460)**	(6,235)
- property, plant and equipment	**(5,206)**	(4,176)
- land use rights	**–**	(35)
Proceeds from:		
- disposal of property, plant and equipment	**1,258**	938
- disposal of available-for-sale financial assets	**–**	270
- cessation of club membership	**20**	–
Redemption of available-for-sale financial assets	**1,384**	7,929
Investment in joint ventures	**(1)**	(43)
Investment in associated companies	**(4)**	–
Dividends received	**11**	11
Loan to associated companies	**(349)**	–
Interest received	**50**	75
Net cash used in investing activities	**(3,297)**	(1,266)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2017

	2017	2016
	$'000	$'000
Cash flows from financing activities		
Proceeds from bank borrowings	**145,788**	150,272
Repayment of:		
- bank borrowings	**(153,038)**	(140,027)
- finance lease liabilities	**(6,410)**	(6,365)
Purchase of treasury shares	**–**	(76)
Interest paid	**(2,545)**	(2,736)
Deposits under pledged to banks	**–**	50
Dividends paid to:		
- equity holders of the Company	**(890)**	(2,966)
- non-controlling interests	**–**	(473)
Net cash used in financing activities	**(17,095)**	(2,321)
Net (decrease)/increase in cash and cash equivalents	**(8,347)**	12,051
Cash and cash equivalents		
Beginning of financial year	**30,012**	17,937
Effects of currency translation on cash and cash equivalents	**15**	24
End of financial year (Note 4)	**21,680**	30,012

* Amount less than $1,000

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

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 subsidiary corporations, associated companies and joint ventures are disclosed in Notes 10, 11 and 12 to the financial statements respectively.

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

The consolidated financial statements relate to the Company and its subsidiary corporations (referred to as the "Group") and the Group's interest in associated companies and joint ventures.

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 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.

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.

Interpretations and amendments to published standards effective in 2017

On 1 July 2016, 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.

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 works are performed according to contract agreements.

(ii) Sale of goods and monitoring instruments

Sale of goods and monitoring instruments are 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 Group 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 required 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.

2 Significant accounting policies (Cont'd)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations 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. Subsidiary corporations 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 transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation'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 corporation, 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 corporation 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 corporation 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 value 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.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(a) Subsidiary corporations (Cont'd)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation 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 subsidiary corporations, associated companies and joint ventures" for the accounting policy on investment in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation 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) Associated companies and Joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

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 associated companies and 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 associated companies and 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 associated companies and joint ventures represents the excess of the cost of acquisition of the associated companies or joint ventures over the Group's share of the fair value of the identifiable net assets of the associated companies or joint ventures and is included in the carrying amount of the investments.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(c) Associated companies and Joint ventures (Cont'd)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies or joint ventures' post-acquisition profits or losses in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and dividends received from the associated companies or joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in the associated companies or joint ventures equals to or exceeds its interest in the associated companies or joint ventures, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated companies or joint ventures. If the associated companies or joint ventures 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 associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated companies or joint ventures 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 significant influence or 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 subsidiary corporations, associated companies, and joint ventures" for the accounting policy on investments in associated companies and 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.

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.

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 gains/(losses) – net".

2.6 Goodwill on acquisitions

Goodwill on acquisitions of subsidiary corporations 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 acquiree 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 subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

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 Significant accounting policies (Cont'd)

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

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 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".

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 includes properties 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 Significant accounting policies (Cont'd)

2.12 Investments in subsidiary corporations, associated companies and joint ventures

Investments in subsidiary corporations, associated companies 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.

The dividends received from subsidiary corporations 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 on the pro-rata 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.

(b) Club memberships
Land use right
Property, plant and equipment
Investments in subsidiary corporations, associated companies and joint ventures

Club memberships, land use right, property, plant and equipment and investments in subsidiary corporations, associated companies 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 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 Significant accounting policies (Cont'd)

2.14 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale financial assets. The classification depends on 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, except for loan to associated companies which in substance forms part of the Group's net investments in associated companies and has been accounted for in accordance with Note 2.12.

(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.

(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 except for investments in equity instruments whose fair value cannot be reliably measured are subsequently carried at cost less impairment losses. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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.

2 Significant accounting policies (Cont'd)

2.14 Financial assets (Cont'd)

(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.

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

2.15 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.

2.16 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations 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.

2 Significant accounting policies (Cont'd)

2.16 Financial guarantees (Cont'd)

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' 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.

2.17 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.

2.18 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.

2.19 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 Group has entered into currency forward contracts to mitigate its currency risk. These contracts do not qualify for hedge accounting and consequently, the changes in fair values of these contracts are recognised in profit or loss.

2.20 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-counter 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 forward contracts are determined using actively quoted forward exchange rates.

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

2 Significant accounting policies (Cont'd)

2.21 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.

(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 leasehold property and investment properties under operating leases to related parties and non-related parties.

(i) Lessor – Operating leases

Leases of leasehold property 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.

2.22 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.

2 Significant accounting policies (Cont'd)

2.23 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 subsidiary corporations, associated companies 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.

2.24 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.

2.25 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 such as the Central Provident Fund 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.

2 Significant accounting policies (Cont'd)

2.25 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.

2.26 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 qualifying as net investment in foreign operation 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.

2 Significant accounting policies (Cont'd)

2.26 Currency translation (Cont'd)

(b) Transactions and balances (Cont'd)

Foreign exchange gains and losses are presented in the income statement within "Other gains/ (losses) – 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.

2.27 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 on the allocation of resources and assess the performance of the operating segments.

2.28 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.

2.29 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.

2 Significant accounting policies (Cont'd)

2.29 Share capital and treasury shares (Cont'd)

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.

2.30 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 numerous jurisdictions. 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 32 and 21 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 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 these estimates, the Group evaluates by relying on past experience and the work done certified by its quantity surveyor.

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 $2,323,000 (2016: $3,360,000).

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 $1,952,000 (2016: $1,937,000).

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

3.1 Critical accounting estimates and assumptions (Cont'd)

(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 $879,000 (2016: $744,000).

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 14 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 $1,596,000 (2016: $1,587,000) higher or lower.

(e) Deferred income tax

The Group recognises tax liabilities and tax assets 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 profits 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.

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

3.1 Critical accounting estimates and assumptions (Cont'd)

(e) Deferred income tax (Cont'd)

Due to their inherent nature, assessments of likelihood are judgmental and not subjected to precise determination. The Group has unrecognised tax losses of approximately $27,630,000 (2016: $24,822,000) and capital allowances of approximately $1,958,000 (2016: $3,052,000) carried forward at the reporting date (Note 21).

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.

4 Cash and cash equivalents

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash on hand	**130**	115	**–**	–
Cash at banks	**19,390**	24,857	**1,790**	1,880
Short-term bank deposits	**2,460**	5,340	**–**	–
	21,980	30,312	**1,790**	1,880

Short-term bank deposits amounting to $300,000 (2016: $300,000) have been pledged to banks as securities for the banking facilities granted to certain subsidiary corporations.

Short-term bank deposits are made for varying periods of between 3 weeks and 12 months and earn interests at the respective short-term deposit rates between 0.3% to 5.3% (2016: 0.1% to 7%) per annum.

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

	Group	
	2017	2016
	$'000	$'000
Cash and bank balances (as above)	**21,980**	30,312
Less: Short-term bank deposits pledged	**(300)**	(300)
Cash and cash equivalents per consolidated statement of cash flows	**21,680**	30,012

5 Derivative financial instruments

	Contract notional amount	Fair value	
		Asset	Liability
	$'000	$'000	$'000
Group			
2017			
Non-hedging instruments			
- Currency forwards	–	–	–
2016			
Non-hedging instruments			
- Currency forwards	2,927	8	25

During the prior financial year, currency forward contracts were entered for currency risk arising from purchases denominated in foreign currencies. These contracts did not qualify for hedge accounting and consequently, the changes in fair value of these contracts were recognised in profit or loss. The settlement dates on currency forward contracts range between 1 to 3 months from the reporting date.

6 Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**23,882**	20,670	**–**	–
Less: Allowance for impairment of trade receivables (Note 36(b)(ii))	**(226)**	(445)	**–**	–
	23,656	20,225	**–**	–
Construction contracts				
- Due from customers (Note 8)	**43,621**	44,250	**–**	–
- Retentions (Note 8)	**15,679**	15,920	**–**	–
	59,300	60,170	**–**	–
Other receivables				
- Non-related parties	**3,818**	3,569	**–**	–
- Advances to supplier	**2,041**	2,111	**–**	–
- Subsidiary corporations	**–**	–	**1,195**	1,101
	5,859	5,680	**1,195**	1,101
Loan to subsidiary corporations	**–**	–	**40,949**	38,829
Deposits	**1,575**	737	**–**	–
Prepayments	**160**	478	**20**	20
	90,550	87,290	**42,164**	39,950

The non-trade amount due from subsidiary corporations and non-related parties are unsecured, interest free and repayable on demand.

The loans to subsidiary corporations by the Company are unsecured, interest-bearing at 0.35% to 6% (2016: 5% to 6%) per annum and repayable on demand.

7 Inventories

	Group	
	2017	2016
	$'000	$'000
Construction materials and consumables	**15,843**	9,874
Hardware parts	**2,926**	3,226
	18,769	13,100

8 Construction contract work-in-progress

	Group	
	2017	2016
	$'000	$'000
Contract cost incurred in excess of contract expenses recognised in profit or loss:		
Construction contract work-in-progress, current asset	**13,190**	1,365
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**467,566**	463,618
Less: Progress billings	**(423,945)**	(419,368)
	43,621	44,250
Presented as:		
Due from customers on construction contracts (Note 6)	**43,621**	44,250
Retentions on construction contracts (Note 6)	**15,679**	15,920

9 Available-for-sale financial assets

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**16,696**	20,717
Currency translation differences		
- additions	**(200)**	(1,894)
- reclassified to profit or loss	**(193)**	–
Additions	**460**	6,235
Reclassification to investment in associated companies (Note 11)	**(11,157)**	–
Fair value gains/(losses) recognised in other comprehensive income (Note 23(b)(i))	**56**	(163)
Disposals	**–**	(270)
Redemption	**(1,384)**	(7,929)
End of financial year	**4,278**	16,696

During the financial year, certain available-for-sale financial assets were reclassified to investment in associated companies as the Group considered its ability to exercise significant influence over the investee companies through increased its participation in the financial and operating decision of the investee companies.

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

Available-for-sale financial assets are analysed as follows:

	Group	
	2017	2016
	$'000	$'000
Listed securities		
- Equity security- Singapore	**942**	886
Unlisted Securities		
- Equity securities- Singapore [(1)]	**3,336**	3,336
- Equity securities- United Kingdom	**–**	12,474
	3,336	15,810
	4,278	16,696

(1) Investment in the above unlisted equity securities ("Investee") relate to equity instruments with no active markets. Management has assessed the fair value of these investments using market approach which require the comparison with publicly listed companies in the similar industry. However, due to size differential between these publicly listed companies and the Investee, which resulted in the range of reasonable fair value measurements is too extensive and the probabilities of the various estimates cannot be reasonably assessed, these companies are entirely not comparable as their fair values cannot be reliably measured. Management has considered the income approach and adjusted net assets approach, however, these approaches are not feasible due to limitation of information. Consequently, investments in these unlisted equity securities are measured at cost less impairment loss.

10 Investments in subsidiary corporations

	Company	
	2017	2016
	$'000	$'000
Equity investment		
Beginning of financial year	**45,719**	41,894
Additions	**6,000**	3,825
Allowance for impairment	**(409)**	–
End of financial year	**51,310**	45,719

Management carried out a review of the investments in subsidiary corporations at the end of each reporting period to determine whether there is any indication that the investments have suffered an impairment loss in accordance with the accounting policy. Management made the assessment and deemed the recoverable amount of its subsidiary corporations to be Nil as these subsidiary corporations have suffered continuing operating losses and whose operations have been gradually scaled down. Consequently, an impairment loss on investments in subsidiary corporations of $409,000 (2016: $Nil) is recognised during the financial year.

10 Investments in subsidiary corporations (Cont'd)

The Group had the following subsidiary corporations as at 30 June 2017 and 2016:

Name of subsidiary corporations	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	
			2017 %	2016 %	**2017 %**	2016 %	**2017 %**	2016 %
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]	Investment holdings	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 investment and property management	Singapore	**100**	100	**100**	100	**–**	–
Raffles Geosystems Pte. Ltd.[a]	Construction and piling work, soil improvement and diaphragm wall	Singapore	**100**	100	**100**	100	**–**	–
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**	70	**70**	70	**30**	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[f][g]	Investment holdings and piling work	Australia	**100**	100	**100**	100	**–**	–
Held by Ryobi Development Pte. Ltd.:								
Wellford Limited[g]	Investment holdings	Cayman Islands	**100**	100	**100**	100	**–**	–
RMTL Investment Pte. Ltd.[a]	Investment holdings and property investment	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.[a]	Property investment	Singapore	**75**	75	**75**	75	**25**	25

10 Investments in subsidiary corporations (Cont'd)

The Group had the following subsidiary corporations as at 30 June 2017 and 2016: (Cont'd)

Name of subsidiary corporations	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	
			2017 %	2016 %	**2017 %**	2016 %	**2017 %**	2016 %
Held by Raffles Geosystems Pte. Ltd.:								
Raffles Geosystems Myanmar Pte Limited[e]	Inactive	Myanmar	**100**	100	**100**	100	**–**	–
Raffles Geosystems (Cambodia) Pte. Ltd.[g]	Inactive	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
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]	Inactive	Malaysia	**100**	100	**75**	75	**25**	25
Held by Ryobi Compile Holdings Pty Ltd:								
Compile-Ryobi Australia Pty Ltd[f][g]	Piling and geotechnical services	Australia	**70**	70	**70**	70	**30**	30
Compile Australia Pty Ltd [f][g]	Inactive	Australia	**70**	70	**70**	70	**30**	30

10 Investments in subsidiary corporations (Cont'd)

The Group had the following subsidiary corporations as at 30 June 2017 and 2016: (Cont'd)

Name of subsidiary corporations	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	
			2017	2016	**2017**	2016	**2017**	2016
			%	%	**%**	%	**%**	%
Held by Wellford Limited:								
Widelink Limited[g]	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 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]	Inactive	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) Limited, Vietnam
(d) Audited by Kanaka Puradiredja, Suhartono, Indonesia, a member firm of Nexia International
(e) Audited by Thaung Aye & Associates, Myanmar
(f) Reviewed by Nexia TS Public Accounting Corporation, Singapore for consolidation purpose
(g) Not required to be audited under the laws of the country of incorporation

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 subsidiary corporations would not compromise the standard and effectiveness of the audit of the Company.

Carrying value of non-controlling interests:

	Group	
	2017	2016
	$'000	$'000
Ryobi Geotechnique Pte. Ltd. and its subsidiary corporations	**7,086**	4,963
Ryobi Compile Holdings Pty Ltd and its subsidiary corporations	**(3,482)**	(3,154)
Ryobi Tactics Pte. Ltd.	**56**	608
Other subsidiary corporations with non-controlling interests	**(1,944)**	(796)
	1,716	1,621

Summarised financial information of subsidiary corporations:

No summarised financial information for each of the respective subsidiary corporations 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 Investment in associated companies

	Group	
	2017	2016
	$'000	$'000
Equity investment at cost	**6**	–
Loan to associated companies	**11,799**	–
Share of reserves	**(27)**	–
	11,778	–

Included in share of reserves is the Group's share of statutory common reserves of its associated companies that are not distributable as cash dividends.

Included in loan to associated companies of $11,157,000 are amounts reclassified from available-for-sale financial assets. Loan to associated companies are non-trade in nature, unsecured and bearing interest at 5% per annum. Settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the loan in substance, forms part of the Group's net investment in the associated companies, it has been reclassified from available-for-sale financial assets (Note 9) to investment in associated companies during the financial year.

Details of the associated companies are as follows:

Name of entity	Principal activities	Country of business/ incorporation	Percentage of ownership	
			2017	2016*
			%	%
Held by RMTL Investment Pte. Ltd.:				
Venture (UK) Pte. Ltd. [(a)]	Investment holdings	Singapore	**20**	20
Glenthorne Pte. Ltd. [(a)]	Investment holdings	Singapore	**20**	20
Held by Leeds Investment & Development Pte. Ltd.:				
Fairmont Land Pte. Ltd. [(a)]	Investment holdings	Singapore	**15**	15
Held by Ryobi Development Pte. Ltd.:				
Mchester Development Pte. Ltd. [(b)]	Investment holdings	Singapore	**40**	–

* The comparative information is for information purpose only as these investments have been reclassified from available-for-sale financial assets to investment in associated companies during the financial year.

(a) Audited by Ernst & Young LLP, Singapore
(b) Not required to be audited

11 Investment in associated companies (Cont'd)

Set out below are the summarised financial information for the associated companies:

Summarised Balance Sheet:

	Venture (UK) Pte. Ltd.	Glenthorne Pte. Ltd.	Fairmont Land Pte. Ltd.	Mchester Development Pte. Ltd.	Total
	$'000	$'000	$'000	$'000	$'000
Current Assets	4,775	25,850	25,227	10	55,862
Includes:					
- Cash and cash equivalents	4,158	1,734	1,904	10	7,806
Current Liabilities	(7,145)	(76,904)	(31,649)	(321)	(116,019)
Includes:					
- Financial liabilities (excluding trade payables)	(268)	(29,605)	(15,855)	–	(45,728)
Non-current assets	93,120	50,891	29,112	318	173,441
Non-current liabilities	(96,682)	–	(22,826)	–	(119,508)
Net (liabilities)/assets	(5,932)	(163)	(136)	7	(6,224)

Summarised Statement of Comprehensive Income:

	Venture (UK) Pte. Ltd.	Glenthorne Pte. Ltd.	Fairmont Land Pte. Ltd.	Mchester Development Pte. Ltd.	Total
	$'000	$'000	$'000	$'000	$'000
Revenue	1,906	646	1,744	–	4,296
Interest Income	390	253	120	–	763
Expenses					
Includes:					
- Depreciation	(24)	(5)	(7)	–	(36)
- Interest expenses	(959)	(254)	(254)	–	(1,467)
(Loss)/Profit for the year/Total comprehensive (loss)/income	(97)	82	58	(5)	38

The information above reflects the amounts presented in the financial statements of the associated companies (and not the Group's share of those amounts).

11 Investment in associated companies (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

	Venture (UK) Pte. Ltd.	Glenthorne Pte. Ltd.	Fairmont Land Pte. Ltd.	Mchester Development Pte. Ltd.	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Net (liabilities)/assets at date of reclassification	(5,687)	(239)	(182)	8	(6,100)
(Loss)/Profit for the year	(97)	91	58	(5)	47
Other comprehensive loss	(149)	(6)	(12)	*	(167)
Net liabilities/(assets) prior to reclassification	5,687	239	182	(8)	6,100
At 30 June 2017	(246)	85	46	(5)	(120)
Equity interest	20%	20%	15%	40%	
Investment at cost	–	–	–	4	4
Interest in associated companies	(49)	17	7	(2)	(27)
Foreign exchange	157	103	33	2	295
Additional fund injection	–	222	–	127	349
Reclassification (including equity interest)	6,096	3,778	1,283	–	11,157
Carrying value	**6,204**	**4,120**	**1,323**	**131**	**11,778**

* Amount less than $1,000

The contingent liabilities relating to the Group's interest in the associated companies are disclosed in Note 34.

12 Investments in joint ventures

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**43**	*
Addition	**1**	43
End of the year	**44**	43

* Amount less than $1,000

12 Investments in joint ventures (Cont'd)

Set out below are the joint ventures of the Group as at 30 June 2017 and 2016. 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.

Name of entities	Principal activities	Country of business/ incorporation	Effective equity interest held directly by respective entities		Effective equity interest held by the Group	
			2017	2016	**2017**	2016
			%	%	**%**	%
Held by Ryobi Geotechnique International Pte. Ltd.:						
Ryobi Terra Pte. Ltd.[(a)]	Engineering activities and kinematic data acquisition	Singapore	**50**	50	**30**	30
Held by PT. Mulia Indah Perkasa						
MIP-EKKON[(b)]	Property development	Indonesia	**65**	65	**65**	65

(a) Audited by Nexia TS Public Accounting Corporation, Singapore
(b) Not required to be audited under the laws of the country of incorporation

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.

Share 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 $96,000 (2016: $64,000).

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

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.

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:

	2017	2016
	$'000	$'000
Net liabilities*		
Beginning of financial year	**(129)**	(53)
Loss for the financial year	**(63)**	(76)
End of financial year	**(192)**	(129)
At 30 June		
Interest in joint venture (50%)	**–**	–
Carrying amount	**–**	–

* Net liabilities relate to MIP-EKKON is not included as it is not material since the date of formation.

13 Investment properties

	Group	
	2017	2016
	$'000	$'000
Cost		
Beginning of financial year	**5,304**	5,382
Currency translation differences	**20**	(78)
End of financial year	**5,324**	5,304
Accumulated depreciation		
Beginning of financial year	**446**	297
Currency translation differences	**(1)**	(10)
Depreciation charge (Note 30)	**156**	159
End of financial year	**601**	446
Net book value		
End of financial year	**4,723**	4,858
For disclosure purpose only:		
Fair value at the end of financial year	**10,370**	10,002
The following amounts are recognised in profit or loss:		
Rental income	**826**	920
Direct operating expenses	**(224)**	(145)

Investment properties are leased to non-related parties under operating leases. (Note 35(b))

Bank borrowing of the Group are secured on investment properties with carrying amount of $4,723,000 (2016: Nil). (Note 19(a))

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

Location	Description	Existing use	Tenure	Unexpired term of lease
Ascendas – Protrade International Tech Park, An Tay Commune, 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	45 years lease expiring on 28 October 2057	41 years

13 Investment properties (Cont'd)

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 2017			
- Factory units - Vietnam	**–**	**10,370**	**–**
30 June 2016			
- Factory units - Vietnam	–	10,002	–

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 replacement cost approach, market approach and income capitalisation approach.

The replacement cost approach provides an indication of the property value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a similar property whether by purchase or construction.

The market approach estimates the value of the property by comparing recent sales of similar properties located in their surrounding area.

The income capitalisation approach is the process of valuing an investment property which involves the estimation and projection of the income stream over a period and discounting it to arrive at a present value.

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 the external independent and qualified valuer. Discussions of valuation processes and results are held between the Board of Directors on a yearly basis.

14 Property, plant and equipment

	Leasehold property	Leasehold improvement	Computer and office equipment	Furniture and fittings	Machinery and equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
2017							
Cost							
Beginning of financial year	12,623	1,940	1,829	666	171,696	7,841	196,595
Currency translation differences	–	6	4	(1)	413	11	433
Additions	–	92	233	7	5,032	1,319	6,683
Disposals	–	–	(5)	(3)	(2,359)	(247)	(2,614)
End of financial year	12,623	2,038	2,061	669	174,782	8,924	201,097
Accumulated depreciation							
Beginning of financial year	6,771	1,348	1,407	514	91,144	4,659	105,843
Currency translation differences	–	4	4	(1)	233	11	251
Depreciation charge (Note 30)	730	329	265	59	13,417	1,160	15,960
Disposals	–	–	(4)	(2)	(1,365)	(168)	(1,539)
End of financial year	7,501	1,681	1,672	570	103,429	5,662	120,515
Net book value							
End of financial year	**5,122**	**357**	**389**	**99**	**71,353**	**3,262**	**80,582**
2016							
Cost							
Beginning of financial year	12,623	1,974	1,624	603	168,372	7,022	192,218
Currency translation differences	–	(6)	(3)	(1)	(338)	(12)	(360)
Additions	–	91	338	106	5,905	1,032	7,472
Disposals	–	(119)	(130)	(42)	(2,243)	(201)	(2,735)
End of financial year	12,623	1,940	1,829	666	171,696	7,841	196,595
Accumulated depreciation							
Beginning of financial year	6,041	1,191	1,293	501	79,236	3,831	92,093
Currency translation differences	–	(3)	(3)	–	(170)	(9)	(185)
Depreciation charge (Note 30)	730	279	240	55	13,546	1,024	15,874
Disposals	–	(119)	(123)	(42)	(1,468)	(187)	(1,939)
End of financial year	6,771	1,348	1,407	514	91,144	4,659	105,843
Net book value							
End of financial year	5,852	592	422	152	80,552	3,182	90,752

(a) Included in additions are machinery and equipment and motor vehicles acquired under finance leases amounting to $1,194,000 and $283,000 (2016: $3,053,000 and $243,000) respectively.

The carrying amounts of machinery and equipment and motor vehicles held under finance leases are $19,516,000 and $1,775,000 (2016: $21,651,000 and $1,768,000) respectively at the reporting date.

(b) Bank borrowings of the Group are secured on leasehold properties and certain machinery and equipment of the Group with carrying amounts of $5,122,000 and $20,246,000 (2016: $5,852,000 and $23,511,000) respectively. (Note 19(a))

15 Club memberships

	Group	
	2017	2016
	$'000	$'000
Cost		
Beginning of financial year	**312**	312
Disposal	**(87)**	–
End of financial year	**225**	312
Accumulated impairment losses		
Beginning of financial year	**92**	92
Disposal	**(67)**	–
End of financial year	**25**	92
Carrying amount	**200**	220

16 Land use rights

	Group	
	2017	2016
	$'000	$'000
Cost		
Beginning of financial year	**1,002**	2,030
Currency translation differences	**5**	6
Additions	**–**	35
Reversal[1]	**–**	(1,069)
End of financial year	**1,007**	1,002
Accumulated amortisation		
Beginning of financial year	**155**	118
Currency translation differences	**1**	1
Amortisation charge (Note 30)	**20**	36
End of financial year	**176**	155
Net book value		
End of financial year	**831**	847
Balance to be amortised		
- Not later than one year	**20**	20
- Later than one year but not later than five years	**80**	80
- Later than five years	**731**	747

The land use rights are intended for use in the development of factories in Vietnam. It is amortised over the period of the lease term on straight-line method. The land use right expires on 28 October 2057.

The amortisation of the land use rights are included in "Cost of Sales" of the consolidated income statement.

(1) The agreement provides that any land not utilised can be returned to the lessor. During prior financial year, the Group had no intention to further develop the remaining unutilised land and had relinquished its rights on the unutilised land back to the lessor. The consideration have been used towards the payment for the utilised land hence, the reversal have no effect on the cash flows of the Group.

17 Goodwill arising on consolidation

	Group	
	2017	2016
	$'000	$'000
Cost		
Beginning and end of financial year	**5,561**	5,561
Accumulated impairment		
Beginning of financial year	**5,561**	–
Impairment charge (Note 28)	**–**	5,561
End of financial year	**5,561**	5,561
Net book value	**–**	–

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to country of operation. The goodwill recognised on the statement of financial position was attributable to the CGU in Australia.

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	
	2017	2016
	%	%
Gross margin[1]	**–**	–
Growth rate[2]	**–**	–
Discount rate[3]	**–**	18

(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

The 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 prevailing market condition and past performance. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

Based on the impairment test of the CGU: -

The impairment test carried out as at 30 June 2016 has revealed that the recoverable amount was lower than its carrying amount. Hence in 2016, the goodwill had been fully impaired and was included within "Other losses-net" in the consolidated income statement.

For the financial year ended 30 June 2017, no impairment assessment has been carried out as the goodwill has been fully impaired.

18 Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade payables				
- Non-related parties	**43,059**	25,216	**–**	–
Other payables				
- Non-related parties	**1,532**	1,706	**14**	30
- Non-controlling interests	**345**	262	**–**	–
- Subsidiary corporation	**–**	–	**1,800**	348
- Related parties	**505**	453	**–**	–
	2,382	2,421	**1,814**	378
Loans from				
- Non-controlling interests	**5,762**	5,819	**–**	–
- Related party	**1,888**	1,789	**–**	–
	7,650	7,608	**–**	–
Accruals for operating expenses	**12,187**	15,677	**354**	318
	65,278	50,922	**2,168**	696

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

The loan from a non-controlling interest of a subsidiary corporation amounting to $863,000 (2016: $818,000) is unsecured, interest-bearing at 8% (2016: 8%) per annum and repayable on demand.

The loans from other non-controlling interests and related party amounting to $6,787,000 (2016: $6,790,000) are unsecured, interest free and repayable on demand.

19 Borrowings

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current (secured)				
- Bank borrowing	**53,884**	62,338	**–**	–
- Finance lease liabilities (Note 20)	**6,023**	6,293	**–**	–
Loan from:				
- Holding corporation	**3,550**	–	**3,550**	–
- Non-related parties	**1,450**	–	**1,450**	–
	64,907	68,631	**5,000**	–
Non-current (secured)				
Bank borrowings	**15,127**	18,964	**–**	–
Finance lease liabilities (Note 20)	**4,551**	9,215	**–**	–
	19,678	28,179	**–**	–
Total borrowings	**84,585**	96,810	**5,000**	–

19 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	
	2017	2016
	$'000	$'000
Not later than one year	**64,907**	68,631
Between one and five years	**19,678**	27,509
Later than five years	**–**	670
	84,585	96,810

(a) Security granted

Bank borrowings of the Group are secured over leasehold properties, investment properties, certain machinery and equipment of the Group, corporate guarantees from the Company and a subsidiary corporation; and personal guarantee from a non-controlling interest of a subsidiary corporation. Finance lease liabilities of the Group are secured over the leased machinery and equipment and motor vehicles and corporate guarantees from the Company and certain subsidiary corporations, 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	
	2017	2016
	$'000	$'000
Bank borrowings	**13,948**	18,697
Finance lease liabilities	**4,510**	9,225

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	
	2017	2016
Bank borrowings	**2.4% - 6.3%**	2.1% - 6.7%
Finance lease liabilities	**1.1% - 3.7%**	1.1% - 6.0%

(c) Financial covenant

Some of the Group's loan arrangements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios.

There is no non-adherence of covenant clauses noted during the financial year ended 30 June 2017 and 30 June 2016.

(d) Loan from holding corporation and non-related parties of the Group and the Company are unsecured, interest-bearings at 6% (2016: Nil) per annum and repayable within one year.

20 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	
	2017	2016
	$'000	$'000
Minimum lease payments due		
- Not later than one year	**6,275**	6,456
- Between one and five years	**4,710**	9,698
	10,985	16,154
Less: Future finance charges	**(411)**	(646)
Present value of finance lease liabilities	**10,574**	15,508

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

Not later than one year (Note 19)	**6,023**	6,293
Between one and five years (Note 19)	**4,551**	9,215
Total	**10,574**	15,508

21 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	
	2017	2016
	$'000	$'000
Deferred income tax assets to be recovered after one year		
- Tax losses	**9**	15
Deferred income tax liabilities to be settled after one year		
- Accelerated tax depreciation	**8,470**	9,040
- Available-for-sale financial assets	**(280)**	(289)
- Other	**(189)**	(192)
	8,001	8,559

Movement in deferred income tax account is as follows:

Beginning of financial year	**8,544**	8,550
Currency translation differences	**(3)**	(9)
Tax credited/(charged) to:		
- profit or loss	**(559)**	30
- equity (Note 23(b)(i))	**10**	(27)
End of financial year	**7,992**	8,544

21 Deferred income taxes (Cont'd)

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
2017	
Beginning of financial year	**15**
Tax charged to:	
- profit or loss	**(6)**
End of financial year	**9**
2016	
Beginning of financial year	41
Tax charged to:	
- profit or loss	(26)
End of financial year	15

Deferred income tax liabilities

	Accelerated tax depreciation	Fair value losses - net	Other	Total
	$'000	$'000	$'000	$'000
2017				
Beginning of financial year	**9,040**	**(289)**	**(192)**	**8,559**
Currency translation differences	**–**	**–**	**(3)**	**(3)**
Tax (credited)/charged to:				
- profit or loss	**(570)**	**–**	**5**	**(565)**
- equity (Note 23(b)(i))	**–**	**10**	**–**	**10**
End of financial year	**8,470**	**(279)**	**(190)**	**8,001**
2016				
Beginning of financial year	9,170	(262)	(317)	8,591
Currency translation differences	–	–	(9)	(9)
Tax (credited)/charged to:				
- profit or loss	(130)	–	134	4
- equity (Note 23(b)(i))	–	(27)	–	(27)
End of financial year	9,040	(289)	(192)	8,559

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 $27,630,000 (2016: $24,822,000) and capital allowances of approximately $1,958,000 (2016: $3,052,000) 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 $124,000 which will expire in 2020, $3,679,000 which will expire in 2021 and $1,323,000 which will expire in 2022. The capital allowances have no expiry dates.

22 Share capital and treasury shares

(a) Share capital

	2017		2016	
	Number of ordinary shares	**Amount $'000**	Number of ordinary shares	Amount $'000
Group and Company				
Beginning of financial year	**306,107,296**	**88,385**	765,268,240	88,385
Share Consolidation	**–**	**–**	(459,160,944)	–
End of financial year	**306,107,296**	**88,385**	306,107,296	88,385

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

Fully paid ordinary shares of 296,649,136 (excluding treasury shares) carry one vote per share and carry a right to dividends as and when declared by the Company.

During the prior financial year, 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 share capital of the Company ("Share Consolidation").

(b) Treasury shares

	2017		2016	
	Number of ordinary shares	**Amount $'000**	Number of ordinary shares	Amount $'000
Group and Company				
Beginning of financial year	**9,458,160**	**3,115**	22,920,000	3,039
Treasury shares purchased	**–**	**–**	725,400	76
Share Consolidation	**–**	**–**	(14,187,240)	–
End of financial year	**9,458,160**	**3,115**	9,458,160	3,115

There is no treasury shares purchased during the financial year. During the prior financial year, the Company acquired 290,160* shares in the open market. The total amount paid to acquire the shares was $76,000 and this was presented as a component within shareholders' equity.

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

(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 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;

22 Share capital and treasury shares (Cont'd)

(c) Share options – Performance share plan (Cont'd)

(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 (10) 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.

23 Other reserves

	Group	
	2017	2016
	$'000	$'000
(a) Composition:		
Fair value reserve	**(443)**	(1,911)
Currency translation reserve	**127**	2,324
	(316)	413

23 Other reserves (Cont'd)

		Group	
		2017	2016
		$'000	$'000
(b)	Movements:		
(i)	Fair value reserves		
	Beginning of financial year	**(1,911)**	(238)
	Available-for-sale financial assets		
	- Currency translation differences	**(200)**	(2,050)
	- Fair value gains/(losses) (Note 9)	**56**	(163)
	- Tax on fair value changes (Note 21)	**(10)**	27
		46	(136)
	Reclassification to currency translation reserves	**1,575**	–
	Less: Non-controlling interests	**47**	513
	End of financial year	**(443)**	(1,911)
(ii)	Currency translation reserves		
	Beginning of financial year	**2,324**	1,771
	Net currency translation differences arising from		
	- consolidation of foreign subsidiary corporations	**(1,027)**	658
	- loan to associated companies	**295**	–
	Reclassification from fair value reserves	**(1,575)**	–
	Add/(Less): Non-controlling interests	**110**	(105)
	End of financial year	**127**	2,324

The fair value reserves represent (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 reserves represent (i) 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; and (ii) exchange differences arising from loan to associated companies.

Other reserves are non-distributable.

24 Retained profits

(a) Retained profits of the Group and the Company are distributable, except for accumulated losses of joint venture amounting to $22,000 (2016: $22,000).

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

	Company	
	2017	2016
	$'000	$'000
Beginning of financial year	**1,578**	5,989
Net profit/(loss)	**2,114**	(1,445)
Dividends paid (Note 25)	**(890)**	(2,966)
End of financial year	**2,802**	1,578

25 Dividends

	Group and Company	
	2017	2016
	$'000	$'000
Ordinary dividends declared and paid		
First and final tax exempt dividend paid in respect of the previous financial year of 0.3 cent (2016: 1.0 cent) per share (Note 24)	**890**	2,966

At the forth coming Annual General Meeting on 19 October 2017, a first and final tax exempt dividend of 0.4 cent per share amounting to a total of $1,186,597 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 2018.

The above final dividend recommended for the financial year ended 30 June 2017 is calculated based on share capital of 296,649,136 ordinary shares excluding treasury shares.

26 Revenue

	Group	
	2017	2016
	$'000	$'000
Bored piling	**68,974**	102,198
Eco-friendly piling and geoservices and others	**74,433**	87,751
Rental income	**1,407**	1,042
	144,814	190,991

27 Other income

	Group	
	2017	2016
	$'000	$'000
Government grants [(1)]	**396**	363
Interest income from deposit and receivable		
- Deposit and receivables	**564**	800
- Bank deposits	**50**	75
Fair value gain on derivative financial instruments	**284**	–
Recovery from insurance claim	**205**	90
Sales of minor and other assets	**789**	236
Dividend income	**11**	11
Miscellaneous income	**552**	193
	2,851	1,768

(1) Government grants pertain to Productivity Innovation Project Scheme payout, Temporary Employment Credit and Wage Credit Scheme payout from Building and Construction Authority (BCA), Ministry of Manpower (MOM) and Inland Revenue Authority of Singapore (IRAS) respectively.

28 Other gains/(losses) – net

	Group	
	2017	2016
	$'000	$'000
Available-for-sale financial assets		
- Gain on disposal	**–**	*
Currency exchange gain/(loss) – net	**921**	(1,117)
Gain on disposal of property, plant and equipment	**183**	142
Unrecoverable progress claim written off	**–**	(7,374)
Impairment loss of goodwill (Note 17)	**–**	(5,561)
	1,104	(13,910)

* Amount less than $1,000

29 Finance expenses

	Group	
	2017	2016
	$'000	$'000
Interest expense		
- Bank and other borrowings	**2,226**	2,348
- Finance lease liabilities	**319**	388
	2,545	2,736

30 Profit/(Loss) before income tax

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

	Group	
	2017	2016
	$'000	$'000
Audit fees paid/payable to:		
- Auditor of the Company	**164**	150
- Other auditors [(a)]	**20**	32
Non-audit fees paid to the auditor of the Company	**6**	6
Allowance for impairment of trade receivables (Note 36(b)(ii))	**61**	140
Amortisation of land use right (Note 16)	**20**	36
Construction materials recognised as an expense in cost of sales	**54,752**	85,645
Depreciation of investment properties (Note 13)	**156**	159
Depreciation of property, plant and equipment (Note 14)	**15,960**	15,874
Employee compensation (Note 31)	**29,910**	29,746
Insurance	**804**	986
Professional fees	**1,270**	1,969
Rental on operating leases-premises	**1,418**	1,068
Rental on operating leases-machinery and equipment	**4,205**	3,357
Subcontractors' fees	**17,280**	25,395
Survey, testing and other fees	**3,602**	2,382
Tools and hardware	**4,852**	4,065
Transportation costs	**7,088**	11,004
Upkeep of machinery and equipment	**7,582**	8,186

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

31 Employee compensation

	Group	
	2017	2016
	$'000	$'000
Wages, salaries and short-term benefits	**28,578**	28,657
Employer's contribution to defined contribution plans	**1,332**	1,089
	29,910	29,746

32 Income taxes

(a) Income tax expense

	Group	
	2017	2016
	$'000	$'000
Tax expense/(credit) attributable to profit/(loss) is made up of:		
- Profit/(Loss) for the financial year:		
Current income tax		
- Singapore	**555**	100
- Foreign	**78**	–
Deferred income tax	**(526)**	(160)
	107	(60)
- (Over)/Under provision in prior financial years:		
Current income tax		
- Singapore	**2**	38
Deferred income tax	**(33)**	190
	(31)	228
	76	168

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:

Profit/(Loss) before income tax	**1,129**	(12,681)
Share of profit of associated companies, net of tax	**(5)**	–
Profit/(Loss) before income tax and share of profit of associated companies	**1,124**	(12,681)
Tax calculated at tax rate of 17% (2016: 17%)	**191**	(2,156)
Effects of:		
- Different tax rates in other countries	**(85)**	(976)
- Change in tax rate	**(107)**	36
- Statutory stepped income exemption	**(178)**	(104)
- Expenses not deductible for tax purposes	**468**	1,984
- Income not subject to tax	**(350)**	(290)
- Tax incentive	**(552)**	(678)
- Utilisation of previously unrecognised:		
- tax losses	**(155)**	(16)
- capital allowances	**(207)**	(293)
- Deferred tax assets not recognised	**1,122**	2,498
- Tax rebate	**(40)**	(65)
Tax expense/(credit)	**107**	(60)

32 Income taxes (Cont'd)

(b) Movement in current income tax liabilities

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**112**	309	**5**	186
Income tax paid	**(34)**	(335)	**(3)**	(178)
Tax expense	**635**	100	**22**	6
Under/(Over) provision in prior financial years	**2**	38	**–**	(9)
End of financial year	**715**	112	**24**	5

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

	2017			2016		
	Before tax	**Tax expense**	**After tax**	Before tax	Tax credit	After tax
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Fair value losses and currency translation differences on available-for-sale financial assets	**(144)**	**(10)**	**(154)**	(2,213)	27	(2,186)
Currency translation differences arising from						
- consolidation of subsidiary corporations	**(1,027)**	**–**	**(1,027)**	658	–	658
- loan to associated companies	**295**	**–**	**295**	–	–	–
Other comprehensive (loss)/income	**(876)**	**(10)**	**(886)**	(1,555)	27	(1,528)

33 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.

	2017	2016
Net profit/(loss) attributable to equity holders of the Company ($'000)	**801**	(11,371)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	**296,649,136**	296,667,174
Basic and diluted earnings/(loss) per share (cent)	**0.27**	(3.83)

There were no dilutive potential ordinary shares during the financial years ended 30 June 2016 and 2017.

34 Contingent liabilities

Company

The Company has issued corporate guarantees to banks and a financial institution for borrowings of certain subsidiary corporations and associated companies of $71,596,000 and $10,383,000 (2016: $83,130,000 and $7,800,000) respectively. The Company has given letters of financial support to certain subsidiary corporations in the Group with net liabilities positions at the reporting date. The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential liabilities derived from its guarantees to the banks and a financial institution with regard to the subsidiary corporations and associated companies are minimal as there are no default in the payment of borrowings and credit facilities by the subsidiary corporations and associated companies.

35 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	
	2017	2016
	$'000	$'000
Not later than one year	**1,296**	1,348
Between one and five years	**2,143**	3,267
Later than five years	**1,032**	1,614
	4,471	6,229

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

The Group leases out leasehold property 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	
	2017	2016
	$'000	$'000
Not later than one year	**1,215**	1,103
Between one and five years	**953**	1,354
	2,168	2,457

36 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 consolidated 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.

36 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Price risk (Cont'd)

The unquoted investments held by the Group which are classified on the consolidated statement of financial position as available-for-sale financial assets 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 20% (2016: 20%) with all other variables including tax rate is being held constant, the effects on equity will increase/decrease by approximately $156,000 (2016: $147,000).

(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 2017, 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 2017				
Financial assets				
Fixed rate				
Short-term bank deposits	**2,460**	**–**	**–**	**2,460**
Financial liabilities				
Fixed rate				
Finance lease liabilities	**6,023**	**4,551**	**–**	**10,574**
Floating rate				
Bank term loans	**58,884**	**15,127**	**–**	**74,011**
At 30 June 2016				
Financial assets				
Fixed rate				
Short-term bank deposits	5,340	–	–	5,340
Financial liabilities				
Fixed rate				
Finance lease liabilities	6,293	9,215	–	15,508
Floating rate				
Bank term loans	62,338	18,294	670	81,302

36 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

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.

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial liabilities, a change of 30 basis points (2016: 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 $'000	30 basis points decrease $'000
Group		
2017		
Floating rate instruments	**(222)**	**222**
2016		
Floating rate instruments	(244)	244

(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 Australian Dollar ("AUD"), United States Dollar ("USD"), Vietnamese Dong ("VND"), British Pound ("GBP") and Malaysian 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.

36 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	AUD	USD	VND	GBP	MYR	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 30 June 2017								
Financial assets								
Cash and cash equivalents	19,312	1,711	14	484	183	189	87	21,980
Trade and other receivables	75,651	639	1	8,639	1,773	1,228	418	88,349
Available-for-sale financial assets	4,278	–	–	–	–	–	–	4,278
Loan to associated companies	29	–	–	–	11,770	–	–	11,799
Receivables from subsidiary corporations	99,376	12,026	650	1,388	5,800	72	–	119,312
	198,646	14,376	665	10,511	19,526	1,489	505	245,718
Financial liabilities								
Trade and other payables	(52,802)	(4,647)	(1)	(3,908)	(1,779)	(286)	(375)	(63,798)
Payables to subsidiary corporations	(107,002)	(26,702)	(656)	(1,388)	(5,800)	(274)	–	(141,822)
Borrowings	(78,896)	(507)	–	(5,182)	–	–	–	(84,585)
	(238,700)	(31,856)	(657)	(10,478)	(7,579)	(560)	(375)	(290,205)
Net financial (liabilities)/ assets	(40,054)	(17,480)	8	33	11,947	929	130	(44,487)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	21,935	20,460	(70)	(33)	–	(1,164)	(349)	40,779
Less: Net financial assets forms part of the net investments	(29)	–	–	–	(11,770)	–	–	(11,799)
Currency exposure on financial (liabilities)/assets net of those denominated in the respective entities' functional currencies and forms part of the net investments	**(18,148)**	**2,980**	**(62)**	**–**	**177**	**(235)**	**(219)**	**(15,507)**

36 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Currency risk (Cont'd)

	SGD	AUD	USD	VND	GBP	MYR	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 30 June 2016								
Financial assets								
Cash and cash equivalents	28,747	459	103	409	144	349	101	30,312
Trade and other receivables	68,091	1,896	1	11,419	1,213	1,774	307	84,701
Available-for-sale financial assets	4,221	–	–	–	12,475	–	–	16,696
Receivables from subsidiary corporations	89,434	4,078	517	141	6,287	73	–	100,530
	190,493	6,433	621	11,969	20,119	2,196	408	232,239
Financial liabilities								
Trade and other payables	(31,829)	(4,149)	(71)	(4,334)	(2,285)	(417)	(235)	(43,320)
Payables to subsidiary corporations	(94,841)	(15,775)	(517)	(141)	(6,287)	(73)	–	(117,634)
Borrowings	(95,662)	(1,130)	–	–	–	(18)	–	(96,810)
	(222,332)	(21,054)	(588)	(4,475)	(8,572)	(508)	(235)	(257,764)
Net financial (liabilities)/ assets	(31,839)	(14,621)	33	7,494	11,547	1,688	173	(25,525)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	3,251	18,302	(90)	(7,494)	–	(1,723)	(380)	11,866
Less: Currency forwards	–	(2,000)	–	–	(927)	–	–	(2,927)
Currency exposure on financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(28,588)	1,681	(57)	–	10,620	(35)	(207)	(16,586)

36 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Currency risk (Cont'd)

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

	SGD	AUD	Total
	$'000	$'000	$'000
Company			
At 30 June 2017			
Financial assets			
Cash and cash equivalents	1,688	102	1,790
Trade and other receivables	42,144	–	42,144
	43,832	102	43,934
Financial liabilities			
Trade and other payables	(2,168)	–	(2,168)
Borrowings	(5,000)	–	(5,000)
	(7,168)	–	(7,168)
Net financial assets	36,664	102	36,766
Less: Net financial assets denominated in the Company's functional currency	(36,664)	–	(36,664)
Currency exposure on financial assets net of those denominated in the Company's functional currency	**–**	**102**	**102**
At 30 June 2016			
Financial assets			
Cash and cash equivalents	1,783	97	1,880
Trade and other receivables	39,930	–	39,930
	41,713	97	41,810
Financial liabilities			
Trade and other payables	(696)	–	(696)
Net financial assets	41,017	97	41,114
Less: Net financial assets denominated in the Company's functional currency	(41,017)	–	(41,017)
Currency exposure on financial assets net of those denominated in the Company's functional currency	–	97	97

36 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Currency risk (Cont'd)

Sensitivity analysis

If the Singapore Dollar strengthen against the following currencies by 5% (2016: 5%) at the reporting date, the effects arising from the net financial liability/asset position would increase/(decrease) profit before income tax/other comprehensive income by the amounts shown below. This analysis assumes that all other variables is being held constant.

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
AUD	**149**	84	**5**	5
GBP	**9**	531	**–**	–

A 5% (2016: 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	
	2017	2016
	$'000	$'000
Corporate guarantee provided to banks and a financial institution	**81,979**	90,930

The subsidiary corporations and associated companies have not defaulted in the payment of borrowings in the financial years ended 30 June 2016 and 30 June 2017. As at the reporting date, no claims on the financial guarantee are expected.

The trade receivables of the Group comprise 5 debtors (2016: 5 debtors) that individually represented 4% to 16% (2016: 4% to 23%) of trade receivables.

36 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	
	2017	2016
	$'000	$'000
By geographical locations		
Singapore	**18,106**	12,967
Australia	**163**	150
Malaysia	**563**	703
Vietnam	**4,776**	6,352
Indonesia	**48**	53
	23,656	20,225

(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	
	2017	2016
	$'000	$'000
Past due 0 to 30 days	**1,014**	2,651
Past due 31 to 60 days	**1,019**	592
Past due above 60 days	**6,761**	4,197
	8,794	7,440

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

	Group	
	2017	2016
	$'000	$'000
Past due above 60 days	**226**	445
Less: Allowance for impairment of trade receivables	**(226)**	(445)
	–	–
Beginning of financial year	**445**	305
Allowance made (Note 30)	**61**	140
Allowance utilised	**(280)**	-
End of financial year (Note 6)	**226**	445

36 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

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

The management believes that the amounts that are past due are collectible, based on historic payment behavior and credit-worthiness of the customers. Allowance for impairment of trade and other receivables arise from customers that are either in financial difficulties and/or have history of default or significant delay in payments which management is of the opinion that payments are not forthcoming as at the end of financial year. In the event that payment is not collectible, the receivables will be recommended for write off.

(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	Between one and five years	Over five years	Total
	$'000	$'000	$'000	$'000
Group				
At 30 June 2017				
Trade and other payables	**63,798**	**–**	**–**	**63,798**
Borrowings	**64,907**	**21,565**	**–**	**86,472**
	128,705	**21,565**	**–**	**150,270**
At 30 June 2016				
Trade and other payables	43,320	–	–	43,320
Borrowings	68,631	29,344	711	98,686
	111,951	29,344	711	142,006
Company				
At 30 June 2017				
Trade and other payables	**2,168**	**–**	**–**	**2,168**
Borrowings	**5,000**	**–**	**–**	**5,000**
Financial guarantee contract	**81,979**	**–**	**–**	**81,979**
	89,147	**–**	**–**	**89,147**
At 30 June 2016				
Trade and other payables	696	–	–	696
Financial guarantee contract	90,930	–	–	90,930
	91,626	–	–	91,626

36 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 1.5 times (2016: 1.5 times) and (ii) net worth at not less than $40 million (2016: $40 million) at all times.

(i) Gearing ratio

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

	Group	
	2017	2016
	$'000	$'000
Total borrowings	**84,585**	96,810
Shareholders' funds	**86,639**	87,457
Gearing ratio (times)	**1.0**	1.1

(ii) Net worth

Net worth is calculated as total assets less total liabilities.

	Group	
	2017	2016
	$'000	$'000
Total assets	**246,934**	245,506
Total liabilities	**(158,579)**	(156,428)
Net worth	**88,355**	89,078

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2016 and 30 June 2017.

(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).

36 Financial risk management (Cont'd)

(e) Fair value measurements (Cont'd)

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
2017				
Assets				
Available-for-sale financial assets	**942**	**–**	**–**	**942**
Derivative financial instruments	**–**	**–**	**–**	**–**
Liabilities				
Derivative financial instruments	**–**	**–**	**–**	**–**
2016				
Assets				
Available-for-sale financial assets	886	–	12,474	13,360
Derivative financial instruments	–	8	–	8
Liabilities				
Derivative financial instruments	–	25	–	25

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.

The carrying amount less impairment allowance 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 amounts of current borrowings approximate 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 respectively, except for the following:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Loans and receivables	**110,329**	115,013	**43,934**	41,810
Financial liabilities at amortised cost	**148,383**	140,130	**7,168**	696

37 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	
	2017	2016
	$'000	$'000
Immediate and ultimate holding corporation:		
Rental income for office	**4**	4
Related parties:		
Rental on operating lease for office	**(160)**	(158)
Insurance expenses	**(699)**	(905)
Interest expense	**(159)**	–
Joint venture:		
Administrative fee	**24**	24
Subcontractors' fees income	**183**	161
Purchase of property, plant and equipment	**(13)**	–

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 2017 and 30 June 2016, arising from sale/purchases of goods and services, are unsecured and payable within 12 months from the reporting date and are disclosed in Notes 6 and 18 to the financial statements respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2017	2016
	$'000	$'000
Salaries and other short term employee benefits	**2,467**	2,389
Employer's contribution to defined contribution plans, including Central Provident Fund	**105**	92
Directors' fees	**214**	214
	2,786	2,695
Comprise amounts paid to:		
Directors of the Company	**1,298**	1,296
Other key management personnel	**1,488**	1,399
	2,786	2,695

38 Segment information

(a) Business segments

The Group has 3 (2016: 3) 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, civil engineering works, system engineering and process automation and rental of machineries
Property investment	:	Investment in commercial and industrial properties.

The bases 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.

38 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 2017 is as follows:

Group	Bored Piling	Eco-friendly Piling, Geoservices and Others	Property Investment	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
Revenue					
External sales	68,974	74,433	1,407	–	144,814
Inter-segment sales	–	8,711	894	(9,605)	–
Total revenue	68,974	83,144	2,301	(9,605)	144,814
Segment results	(4,960)	6,273	465		1,778
Interest income					614
Unallocated income					1,769
Unallocated expenses					(492)
Finance expenses					(2,545)
					1,124
Share of results of associated companies					5
Profit before income tax					1,129
Income tax expense					(76)
Profit for the year					1,053
Assets					
Segment assets	117,495	97,313	21,554		236,362
Unallocated assets					10,572
Total assets					246,934
Liabilities					
Segment liabilities	36,415	24,815	3,680		64,910
Unallocated liabilities					93,669
Total liabilities					158,579
Other segment information					
Capital expenditure	1,819	4,825	39		6,683
Depreciation	8,641	7,304	171		16,116
Amortisation	–	–	20		20
Gain on disposal of property, plant and equipment	(180)	(3)	–		(183)

38 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 2016 is as follows:

Group	Bored Piling $'000	Eco-friendly Piling, Geoservices and Others $'000	Property Investment $'000	Elimination $'000	Total $'000
Revenue					
External sales	102,198	87,751	1,042	–	190,991
Inter-segment sales	388	7,475	–	(7,863)	–
Total revenue	102,586	95,226	1,042	(7,863)	190,991
Segment results	(14,921)	4,845	(19)		(10,095)
Interest income					875
Unallocated income					893
Unallocated expenses					(1,618)
Finance expenses					(2,736)
Loss before income tax					(12,681)
Income tax expense					(168)
Loss for the year					(12,849)
Assets					
Segment assets	123,420	89,628	22,523		235,571
Unallocated assets					9,935
Total assets					245,506
Liabilities					
Segment liabilities	29,323	17,367	3,881		50,571
Unallocated liabilities					105,857
Total liabilities					156,428
Other segment information					
Capital expenditure	3,257	4,213	2		7,472
Depreciation	8,105	7,761	167		16,033
Amortisation	–	–	36		36
Loss/(gain) on disposal of property, plant and equipment	104	(246)	–		(142)
Impairment loss of goodwill	5,561	–	–		5,561

38 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, certain available-for-sale financial assets, investment in joint ventures and other receivables.

Segment assets are reconciled to total assets as follows:

	Group	
	2017	2016
	$'000	$'000
Segment assets for reportable segments	**236,362**	235,571
Unallocated:		
Cash and cash equivalents	**1,790**	1,880
Other receivables	**7,596**	6,899
Derivative financial instruments	**–**	8
Club memberships	**200**	220
Available-for-sale financial assets	**942**	885
Investment in joint ventures	**44**	43
	246,934	245,506

(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, borrowings and certain other payables.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2017	2016
	$'000	$'000
Segment liabilities for reportable segments	**64,910**	50,571
Unallocated:		
Other payables	**368**	351
Current income tax liabilities	**715**	112
Derivative financial instruments	**–**	25
Deferred income tax liabilities	**8,001**	8,559
Borrowings	**84,585**	96,810
	158,579	156,428

38 Segment information (Cont'd)

(b) Geographical segments

Geographical segments are analysed by four principal geographical areas, namely Singapore, Vietnam 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	
	2017	2016	**2017**	2016	**2017**	2016
Group	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
By geographical locations						
Singapore	**141,404**	187,771	**93,414**	102,475	**222,712**	215,338
Vietnam	**2,040**	1,998	**5,973**	6,384	**17,645**	20,491
Others	**1,370**	1,222	**3,058**	4,572	**6,577**	9,677
Total	**144,814**	190,991	**102,445**	113,431	**246,934**	245,506

Revenue of approximately $43,372,000 (2016: $42,243,000) are derived from 2 (2016: 1) external customers. These revenues are attributable to the Singapore bored piling segment.

39 New or revised accounting standards and interpretations

Below are the mandatory accounting standards and amendments to existing accounting standards that have been published and relevant for the Group's accounting periods beginning on or after 1 July 2017 which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7: Disclosure Initiatives
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
  - Amendments to FRS 112: Disclosure of Interest in Other Entities

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts and Customers
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 40: Transfer of Investment Property
- INT FRS 122 Foreign Currency Transactions and Advance Consideration
- Improvements to FRSs (December 2016)
  - Amendments to FRS 101: First-time Adoption of Financial Reporting Standards
  - Amendments to FRS 28: Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases Illustrative Examples & Amendments to Guidance on Other Standards

Effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

39 New or revised accounting standards and interpretations (Cont'd)

The Group has yet to assess the full impact from adoption of the above standards and intends to apply the relevant standards in the financial years where the standards become effective.

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 Financial Instruments

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the financial assets of the Group would appear to satisfy the conditions for classification as amortised cost and hence there will be no change to the accounting for these assets.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. There will be no impact on the Group's accounting as the Group does not have any such hedging instrument.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment on how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

FRS 115 Revenue from Contracts and Customers

This is the converged standard on revenue recognition. It replaces FRS11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

39 New or revised accounting standards and interpretations (Cont'd)

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make a more detailed assessment of the impact over the next twelve months.

FRS 116 Leases Illustrative Examples & Amendments to Guidance on Other Standards

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2017, the Group has non-cancellable operating lease commitments of $4,471,000 (Note 35). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

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 19 September 2017.

STATISTICS OF SHAREHOLDINGS

As at 11 September 2017

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	$88,384,577
Number of Issued Shares (excluding Treasury Shares)	:	296,649,136
Number of Treasury Shares	:	9,458,160
Class Of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	One Vote Per Share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	3	0.23	160	0.00
100 - 1,000	145	11.34	94,600	0.03
1,001 - 10,000	558	43.63	2,640,800	0.89
10,001 - 1,000,000	557	43.55	37,144,520	12.52
1,000,001 and above	16	1.25	256,769,056	86.56
Total	1,279	100.00	296,649,136	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	← Number of ordinary shares →		
Substantial Shareholders	Direct Interest	Deemed Interest	%
Tanglin Capital Pte. Ltd.[1]	192,402,424	–	64.86
Ong Tiong Siew[2]	14,975,296	199,334,144	72.24
Ong Teng Choon[2]	10,743,152	199,334,144	70.82
Ong Huay Chin[2]	3,008,704	199,334,144	68.21

(1) Tanglin Capital Pte. Ltd. is deemed to be interested in the 94,340,000 Shares 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 192,402,424 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 11 September 2017

TWENTY LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares	%
1	TANGLIN CAPITAL PTE. LTD.	98,062,424	33.06
2	RAFFLES NOMINEES (PTE) LTD	94,670,440	31.91
3	ONG TIONG SIEW	14,975,296	5.05
4	UOB KAY HIAN PTE LTD	14,552,880	4.91
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	0.68
9	DBS NOMINEES PTE LTD	1,905,020	0.64
10	OCBC SECURITIES PRIVATE LTD	1,698,520	0.57
11	ANG JUI KHOON	1,615,000	0.54
12	SOON LI HENG CIVIL ENGINEERING PTE LTD	1,499,200	0.51
13	MAYBANK KIM ENG SECURITES PTE LTD	1,459,300	0.49
14	LEE YIOK SENG @ LEE GEOK SENG @ LEE YOK SENG	1,280,000	0.43
15	ONG SIEW HOON	1,250,000	0.42
16	CITIBANK NOMINEES SINGAPORE PTE LTD	1,117,400	0.38
17	DBS VICKERS SECURITIES (S) PTE LTD	880,000	0.30
18	GOH AH HOE	745,000	0.25
19	UNITED OVERSEAS BANK NOMINEES PTE LTD	713,600	0.24
20	TEH LIM SONG	683,400	0.23
	Total:	259,791,056	87.58

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company as at 11 September 2017, approximately 21.53% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by 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 Thursday, 19 October 2017 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt dividend of 0.4 Singapore cent per ordinary share for the financial year ended 30 June 2017 (2016: 0.3 Singapore cent per ordinary share). **(Resolution 2)**

3. To re-elect the following Director of the Company retiring pursuant to Article 91 of the Constitution of the Company.

   Mr Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng **(Resolution 3)**

   Dr Lau Teik Soon **(Resolution 4)**

   [See Explanatory Note (i)]

4. To approve the payment of Directors' Fees of $214,200 for the financial year ended 30 June 2017 (2016: $214,200). **(Resolution 5)**

5. 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 6)**

6. 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:

7. **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

   (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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) 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 Constitution 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 7)**

[See Explanatory Note (ii)]

8. **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 and subsidiary holdings) 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 3 October 2017 (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 earliest. **(Resolution 8)**

[See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE DATE FOR FIRST AND FINAL TAX EXEMPT 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. on 26 October 2017 (Books Closure Date) 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 first and final tax exempt dividend. In respect of the ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the first and final tax exempt dividend will be paid by the Company to CDP which will, in turn, distribute the first and final tax exempt dividend entitlements to the CDP account holders in accordance with its normal practice.

The first and final tax exempt dividend, if approved by the members at the Annual General Meeting, will be paid on 8 November 2017.

By Order of the Board

Wong Chee Meng Lawrence
Tan Ghee Hwa
Joint Company Secretaries
Singapore
3 October 2017

Explanatory Notes:

(i) Mr Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng will, upon re-election 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-election 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.

(ii) Resolution 7 above, 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 the earliest, 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 and subsidiary holdings) 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 and subsidiary holdings) 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.

(iii) Resolution 8 above, 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 the earliest, 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 and subsidiary holdings) in the capital of the Company at the price of up to but not exceeding the Maximum Price as defined in 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 2017 are set out in greater detail in the Letter.

NOTICE OF ANNUAL GENERAL MEETING

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. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her. Where such member's form of proxy appoints more than one proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. 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.

4. By submitting the instrument appointing a proxy or proxies 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 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 to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy or proxies for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy or proxies 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.

This page has been intentionally left blank.

RYOBI KISO HOLDINGS LTD.

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

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend the Annual General Meeting and vote.
2. For investors who have used their CPF monies to buy Ryobi Kiso Holdings Ltd.'s shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Note 9 to the Proxy Form.

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 Thursday, 19 October 2017 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.

(Please indicate your vote "**For**" or "**Against**" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
Ordinary Business			
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2017 together with Auditors' Report thereon		
2	Approval of declaration of first and final tax exempt dividend of 0.4 Singapore cent per ordinary share for the financial year ended 30 June 2017		
3	Re-election of Mr Lee Yiok Seng @ Lee Geok Seng @ Lee Yok Seng as a Director		
4	Re-election of Dr Lau Teik Soon as a Director		
5	Approval of payment of Directors' Fees amounting to $214,200 for the financial year ended 30 June 2017		
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors and fixing of their remuneration		
Special Business			
7	General Mandate to authorise Directors to issue shares and/or convertible securities		
8	Renewal of Share Buyback Mandate		

Dated this _____ day of _____ 2017

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 81SF of the Securities and Futures Act, Chapter 289 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 the number of Shares is not inserted, the instrument appointing a proxy or proxies will be deemed to relate to the entire number of Shares in the Company registered in your name(s).
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Meeting of the Company. 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.
3. Pursuant to Section 181(6) of the Companies Act, Chapter 50 of Singapore, a member who is a relevant intermediary may appoint more than two proxies in relation to a meeting to exercise all or any of the member's rights to attend and to speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by the member (which number and class of Shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.
5. 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.

Fold along this line (1)

Affix postage stamp

Ryobi Kiso Holdings Ltd.
58A Sungei Kadut Loop
Ryobi Industrial Building
Singapore 729505

Attention: The Company Secretary

Fold along this line (2)

6. 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.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. 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.
8. 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.
9. By submitting the instrument appointing a proxy or proxies 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 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 to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy or proxies for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy or proxies 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 seventy-two (72) 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