

SECOND QUARTER AND HALF YEAR 2017 FINANCIAL STATEMENTS ANNOUNCEMENT

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

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

INCOME STATEMENT FOR THE SECOND QUARTER (“2Q2017”) AND HALF YEAR ENDED 31 DECEMBER 2016 (“1H2017”)

	Note	Group					
		3 Months Ended 31 December		Change	6 Months Ended 31 December		Change
		2016	2015		2016	2015	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1	33,758	54,138	(37.6)	62,032	99,479	(37.6)
Cost of sales	2	(29,036)	(51,944)	(44.1)	(53,339)	(90,788)	(41.2)
Gross profit		4,722	2,194	115.2	8,693	8,691	NM
Other income	3	742	496	49.6	1,466	1,010	45.1
Administrative expenses		(4,863)	(4,543)	7.0	(9,543)	(9,831)	(2.9)
Other gains/(losses) – net	4	718	(6,330)	111.3	1,711	(7,068)	124.2
Finance costs	5	(643)	(656)	(2.0)	(1,203)	(1,413)	(14.9)
		676	(8,839)	107.6	1,124	(8,611)	113.1
Share of results of joint venture		-	(21)	(100.0)	-	1	(100.0)
Profit/(Loss) before income tax	6	676	(8,860)	107.6	1,124	(8,610)	113.1
Income tax expense	7	(435)	(83)	424.1	(632)	(127)	397.6
Profit/(Loss) for the period		241	(8,943)	102.7	492	(8,737)	105.6
Attributable to:							
Equity holders of the Company		435	(7,937)	105.5	607	(7,803)	107.8
Non-controlling interests		(194)	(1,006)	(80.7)	(115)	(934)	(87.7)
Profit/(Loss) for the period		241	(8,943)	102.7	492	(8,737)	105.6
Gross profit margin		14.0%	4.1%		14.0%	8.7%	
Net profit/(loss) margin		0.7%	(16.5%)		0.8%	(8.8%)	
Effective tax rate		65.8%	NM		58.1%	NM	

NM – Not Meaningful

1(a) (i) Statement of Comprehensive Income for the Second Quarter and Half Year Ended 31 December 2016

	Group					
	3 Months Ended 31 December		Change	6 Months Ended 31 December		Change
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(Loss) for the period	241	(8,943)	102.7	492	(8,737)	105.6
Other comprehensive income/(loss): Items that may be reclassified subsequently to profit or loss						
Currency translation differences arising from Consolidation - (Loss)/Gain	(87)	(807)	(89.2)	(817)	19	NM
Available-for-sale financial assets - Currency translation differences	31	(369)	108.4	(210)	(85)	147.1
- Fair value losses	(36)	(18)	100.0	(27)	(142)	(81.0)
Other comprehensive loss, net of tax	(92)	(1,194)	(92.3)	(1,054)	(208)	406.7
Total comprehensive income/(loss) for the period	149	(10,137)	101.5	(562)	(8,945)	(93.7)
Attributable to:						
Equity holders of the Company	328	(8,871)	103.7	(273)	(7,994)	(96.6)
Non-controlling interests	(179)	(1,266)	(85.9)	(289)	(951)	(69.6)
Total comprehensive income/(loss) for the period	149	(10,137)	101.5	(562)	(8,945)	(93.7)
<i>NM – Not Meaningful</i>						

1(a) (ii) Notes to Income Statement

(1) Revenue

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Bored piling	14,103	32,202	26,973	57,674
Eco-friendly piling, geoservices and others	19,256	20,674	33,758	39,313
System engineering and process automation	184	1,068	922	2,116
Property investment	215	194	379	376
Total revenue	33,758	54,138	62,032	99,479

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

(2) Cost of sales includes the following:

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Amortisation of land use right	6	11	10	23
Depreciation of machinery and equipment	3,392	3,394	6,787	6,811
Depreciation of investment properties	40	40	78	80
Unrecoverable costs	-	1,880	-	1,880

(3) Other income

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest income from deposit and receivable	145	200	305	462
Rental income	115	4	255	18
Sale of minor assets	104	61	274	131
Government incentives	14	54	257	223
Miscellaneous income	364	177	375	176
Total other income	742	496	1,466	1,010

(4) Other gains/(losses) – net

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Foreign exchange gain, net	751	952	1,681	213
(Loss)/Gain on disposal of property, plant and equipment	(33)	92	30	93
Unrecoverable progress claim written off	-	(7,374)	-	(7,374)
Total other gains/(losses) – net	718	(6,330)	1,711	(7,068)

(5) Finance costs

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest expenses				
- bank and other borrowings	553	558	1,023	1,216
- finance lease liabilities	90	98	180	197
Total finance costs	643	656	1,203	1,413

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

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

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Amortisation of land use right	6	11	10	23
Depreciation of property, plant and equipment	3,948	3,906	7,900	7,868
Depreciation of investment properties	40	40	78	80
Employee compensation, including directors' remuneration	7,489	6,997	14,969	13,968
Rental on operating leases – premises	408	249	747	508
Professional fees	217	890	480	1,268

(7) Income tax expense

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current income tax				
- current period	447	48	652	104
- (over)/under provision in prior years	(2)	47	1	47
	445	95	653	151
Deferred income tax				
- current period	(10)	(12)	(21)	(24)
Total income tax expense	435	83	632	127

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

Statements of Financial Position

	Note	Group		Company	
		As At 31/12/16	As At 30/06/16	As At 31/12/16	As At 30/06/16
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	1	22,235	30,312	1,075	1,880
Trade and other receivables		87,520	87,290	44,385	39,950
Inventories		13,328	13,100	-	-
Construction contract work-in-progress		3,961	1,365	-	-
Derivative financial instruments		5	8	-	-
		127,049	132,075	45,460	41,830
Non-current assets					
Investment in subsidiaries		-	-	45,719	45,719
Investment in joint ventures		46	43	-	-
Club memberships		220	220	-	-
Available-for-sale financial assets		15,343	16,696	-	-
Property, plant and equipment		86,561	90,752	-	-
Investment properties		5,043	4,858	-	-
Land use right		884	847	-	-
Deferred income tax assets		15	15	-	-
Goodwill arising on consolidation		-	-	-	-
		108,112	113,431	45,719	45,719
TOTAL ASSETS		235,161	245,506	91,179	87,549
LIABILITIES					
Current liabilities					
Trade and other payables	2	48,291	50,922	206	696
Current income tax liabilities		742	112	5	5
Derivative financial instruments		5	25	-	-
Borrowings		61,788	68,631	-	-
		110,826	119,690	211	701
Non-current liabilities					
Borrowings		28,177	28,179	5,000	-
Deferred income tax liabilities		8,532	8,559	-	-
		36,709	36,738	5,000	-
TOTAL LIABILITIES		147,535	156,428	5,211	701
NET ASSETS		87,626	89,078	85,968	86,848
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		88,385	88,385	88,385	88,385
Treasury shares		(3,115)	(3,115)	(3,115)	(3,115)
Other reserves		(467)	413	-	-
Retained profits		1,491	1,774	698	1,578
		86,294	87,457	85,968	86,848
Non-controlling interests		1,332	1,621	-	-
TOTAL EQUITY		87,626	89,078	85,968	86,848

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

(1) Trade and other receivables

	Group		
	As At 31/12/16	As At 30/06/16	Change
	\$'000	\$'000	\$'000
Trade receivables	24,011	20,225	3,786
Construction contracts			
- Due from customers	39,059	44,250	(5,191)
- Retentions	16,887	15,920	967
	55,946	60,170	(4,224)
Total trade receivables	79,957	80,395	(438)
Other receivables	7,563	6,895	668
Total trade and other receivables	87,520	87,290	230
Average trade receivables' turnover (days)	119	155	
Average trade receivables' turnover, excluding amount due from customers from construction contracts pending certification (days)	31	46	

(2) Trade and other payables

	Group		
	As At 31/12/16	As At 30/06/16	Change
	\$'000	\$'000	\$'000
Trade payables	22,103	25,216	(3,113)
Other payables and accruals	26,188	25,706	482
Total trade and other payables	48,291	50,922	(2,631)
Average trade payables' turnover (days)	64	69	

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

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

	Group	
	As At 31/12/16	As At 30/06/16
	\$'000	\$'000
Amount repayable in one year or less (secured)		
- Bank and other borrowings	55,458	62,338
- Finance lease liabilities	6,330	6,293
	61,788	68,631
Amount repayable after one year (secured)		
- Bank and other borrowings	21,082	18,964
- Finance lease liabilities	7,095	9,215
	28,177	28,179
Total borrowings	89,965	96,810

Details of any collaterals:

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



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(Incorporated in the Republic of Singapore)

Company Registration No. 200803985D

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

Consolidated Statement of Cash Flows for Second Quarter and Half Year Ended 31 December 2016

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Profit/(Loss) before income tax	676	(8,860)	1,124	(8,610)
Adjustments for:				
Interest income	(145)	(200)	(305)	(462)
Dividend income	(1)	(2)	(2)	(5)
Share of results of joint venture	-	21	-	(1)
Loss/(Gain) on disposal of property, plant and equipment	33	(92)	(30)	(93)
Amortisation of land use right	6	11	10	23
Depreciation of property, plant and equipment	3,948	3,906	7,900	7,868
Depreciation of investment properties	40	40	78	80
Interest expenses	643	656	1,203	1,413
Operating profit/(loss) before working capital changes	5,200	(4,520)	9,978	213
Changes in working capital				
Trade and other receivables	(2,749)	9,490	1,107	3,912
Inventories	234	(915)	(225)	(105)
Construction contract work-in-progress	(24)	3,252	(2,591)	(2,896)
Trade and other payables	(350)	1,833	(4,975)	12,150
Cash generated from operations	2,311	9,140	3,294	13,274
Income tax paid	(15)	(179)	(22)	(250)
Net cash provided by operating activities	2,296	8,961	3,272	13,024
Cash flows from investing activities:				
Interest received	8	11	24	19
Dividend received	1	2	2	5
Redemption of available-for-sale financial assets	-	3,759	1,384	5,683
Proceed from disposals of property, plant and equipment	674	256	327	282
Purchases of:				
- available-for-sale financial assets	(141)	(558)	(273)	(3,031)
- property, plant and equipment	(1,717)	561	(2,697)	(1,626)
Investment in joint venture	(1)	(24)	(3)	(34)
Net cash (used in)/provided by investing activities	(1,176)	4,007	(1,236)	1,298
Cash flows from financing activities:				
Proceeds from bank borrowings	38,466	45,735	81,896	69,685
Dividends paid to:				
- equity holders of the Company	(890)	(2,966)	(890)	(2,966)
Deposit pledged to bank	-	-	-	50
Interest paid	(643)	(656)	(1,203)	(1,413)
Repayments of:				
- bank borrowings	(40,715)	(32,770)	(86,689)	(61,079)
- finance lease liabilities	(1,643)	(1,565)	(3,215)	(3,217)
Purchase of treasury shares	-	-	-	(76)
Net cash (used in)/provided by financing activities	(5,425)	7,778	(10,101)	984
Net (decrease)/increase in cash and cash equivalents	(4,305)	20,746	(8,065)	15,306
Cash and cash equivalents				
Beginning of financial period	26,250	12,535	30,012	17,936
Effects of currency translation on cash and cash equivalents	(10)	(8)	(12)	31
End of financial period	21,935	33,273	21,935	33,273

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

Consolidated Statement of Cash Flows for Second Quarter and Half Year Ended 31 December 2016 (Cont'd)

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	19,860	29,197	19,860	29,197
Short-term bank deposits	2,375	4,376	2,375	4,376
	22,235	33,573	22,235	33,573
Less: Bank deposits pledged to secure banking facilities	(300)	(300)	(300)	(300)
Cash and cash equivalents as per consolidated statement of cash flows	21,935	33,273	21,935	33,273



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

Statements of Changes in Equity

GROUP	Share capital	Treasury shares	Retained profits	Fair value reserve	Currency translation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1/07/15	88,385	(3,039)	16,111	(238)	1,771	102,990	3,980	106,970
Purchase of treasury shares	-	(76)	-	-	-	(76)	-	(76)
Total comprehensive loss for the period	-	-	(7,803)	(216)	25	(7,994)	(951)	(8,945)
Dividends paid	-	-	(2,966)	-	-	(2,966)	-	(2,966)
Balance at 31/12/15	88,385	(3,115)	5,342	(454)	1,796	91,954	3,029	94,983
Balance at 1/07/16	88,385	(3,115)	1,774	(1,911)	2,324	87,457	1,621	89,078
Total comprehensive income/(loss) for the period	-	-	607	(183)	(697)	(273)	(289)	(562)
Dividends paid	-	-	(890)	-	-	(890)	-	(890)
Balance at 31/12/16	88,385	(3,115)	1,491	(2,094)	1,627	86,294	1,332	87,626



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

Statements of Changes in Equity (Cont'd)

COMPANY	Share capital	Treasury shares	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1/07/15	88,385	(3,039)	5,989	91,335
Purchase of treasury shares	-	(76)	-	(76)
Total comprehensive loss for the period	-	-	(160)	(160)
Dividends paid	-	-	(2,966)	(2,966)
Balance at 31/12/15	88,385	(3,115)	2,863	88,133
Balance at 1/07/16	88,385	(3,115)	1,578	86,848
Total comprehensive income for the period	-	-	10	10
Dividends paid	-	-	(890)	(890)
Balance at 31/12/16	88,385	(3,115)	698	85,968

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

There was no new share issued during the financial period.

Treasury shares

During the three months ended 31 December 2016, the Company did not purchase any ordinary shares under the share buyback mandate from the market. The Company held 9,458,160 treasury shares as at the end of the financial period (31 December 2015: 9,458,160).

	Group and Company		Group and Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Number of shares		\$'000	
Issued and fully paid				
At beginning of period	9,458,160	9,458,160	3,115	3,115
Acquired during period	-	-	-	-
At end of period	<u>9,458,160</u>	<u>9,458,160</u>	<u>3,115</u>	<u>3,115</u>

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

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2016 was 296,649,136 (31 December 2015: 296,649,136).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 31 December 2016.

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

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

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

Not applicable.

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

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

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

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

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

	Group		Group	
	3 Months Ended 31 December 2016	2015	6 Months Ended 31 December 2016	2015
<u>Earnings/(Loss) per share</u>				
(i) Basic (cent)	0.15	(2.68)	0.20	(2.63)
(ii) On a fully diluted basis (cent)	0.15	(2.68)	0.20	(2.63)

Earnings/(Loss) per ordinary share on existing issued share capital is computed based on the weighted average number of ordinary shares in issue during the period of 296,649,136 (31 December 2015: 296,685,017).

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

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

	Group		Company	
	As at 31/12/16	As at 30/06/16	As at 31/12/16	As at 30/06/16
Net assets value per ordinary share based on issued share capital (excluding treasury share) (cents)	29.54	30.03	28.98	29.28
Number of shares in issue (excluding treasury shares)	296,649,136	296,649,136	296,649,136	296,649,136



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

Review on Group's Financial Results

6 months ended 31 December 2016 (1H2017) vs 6 months ended 31 December 2015 (1H2016)

The Group reported revenue of \$62.0 million in 1H2017, a decrease of \$37.5 million or 37.7% from \$99.5 million in 1H2016. The revenue contribution from the Group's bored piling operations decreased by \$30.7 million or 53.2% from \$57.7 million in 1H2016 to \$27.0 million in 1H2017. The revenue contribution from its eco-friendly piling, geoservices and other operations decreased by \$5.5 million or 14.0% from \$39.3 million in 1H2016 to \$33.8 million in 1H2017. The decrease was mainly due to lower value of work undertaken in the current period as mostly of the on-going projects are in the initial stage of work.

Cost of sales decreased by \$37.5 million or 41.3% to \$53.3 million in 1H2017 from \$90.8 million in 1H2016, in tandem with the decrease in business activities.

Despite the decrease in revenue, the Group registered a comparable gross profit of \$8.7 million in 1H2017. This is mainly due to the increase in gross profit margin from 8.7% in 1H2016 to 14.0% in 1H2017 as a result of lower cost incurred for certain projects in 1H2017.

Other income increased from \$1.0 million in 1H2016 to \$1.5 million in 1H2017, was mainly due to the increase in rental income and premium gained from derivative financial instruments.

The decrease in administrative expenses from \$9.8 million in 1H2016 to \$9.5 million in 1H2017 was mainly due to a reduction in professional fee.

The Group reversed from other losses of \$7.1 million in 1H2016 to other gains of \$1.7 million in 1H2017. The other losses in 1H2016 was mainly due to a one-off unrecoverable progress claim written off of \$7.4 million. The other gains in 1H2017 was mainly due to foreign exchange gain of \$1.7 million. The exchange gain was derived as a result of the appreciation of Australian Dollar and Vietnamese Dong against Singapore Dollar during the period.

Finance costs decreased from \$1.4 million in 1H2016 to \$1.2 million in 1H2017 was in line with the decreased in borrowing.

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

As a result of the above, the Group reported a profit before income tax of \$1.1 million in 1H2017 as compared to loss before tax of \$8.6 million in 1H2016. The profit for the period was \$0.5 million as compared to a loss of \$8.7 million in 1H2016.



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8. Review on Group's Financial Results

3 months ended 31 December 2016 (2Q2017) vs 3 months ended 31 December 2015 (2Q2016)

The Group reported revenue of \$33.8 million in 2Q2017, a decrease of \$20.3 million or 37.5% from \$54.1 million in 2Q2016. The revenue contribution from the Group's bored piling operations decreased by \$18.1 million or 56.2% from \$32.2 million in 2Q2016 to \$14.1 million in 2Q2017. The revenue contribution from its eco-friendly piling, geoservices and other operations decreased by \$1.4 million or 6.8% from \$20.7 million in 2Q2016 to \$19.3 million in 2Q2017. The decrease was mainly due to lower value of work undertaken for the projects in the current period as mostly of the on-going projects are in the initial stage of work.

Cost of sales decreased by \$22.9 million or 44.1% to \$29.0 million in 2Q2017 from \$51.9 million in 2Q2016, in tandem with decrease in business activities.

Gross profit increased by \$2.5 million or 113.6% from \$2.2 million in 2Q2016 to \$4.7 million in 2Q2017, mainly due to lower cost incurred for certain projects in 2Q2017. Accordingly, the gross profit margin increase from 4.1% in 2Q2016 to 14.0% in 2Q2017.

Other income increased from \$0.5 million in 2Q2016 to \$0.7 million in 2Q2017, was mainly due to the increase in rental income and premium gained from derivative financial instruments.

The increase in administrative expenses from \$4.5 million in 2Q2016 to \$4.8 million in 2Q2017 was mainly due to increase in administrative staff costs and rental on premises.

The Group reversed from other losses of \$6.3 million in 2Q2016 to other gains of \$0.7 million in 2Q2017. This was mainly due to a one-off unrecoverable progress claim written off of \$7.4 million in 2Q2016. The other gains in 2Q2017 was mainly due to foreign exchange gain of \$0.8 million which was derived as a result of the appreciation of Vietnamese Dong against Singapore Dollar during the period.

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

As a result of the above, the Group reported a profit before income tax of \$0.7 million in 2Q2017 as compared to a loss before tax of \$8.9 million in 2Q2016. The profit for the period was \$0.2 million as compared to a loss of \$8.9 million in 2Q2016.

8. Review of Statements of Financial Position and Cash Flow

Statements of Financial Position	As At	As At	Change
	31/12/16	30/06/16	
	\$'000	\$'000	\$'000
Total Assets	235,161	245,506	(10,345)
Current Assets	127,049	132,075	(5,026)
Non-Current Assets	108,112	113,431	(5,319)
Current Liabilities (excluding borrowings)	49,038	51,059	(2,021)
Total Borrowings	89,965	96,810	(6,845)
Shareholders' Equity	86,294	87,457	(1,163)
Net Working Capital	16,223	12,385	3,838

Current Assets

Current assets decreased by \$5.0 million were mainly attributable to the followings:

- (i) Positive cash flow generated from operations of \$3.3 million was offsetted with cash flow used in investing activities and financing activities of \$1.2 million and \$10.1 million respectively, resulting in decrease in cash and cash equivalents of \$8.0 million in 1H2017.
- (ii) Decrease in amount due from customers on construction contracts of \$4.2 million as a result of decrease in business activities during the period.

Partially offset by:

- (i) Increase in trade receivables of \$3.8 million mainly due to progress billings issued to customers towards the end of the financial period.
- (ii) Increase in construction work-in-progress of \$2.6 million mainly due to higher costs incurred in excess of value of work done for the on-going projects.

Non-Current Assets

Non-current assets decreased by \$5.3 million were mainly attributable to the followings:

- (i) Decrease in property, plant and equipment of \$4.2 million as a result of depreciation charge of \$7.9 million which was partially offset by additions in property, plant and equipment of \$3.8 million.
- (ii) Decrease in available-for-sale financial assets of \$1.4 million mainly due to repayment of funds received.



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

Current Liabilities (excluding borrowings)

Decrease in trade payables was in line with decrease in business activities and repayment made in the current period.

Total Borrowings

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

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

The current results are in line with the commentary in paragraph 10 of the First Quarter 2017 Results Announcement dated 4 November 2016.

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

Outlook

According to the media release issued by the Building and Construction Authority on 6 January 2017, the total construction demand or the value of construction contracts to be awarded this year is projected to reach between \$28.0 billion and \$35.0 billion.

The Group's net order book as at 31 December 2016 stood at \$193.9 million, comprising projects from public infrastructure, public housing, residential, commercial and geoservices.

The Group expects public infrastructure projects to be the key support for construction sector in 2017. The Group remains cautious about the local and regional markets where it operates and will continue to secure more projects. External factors such as keen competition, rising costs and the tight labour market will continue to add pressure on the Group's performance.

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

No interim dividend for the six months ended 31 December 2016 is recommended (31 December 2015: Nil).



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12. Interested Persons Transactions

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. The following is the aggregate value of all transactions with interested persons for the second quarter and six months ended 31 December 2016:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	
	3 months ended 31 December 2016	6 months ended 31 December 2016
	\$'000	\$'000
<u>HL Suntek Insurance Brokers Pte Ltd</u> ⁽¹⁾ - Insurance expense	175	352

Note:

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

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

The Directors of the Company confirm that to the best of their knowledge, nothing has come to attention of the Board of Directors which may render the unaudited financial statements of the Company and the Group for the Second Quarter and Six Months ended 31 December 2016 to be false or misleading, in any material aspect.

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

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

By Order of the Board
Ong Tiong Siew
Chief Executive Officer and Executive Director
10 February 2017