

**SECOND QUARTER AND HALF-YEAR 2018 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 ("2Q2018") AND HALF-YEAR ENDED 31 DECEMBER 2017 ("1H2018")**

	Note	Group					
		3 Months Ended 31 December		Change %	6 Months Ended 31 December		Change %
		2017 \$'000	2016 \$'000		2017 \$'000	2016 \$'000	
<b>Revenue</b>	1	50,119	33,870	48.0	94,659	62,299	51.9
Cost of sales	2	(45,582)	(29,369)	55.2	(85,811)	(53,701)	59.8
<b>Gross profit</b>		4,537	4,501	0.8	8,848	8,598	2.9
Other income	3	650	757	(14.1)	1,773	1,373	29.1
Administrative expenses		(4,933)	(4,657)	5.9	(9,653)	(9,320)	3.6
Other gains – net	4	757	718	5.4	922	1,676	(45.0)
Finance costs	5	(783)	(643)	21.8	(1,371)	(1,203)	14.0
		228	676	(66.3)	519	1,124	(53.8)
Share of results of associates		(159)	-	NM	(76)	-	NM
<b>Profit before income tax</b>	6	69	676	(89.8)	443	1,124	(60.6)
Income tax credit/(expense)	7	171	(435)	139.3	(65)	(632)	(89.7)
<b>Profit for the period</b>		240	241	(0.4)	378	492	(23.2)
Attributable to:							
<b>Equity holders of the Company</b>		(145)	435	(133.3)	44	607	(92.8)
<b>Non-controlling interests</b>		385	(194)	298.5	334	(115)	390.4
<b>Profit for the period</b>		240	241	(0.4)	378	492	(23.2)
Gross profit margin		9.1%	13.3%		9.3%	13.8%	
Net profit margin		0.5%	0.7%		0.4%	0.8%	
Effective tax rate		188.4%	66.1%		82.4%	58.0%	

NM – Not Meaningful

**1(a) (i) Statement of Comprehensive Income for the Second Quarter and Half-Year Ended 31 December 2017**

	Group					Change
	3 Months Ended 31 December		Change	6 Months Ended 31 December		
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit for the period</b>	240	241	(0.4)	378	492	(23.2)
<b>Other comprehensive income/(loss): Items that may be reclassified subsequently to profit or loss</b>						
Currency translation differences arising from						
- Consolidation of foreign corporations	533	(87)	712.6	519	(817)	163.5
- Loan to associates	402	-	NM	175	-	NM
Available-for-sale financial assets						
- Currency translation differences	-	31	(100.0)	-	(210)	100.0
- Fair value gains/(losses)	35	(36)	197.2	105	(27)	488.9
Other comprehensive income/(loss), net of tax	970	(92)	1,154.3	799	(1,054)	175.8
<b>Total comprehensive income/(loss) for the period</b>	<b>1,210</b>	<b>149</b>	<b>712.1</b>	<b>1,177</b>	<b>(562)</b>	<b>309.4</b>
Attributable to:						
<b>Equity holders of the Company</b>	656	328	100.0	751	(273)	375.1
<b>Non-controlling interests</b>	554	(179)	409.5	426	(289)	247.4
<b>Total comprehensive income/(loss) for the period</b>	<b>1,210</b>	<b>149</b>	<b>712.1</b>	<b>1,177</b>	<b>(562)</b>	<b>309.4</b>

*NM – Not Meaningful*

**1(a) (ii) Notes to Income Statement**

(1) Revenue

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Bored piling	34,805	14,103	63,690	26,973
Eco-friendly piling, geoservices and others	15,069	19,440	30,406	34,680
Property investment	245	327	563	646
<b>Total revenue</b>	<b>50,119</b>	<b>33,870</b>	<b>94,659</b>	<b>62,299</b>

**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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Amortisation of land use rights	6	6	10	10
Depreciation of machinery and equipment	3,441	3,392	6,856	6,787
Depreciation of investment properties	31	40	69	78

(3) Other income

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Interest income from deposit and receivable	131	145	287	305
Sale of minor and other assets	232	104	1,132	274
Government incentives	11	33	39	279
Miscellaneous income	276	475	315	515
Total other income	650	757	1,773	1,373

(4) Other gains – net

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Foreign exchange (losses)/gains, net	(606)	752	(691)	1,681
Gain/(Loss) on disposal of property, plant and equipment	1,363	(34)	1,613	(5)
Total other gains – net	757	718	922	1,676

(5) Finance costs

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Interest expenses				
- bank and other borrowings	645	553	1,140	1,023
- finance lease liabilities	138	90	231	180
Total finance costs	783	643	1,371	1,203

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

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

	<b>Group</b>			
	<b>3 Months Ended 31 December</b>		<b>6 Months Ended 31 December</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Amortisation of land use rights	6	6	10	10
Depreciation of property, plant and equipment	4,057	3,948	8,063	7,900
Depreciation of investment properties	31	40	69	78
Employee compensation, including directors' remuneration	8,470	7,489	16,652	14,969
Rental on operating leases – premises	448	435	899	994
Professional fees	422	217	847	480

(7) Income tax (credit)/expense

	<b>Group</b>			
	<b>3 Months Ended 31 December</b>		<b>6 Months Ended 31 December</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current income tax				
- current period	130	447	365	652
- (over)/under provision in prior years	(261)	(2)	(255)	1
	(131)	445	110	653
Deferred income tax				
- current period	(40)	(10)	(45)	(21)
Total income tax (credit)/expense	(171)	435	65	632

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 31/12/17 \$'000	As At 30/06/17 \$'000	As At 31/12/17 \$'000	As At 30/06/17 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		17,861	21,980	168	1,790
Trade and other receivables	1	103,586	90,550	41,445	42,164
Inventories		19,169	18,769	-	-
Construction contract work-in-progress		23,291	13,190	-	-
		163,907	144,489	41,613	43,954
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	51,310	51,310
Investment in associates		12,632	11,778	-	-
Investment in joint ventures		60	44	-	-
Club memberships		200	200	-	-
Available-for-sale financial assets		3,575	4,278	-	-
Property, plant and equipment		76,183	80,582	-	-
Investment properties		4,475	4,723	-	-
Land use rights		789	831	-	-
Deferred income tax assets		9	9	-	-
Goodwill arising on consolidation		-	-	-	-
		97,923	102,445	51,310	51,310
<b>TOTAL ASSETS</b>		261,830	246,934	92,923	95,264
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	2	61,158	65,278	229	2,168
Current income tax liabilities		382	715	13	24
Borrowings		78,450	64,907	5,500	5,000
		139,990	130,900	5,742	7,192
<b>Non-current liabilities</b>					
Borrowings		25,813	19,678	-	-
Deferred income tax liabilities		7,978	8,001	-	-
		33,791	27,679	-	-
<b>TOTAL LIABILITIES</b>		173,781	158,579	5,742	7,192
<b>NET ASSETS</b>		88,049	88,355	87,181	88,072
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		88,385	88,385	88,385	88,385
Treasury shares		(3,115)	(3,115)	(3,115)	(3,115)
Other reserves		391	(316)	-	-
Retained profits		541	1,685	1,911	2,802
		86,202	86,639	87,181	88,072
<b>Non-controlling interests</b>		1,847	1,716	-	-
<b>TOTAL EQUITY</b>		88,049	88,355	87,181	88,072

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

### (1) Trade and other receivables

	Group		
	As At 31/12/17	As At 30/06/17	Change
	\$'000	\$'000	\$'000
Trade receivables	29,834	23,655	6,179
Construction contracts			
- Due from customers	49,450	43,621	5,829
- Retentions	16,356	15,679	677
	65,806	59,300	6,506
Total trade receivables	95,640	82,955	12,685
Other receivables	7,946	7,595	351
<b>Total trade and other receivables</b>	<b>103,586</b>	<b>90,550</b>	<b>13,036</b>
Average trade receivables' turnover (days)	174	207	
Average trade receivables' turnover, excluding amount due from customers from construction contracts pending certification (days)	56	56	

### (2) Trade and other payables

	Group		
	As At 31/12/17	As At 30/06/17	Change
	\$'000	\$'000	\$'000
Trade payables	42,066	43,059	(993)
Construction contract work-in-progress	2,520	1,480	1,040
Other payables and accruals	16,572	20,739	(4,167)
<b>Total trade and other payables</b>	<b>61,158</b>	<b>65,278</b>	<b>(4,120)</b>
Average trade payables' turnover (days)	122	142	

**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 31/12/17 \$'000	As At 30/06/17 \$'000
<b>Amount repayable in one year or less</b>		
<b>Secured:</b>		
- Bank and other borrowings	65,107	53,884
- Finance lease liabilities	7,843	6,023
<b>Unsecured:</b>		
- Loan from holding corporation and non-related parties	5,500	5,000
	78,450	64,907
<b>Amount repayable after one year</b>		
<b>Secured:</b>		
- Bank and other borrowings	16,170	15,127
- Finance lease liabilities	9,643	4,551
	25,813	19,678
<b>Total borrowings</b>	104,263	84,585

**Details of any collaterals:**

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



**RYOBI KISO HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)

Company Registration No. 200803985D

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

**Consolidated Statement of Cash Flows for Second Quarter and Half-Year Ended 31 December 2017**

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Profit before income tax	69	676	443	1,124
Adjustments for:				
Interest income	(131)	(145)	(287)	(305)
Dividend income	(1)	(1)	(1)	(2)
Share of results of associates	159	-	76	-
(Gain)/Loss on disposal of property, plant and equipment	(1,363)	34	(1,613)	5
Amortisation of land use rights	6	6	10	10
Depreciation of property, plant and equipment	4,057	3,948	8,063	7,900
Depreciation of investment properties	31	40	69	78
Interest expenses	783	643	1,371	1,203
<b>Operating profit before working capital changes</b>	3,610	5,201	8,131	10,013
<b>Changes in working capital</b>				
Trade and other receivables	(6,652)	(2,714)	(13,356)	1,107
Inventories	(80)	234	(399)	(225)
Construction contract work-in-progress	(4,170)	(24)	(10,120)	(2,591)
Trade and other payables	261	(350)	(2,970)	(4,975)
<b>Cash (used in)/generated from operations</b>	(7,031)	2,347	(18,714)	3,329
Income tax paid	(323)	(15)	(440)	(22)
<b>Net cash (used in)/provided by operating activities</b>	(7,354)	2,332	(19,154)	3,307
<b>Cash flows from investing activities:</b>				
Interest received	4	8	15	24
Dividend received	1	1	1	2
Redemption of available-for-sale financial assets	-	-	829	1,384
Loan to associates	(6)	-	(748)	-
Proceed from disposals of property, plant and equipment	1,649	638	1,932	292
Purchases of:				
- available-for-sale financial assets	-	(141)	-	(273)
- property, plant and equipment	(1,166)	(1,718)	(2,044)	(2,700)
Investment in joint venture	-	-	(10)	-
<b>Net cash provided by/(used in) investing activities</b>	482	(1,212)	(25)	(1,271)
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	57,528	38,466	112,577	81,896
Dividends paid to:				
- equity holders of the Company	(1,188)	(890)	(1,188)	(890)
- non-controlling interests	(295)	-	(295)	-
Interest paid	(783)	(643)	(1,371)	(1,203)
Repayments of:				
- bank borrowings	(47,139)	(40,715)	(91,123)	(86,689)
- finance lease liabilities	(1,912)	(1,643)	(3,570)	(3,215)
<b>Net cash provided by/(used in) financing activities</b>	6,211	(5,425)	15,030	(10,101)
Net decrease in cash and cash equivalents	(661)	(4,305)	(4,149)	(8,065)
<b>Cash and cash equivalents</b>				
Beginning of financial period	18,197	26,250	21,680	30,012
Effects of currency translation on cash and cash equivalents	25	(10)	30	(12)
<b>End of financial period</b>	17,561	21,935	17,561	21,935





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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 2017 (Cont'd)**

	Group			
	3 Months Ended 31 December		6 Months Ended 31 December	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	15,529	19,860	15,529	19,860
Short-term bank deposits	2,332	2,375	2,332	2,375
	17,861	22,235	17,861	22,235
Less: Bank deposits pledged to secure banking facilities	(300)	(300)	(300)	(300)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>17,561</b>	<b>21,935</b>	<b>17,561</b>	<b>21,935</b>



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Company Registration No. 200803985D

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

**Statements of Changes in Equity**

GROUP	Share capital	Treasury shares	Retained profits	Fair value reserve	Foreign exchange reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1/07/16</b>	88,385	(3,115)	1,774	(1,911)	2,324	87,457	1,621	89,078
Total comprehensive loss for the period	-	-	607	(183)	(697)	(273)	(289)	(562)
Dividends paid	-	-	(890)	-	-	(890)	-	(890)
<b>Balance at 31/12/16</b>	<b>88,385</b>	<b>(3,115)</b>	<b>1,491</b>	<b>(2,094)</b>	<b>1,627</b>	<b>86,294</b>	<b>1,332</b>	<b>87,626</b>
<b>Balance at 1/07/17</b>	88,385	(3,115)	1,685	(443)	127	86,639	1,716	88,355
Total comprehensive income for the period	-	-	44	105	602	751	426	1,177
Dividends paid	-	-	(1,188)	-	-	(1,188)	(295)	(1,483)
<b>Balance at 31/12/17</b>	<b>88,385</b>	<b>(3,115)</b>	<b>541</b>	<b>(338)</b>	<b>729</b>	<b>86,202</b>	<b>1,847</b>	<b>88,049</b>



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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)**

<b>COMPANY</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Retained profits</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1/07/16</b>	88,385	(3,115)	1,578	86,848
Total comprehensive loss for the period	-	-	10	10
Dividends paid	-	-	(890)	(890)
<b>Balance at 31/12/16</b>	<b>88,385</b>	<b>(3,115)</b>	<b>698</b>	<b>85,968</b>
<b>Balance at 1/07/17</b>	88,385	(3,115)	2,802	88,072
Total comprehensive income for the period	-	-	297	297
Dividends paid	-	-	(1,188)	(1,188)
<b>Balance at 31/12/17</b>	<b>88,385</b>	<b>(3,115)</b>	<b>1,911</b>	<b>87,181</b>

- 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 2017, 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 2016: 9,458,160).

	Group and Company		Group and Company	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Number of shares		\$'000	
<b>Issued and fully paid</b>				
At beginning /end of period	9,458,160	9,458,160	3,115	3,115

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

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

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 30 June 2017.

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 2018.

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 2017	2016	6 Months Ended 31 December 2017	2016
<b><u>(Loss)/Earnings per share</u></b>				
(i) Basic (cent)	(0.05)	0.15	0.01	0.20
(ii) On a fully diluted basis (cent)	(0.05)	0.15	0.01	0.20

(Loss)/Earnings 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 2016: 296,649,136).

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 31/12/17	As at 30/06/17	As at 31/12/17	As at 30/06/17
Net assets value per ordinary share based on issued share capital (excluding treasury share) (cents)	29.68	29.78	29.39	29.69
Number of shares in issue (excluding treasury shares)	296,649,136	296,649,136	296,649,136	296,649,136

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

#### **Review on Group's Financial Results**

##### **6 months ended 31 December 2017 (1H2018) vs 6 months ended 31 December 2016 (1H2017)**

The Group reported revenue of \$94.7 million in 1H2018, an increase of \$32.4 million or 52.0% from \$62.3 million in 1H2017. The increase was primarily from the Group's bored piling operation as a result of higher value of work undertaken in the current period.

Cost of sales increased from \$53.7 million in 1H2017 to \$85.8 million in 1H2018, in tandem with the increase in business activities.

The Group registered a gross profit of \$8.8 million in 1H2018. The decrease in gross profit margin as a result of higher operating costs incurred for projects during the current period.

Other income increased from \$1.4 million in 1H2017 to \$1.8 million in 1H2018, was mainly due to the increase in sales of minor and other assets.

The increase in administrative expenses from \$9.3 million in 1H2017 to \$9.7 million in 1H2018 was mainly due to the increase in administrative staff costs.

Other gains in 1H2018 include gain on disposal of property, plant and equipment of \$1.6 million partially offset by an exchange loss of \$0.7 million. Other gains in 1H2017 was mainly related to exchange gain of \$1.7 million. The exchange loss in 1H2018 was as a result of the depreciation of Vietnamese Dong and Australian Dollar against Singapore Dollar during the current period.

The income tax expense was in relation to the profitable entities within the Group. The higher effective tax rate was mainly due to losses incurred by some entities which cannot be offset against profitable entities.

As a result of the above, the Group registered a profit for the period of \$0.4 million in 1H2018.

**8. Review on Group's Financial Results****3 months ended 31 December 2017 (2Q2018) vs 3 months ended 31 December 2016 (2Q2017)**

The Group reported revenue of \$50.1 million in 2Q2018, an increase of \$16.2 million or 47.8% from \$33.9 million in 2Q2017. The increase was primarily from the Group's bored piling operation as a result of higher value of work undertaken in the current period.

Cost of sales increased from \$29.4 million in 2Q2017 to \$45.6 million in 2Q2018, in tandem with increase in business activities.

The Group registered a gross profit of \$4.5 million in 2Q2018. The decrease in gross profit margin as a result of higher operating costs incurred for projects during the current period.

The increase in administrative expenses from \$4.7 million in 2Q2017 to \$4.9 million in 2Q2018 was mainly due to the increase in administrative staff costs.

Other gains in 2Q2018 include gain on disposal of property, plant and equipment of \$1.4 million partially offset by an exchange loss of \$0.6 million. Other gains in 2Q2017 was mainly related to exchange gain of \$0.8 million. The exchange loss in 2Q2018 was as a result of the depreciation of Vietnamese Dong and Australian Dollar against Singapore Dollar during the current period.

The income tax credit was in relation to the over provision of income tax in prior year by some entities.

As a result of the above, the Group registered a profit for the period of \$0.2 million in 2Q2018.

## 8. Review of Statements of Financial Position and Cash Flow

Statements of Financial Position	As At	As At	Change
	31/12/17	30/06/17	
	\$'000	\$'000	\$'000
Total Assets	261,830	246,934	14,896
Current Assets	163,907	144,489	19,418
Non-Current Assets	97,923	102,445	(4,522)
Current Liabilities (excluding borrowings)	61,540	65,993	(4,453)
Total Borrowings	104,263	84,585	19,678
Shareholders' Equity	86,202	86,639	(437)
Net Working Capital	23,917	13,589	10,328

### Current Assets

Current assets increased by \$19.4 million were mainly attributable to the followings:

- (i) Increase in trade receivables of \$6.2 million mainly due to progress billings issued to customers towards the end of the financial period.
- (ii) Increase in amounts due from customers on construction contracts of \$6.5 million which was in line with the increase in business activities during the period.
- (iii) Increase in construction work-in-progress of \$10.1 million mainly due to higher costs incurred in excess of value of work done for the on-going projects.

Partially offset by:

- (iv) Positive cash flow generated from financing activities of \$15.0 million was offsetted by cash flow used in operating activities and investing activities amounted to \$19.1 million, resulting in the decrease in cash and cash equivalents of approximately \$4.1 million in 1H2018.

### Non-Current Assets

Non-current assets decreased by \$4.5 million were mainly attributable to the followings:

- (i) Decrease in property, plant and equipment of \$4.4 million as a result of depreciation charge of \$8.1 million which was partially offset by additions in property, plant and equipment of \$4.0 million.
- (ii) Decrease in available-for-sale financial assets of \$0.7 million mainly due to funds received.

Partially offset by:

- (iii) Increase in investment of associates of \$0.9 million mainly due to loan to an associate.



**8. Review of Statements of Financial Position and Cash Flow (Cont'd)****Current Liabilities (excluding borrowings)**

Decrease in trade and other payables and accruals of \$5.2 million was mainly due to decrease in accruals and more payments made during the current period.

**Total Borrowings**

Net increase in total borrowings was in line with the increase in business activities 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 2018 Results Announcement dated 8 November 2017.

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

Ministry of Trade and Industry Singapore announced on 2 January 2018 that the growth in the construction sector contracted by 8.5 per cent on a year-on-year basis in the fourth quarter of 2017, extending the 7.7 per cent decline in the previous quarter. The contraction was largely due to the weakness in private sector construction activities.

The Group's net order book as at 31 December 2017 stood at \$167.3 million, comprising projects from public infrastructure, public housing, residential, commercial and geoservices.

The Group remains cautious about the local and regional markets where it operates. 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 2017 is recommended (31 December 2016: Nil).

## 12. Interested Persons Transactions

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. The following is the aggregate value of all transactions with interested persons for the second quarter and six months ended 31 December 2017:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	
	3 months ended 31 December 2017	6 months ended 31 December 2017
	\$'000	\$'000
<u>HL Suntek Insurance Brokers Pte Ltd</u> <sup>(1)</sup>		
- Insurance expense	141	420
<u>Tanglin Capital Pte. Ltd.</u> <sup>(3)</sup>		
- Interest expenses	53	107

### Note:

- (1) Mr Lee Yiok Seng, Chairman and Non-Executive Director of the Company, is a director of HL Suntek Insurance Brokers Pte Ltd.
- (2) Mr Ong Tiong Siew, Chief Executive Officer and Executive Director of the Company and Mr Ong Teng Choon, Executive Director of the Company, are the directors and shareholders of Tanglin Capital Pte. Ltd..

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

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

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

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

**By Order of the Board**

**Ong Tiong Siew**  
Chief Executive Officer and Executive Director

**9 February 2018**