

**Unaudited Half-Year Financial Statements and Dividend Announcement for the Financial Period Ended 30 June 2017**
**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT**

1(a) A Statement of Comprehensive Income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<b>The Group</b>	<b>Six Months Period Ended</b>		<b>Increase/ (Decrease) %</b>
	<b>30-Jun-17 (Unaudited) S\$ '000</b>	<b>30-Jun-16 (Unaudited) S\$ '000</b>	
Revenue	7,041	7,675	(8.3)
Cost of sales	(4,877)	(5,605)	(13.0)
<b>Gross profit</b>	<b>2,164</b>	<b>2,070</b>	<b>4.5</b>
Other income	84	103	(18.4)
Selling and distribution expenses	(49)	(41)	19.5
Administrative expenses	(1,886)	(1,850)	1.9
Other operating expenses	(19)	(23)	(17.4)
<b>Profit before income tax</b>	<b>294</b>	<b>259</b>	<b>13.5</b>
Income tax expense	(18)	(2)	n.m
<b>Net profit</b>	<b>276</b>	<b>257</b>	<b>7.4</b>
<b>Other comprehensive income:</b>			
Available-for-sale financial assets			
- Fair value losses	(4)	(6)	(33.3)
<b>Other comprehensive loss, net of tax</b>	<b>(4)</b>	<b>(6)</b>	<b>(33.3)</b>
<b>Total comprehensive income</b>	<b>272</b>	<b>251</b>	<b>8.4</b>
<b>Profit attributable to :</b>			
Equity holders of the Company	276	257	7.4
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	272	251	8.4
<b>Earnings per share (Singapore cents)</b>			
Basic	0.15	0.14	
Diluted	0.15	0.13	

Notes:

n.m : Not meaningful

Profit before income tax is arrived at after charging / (crediting) the following items:

<b>The Group</b>	<b>Six Months Period Ended</b>		<b>Increase/ (Decrease) %</b>
	<b>30-Jun-17 (Unaudited) S\$ '000</b>	<b>30-Jun-16 (Unaudited) S\$ '000</b>	
Interest income	(61)	(48)	27.1
Depreciation of property, plant and equipment	36	25	44.0

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.

	<u>Group</u>		<u>Company</u>	
	<b>30-Jun-17 (Unaudited)</b>	<b>31-Dec-16 (Audited)</b>	<b>30-Jun-17 (Unaudited)</b>	<b>31-Dec-16 (Audited)</b>
	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>
<b><u>ASSETS</u></b>				
<b><u>Non-current Assets</u></b>				
Property, plant and equipment	122	92	-	-
Investments in subsidiaries	-	-	27,950	27,950
Available-for-sale financial assets	24	28	-	-
	<u>146</u>	<u>120</u>	<u>27,950</u>	<u>27,950</u>
<b><u>Current Assets</u></b>				
Trade and other receivables	4,304	5,812	10	3
Cash and cash equivalents	16,738	15,638	1,139	1,839
	<u>21,042</u>	<u>21,450</u>	<u>1,149</u>	<u>1,842</u>
<b>Total Assets</b>	<b><u>21,188</u></b>	<b><u>21,570</u></b>	<b><u>29,099</u></b>	<b><u>29,792</u></b>
<b><u>LIABILITIES</u></b>				
<b><u>Current Liabilities</u></b>				
Trade and other payables	3,033	3,494	1,004	1,035
Current income tax liabilities	53	57	-	-
	<u>3,086</u>	<u>3,551</u>	<u>1,004</u>	<u>1,035</u>
<b>Total Liabilities</b>	<b><u>3,086</u></b>	<b><u>3,551</u></b>	<b><u>1,004</u></b>	<b><u>1,035</u></b>
<b>Net Assets</b>	<b><u>18,102</u></b>	<b><u>18,019</u></b>	<b><u>28,095</u></b>	<b><u>28,757</u></b>
<b><u>EQUITY</u></b>				
Share capital	4,449	4,449	40,044	40,044
Treasury shares	(630)	(630)	(630)	(630)
Other reserves	(252)	(248)	7	7
Retained profits /(accumulated losses)	14,535	14,448	(11,326)	(10,664)
<b>Total Equity</b>	<b><u>18,102</u></b>	<b><u>18,019</u></b>	<b><u>28,095</u></b>	<b><u>28,757</u></b>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

As at 30 June 2017 and 31 December 2016, the Group does not have any borrowings nor debt securities.

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.

<b>The Group</b>	<b>Six Months Period Ended</b>	
	<b>30-Jun-17 (Unaudited) S\$'000</b>	<b>30-Jun-16 (Unaudited) S\$'000</b>
<b>Cash flows from operating activities</b>		
Net profit	276	257
Adjustments for:		
Income tax expense	18	2
Depreciation of property, plant and equipment	36	25
Interest income	(61)	(48)
<b>Operating profit before working capital changes</b>	<b>269</b>	<b>236</b>
<b>Change in working capital:</b>		
Trade and other receivables	1,482	2,248
Trade and other payables	(461)	(947)
<b>Cash generated from operations</b>	<b>1,290</b>	<b>1,537</b>
Income tax paid	(22)	(66)
<b>Net cash provided by operating activities</b>	<b>1,268</b>	<b>1,471</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant & equipment	(66)	(11)
Interest received	87	84
<b>Net cash provided by investing activities</b>	<b>21</b>	<b>73</b>
<b>Cash flows from financing activities</b>		
Fixed deposits released by banks	104	-
Purchase of treasury shares	-	(630)
Issuance of shares upon exercise of share options	-	16
Dividends paid to equity holders of the Company	(189)	(278)
<b>Net cash used in financing activities</b>	<b>(85)</b>	<b>(892)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,204</b>	<b>652</b>
Cash and cash equivalents at beginning of the period	14,932	13,691
<b>Cash and cash equivalents at end of the period</b>	<b>16,136</b>	<b>14,343</b>

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

<b>The Group</b>	<b>Six Months As At</b>	
	<b>30-Jun-17 (Unaudited) S\$'000</b>	<b>30-Jun-16 (Unaudited) S\$'000</b>
Short-term fixed deposits	9,692	6,025
Cash and bank balances	7,046	9,020
	16,738	15,045
Less: Fixed deposits pledged to banks	(602)	(702)
	<b>16,136</b>	<b>14,343</b>



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.

<b>The Group (Unaudited)</b>	<b>Share Capital S\$'000</b>	<b>Treasury Shares S\$'000</b>	<b>Other Reserves S\$'000</b>	<b>Retained Profits S\$'000</b>	<b>Total Equity S\$'000</b>
<b>At 1 January 2017</b>	4,449	(630)	(248)	14,448	18,019
Total comprehensive income for the period	-	-	(4)	276	272
Dividends paid for FY 2016	-	-	-	(189)	(189)
<b>At 30 June 2017</b>	4,449	(630)	(252)	14,535	18,102
<b>At 1 January 2016</b>	4,199	-	(150)	13,981	18,030
Total comprehensive income for the period	-	-	(6)	257	251
Purchase of treasury shares	-	(630)	-	-	(630)
Dividends paid for FY 2015	-	-	-	(278)	(278)
Issuance of shares on exercise of share options	24	-	(8)	-	16
<b>At 30 June 2016</b>	4,223	(630)	(164)	13,960	17,389
<b>The Company (Unaudited)</b>	<b>Share Capital S\$'000</b>	<b>Treasury Shares S\$'000</b>	<b>Other Reserves S\$'000</b>	<b>Accumulated Losses S\$'000</b>	<b>Total Equity S\$'000</b>
<b>At 1 January 2017</b>	40,044	(630)	7	(10,664)	28,757
Total comprehensive income for the period	-	-	-	(473)	(473)
Dividends paid for FY 2016	-	-	-	(189)	(189)
<b>At 30 June 2017</b>	40,044	(630)	7	(11,326)	28,095
<b>At 1 January 2016</b>	39,794	-	101	(10,601)	29,294
Total comprehensive income for the period	-	-	-	23	23
Purchase of treasury shares	-	(630)	-	-	(630)
Dividends paid for FY 2015	-	-	-	(278)	(278)
Issuance of shares on exercise of share options	24	-	(8)	-	16
<b>At 30 June 2016</b>	39,818	(630)	93	(10,856)	28,425

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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

#### Ordinary Shares

	<u>Number of shares</u>	<u>Share capital</u>
Ordinary shares (excluding treasury shares) as at 31 December 2016 and 30 June 2017	189,423,497	S\$ 39,413,332

There was no change in the Company's share capital from 1 January 2017 to 30 June 2017.

#### Options

The number of unissued ordinary shares of the Company under share options ("Options") in relation to the Koyo International Employee Share Option Scheme 2011 ("KSOS") outstanding as at 30 June 2017 are as follows:

Type of employee share options	Date of grant	No. of unissued ordinary shares				Exercise price per share	Exercise period
		Balance as at 1 January 2017	Granted/ (Lapsed)	Exercised	Balance as at 30 June 2017		
<u>As at 30 June 2017</u>							
2013 Options - KSOS	Jan 2013	400,000	-	-	400,000	S\$0.053	23.01.15 – 22.01.18
		400,000	-	-	400,000		
<u>As at 30 June 2016</u>							
2011 Options - KSOS	Dec 2011	4,665,000	(400,000)	-	4,265,000	S\$0.04	15.12.13 - 14.12.16
2013 Options - KSOS	Jan 2013	400,000	-	-	400,000	S\$0.053	23.01.15 – 22.01.18
		5,065,000	(400,000)	-	4,665,000		

Save for the above, the Company has 6,300,000 treasury shares and nil subsidiary holdings as at 30 June 2017 and 30 June 2016. The Company does not have any other outstanding convertible instruments as at 30 June 2017 and 30 June 2016. The percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at 30 June 2017 and 30 June 2016 is 3.33% and 3.38% respectively.



**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 immediately preceding year.**

	<u>Company</u>	
	<u>30 Jun 2017</u>	<u>31 Dec 2016</u>
Fully paid ordinary shares (No. of Shares)	<u>189,423,497</u>	<u>189,423,497</u>

The Company holds 6,300,000 treasury shares as at 30 June 2017 and 31 December 2016.

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

Not applicable. There were no sales, transfers, cancellations and/or use of treasury shares during the financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no sales, transfers, cancellations and/or use of subsidiary holdings during the financial period reported on.

**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 auditor.

**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.**

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the six months period ended 30 June 2017 as those used in the most recently audited financial statements for the financial year ended 31 December 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.**

On 1 January 2017, the Group adopted the new or amended Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are mandatory for the financial period. 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 any substantial changes to the Group's accounting policies nor has any material impact on the financial statements of the Group for the current financial period reported on.

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.

	Six months ended	
	30-Jun-17 (Unaudited)	30-Jun-16 (Unaudited)
Earnings per ordinary share of the Group based on weighted average number of ordinary shares in issue:		
(a) Basic (Singapore cents)	0.15	0.14
(b) Fully diluted (Singapore cents)	0.15	0.13
Earnings per share was calculated based on weighted average number of ordinary shares in issue ('000):		
(a) Basic	189,423	186,204
(b) Fully diluted	189,823	190,869

For the purpose of calculating fully diluted earnings per share, the weighted average number of ordinary shares outstanding (excluding treasury shares which have no voting rights) has been adjusted for the effects of all dilutive potential ordinary shares assuming such shares have been issued at the beginning of the respective financial periods. The Company has potentially dilutive ordinary shares of 400,000 and 4,665,000 share options as at 30 June 2017 and 30 June 2016 respectively.

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.

	The Group		The Company	
	30-Jun-17 (Unaudited)	31-Dec-16 (Audited)	30-Jun-17 (Unaudited)	31-Dec-16 (Audited)
Net asset value per ordinary share (Singapore cents/share)	9.56	9.51	14.83	15.18

The calculation of net asset value per ordinary share is based on 189,423,497 issued ordinary shares as at 30 June 2017 and 31 December 2016 respectively.



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

Six months ended 30 June 2017 ("HY2017") vs Six months ended 30 June 2016 ("HY2016")

## REVIEW OF RESULTS OF OPERATIONS

### i) Revenue

	GROUP					
	Six Months Ended 30 June					
	2017		2016		Increase/ (decrease)	
	S\$'000	%	S\$'000	%	S\$'000	%
Mechanical Engineering	3,257	46.2	4,083	53.2	(826)	(20.2)
Electrical Engineering	121	1.2	1	-*	120	n.m
Facilities Management	3,663	52.6	3,591	46.8	72	2.0
<b>Total</b>	<b>7,041</b>	<b>100.0</b>	<b>7,675</b>	<b>100.0</b>	<b>(634)</b>	<b>(8.3)</b>

### ii) Gross Profit

	GROUP					
	Six Months Ended 30 June					
	2017		2016		Increase/ (decrease)	
	S\$'000	%	S\$'000	%	S\$'000	%
Mechanical Engineering	797	36.8	1,036	50.1	(239)	(23.1)
Electrical Engineering	99	4.6	1	-*	98	n.m
Facilities Management	1,268	58.6	1,033	49.9	235	22.7
<b>Total</b>	<b>2,164</b>	<b>100.0</b>	<b>2,070</b>	<b>100.0</b>	<b>94</b>	<b>4.5</b>

### iii) Gross Profit Margin

	30 June	30 June	Increase/
	2017	2016	(decrease)
	%	%	%
Mechanical Engineering	24.5	25.4	(0.9)
Electrical Engineering	81.8	100.0	(18.2)
Facilities Management	34.6	28.8	5.8
<b>Total</b>	<b>30.7</b>	<b>27.0</b>	<b>3.7</b>

#### Notes:

-\* : less than 0.1%

n.m : Not meaningful

Total revenues decreased by 8.3% to S\$7.0 million for HY2017, mainly attributable to the decrease in revenue from mechanical engineering. Revenue contribution from the mechanical engineering segment decreased by 20.2% to S\$3.3 million in HY2017 as compared to HY2016 due to substantial completion of a project in early of the current financial period. Revenue contribution from electrical engineering segment increased to approximately \$120,000 as a result of an ongoing project which commenced in July 2016.

Cost of sales decreased by 13.0% to S\$4.9 million for HY2017. Gross Profit increased slightly by 4.5% to S\$2.2 million for HY2017, whilst gross profit margin increased from 27.0% in HY2016 to 30.7% in HY2017, mainly due to higher margin from the facilities management segment.

The increase in gross profit margin for facilities management segment from 28.8% in HY2016 to 34.6% in HY2017 is mainly due to better margin on variation works carried out for the current financial period.



#### **iv) Administrative Expenses**

Administrative expenses increased by 1.9% from S\$1.85 million in HY2016 to S\$1.89 million in HY2017, mainly due to an increase in depreciation of new vehicle and staff cost, partially offset by a decrease in professional fees and transport expenses.

**8(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **REVIEW OF STATEMENT OF FINANCIAL POSITION**

**Total assets as at 30 June 2017 have decreased as compared to 31 December 2016, and are mainly attributable to the following :-**

- 1. Trade and other receivables** decreased by S\$1.5 million or 25.9%, from S\$5.8 million as at 31 December 2016 to S\$4.3 million as at 30 June 2017. Trade and other receivables comprise mainly of trade receivables, other receivables and progress claims. The decrease was mainly due to the decrease in progress claim of S\$1.1 million, a decrease in trade receivables of S\$0.5 million and an increase in other receivables of S\$0.1 million. Trade receivables turnover days improved slightly from 61 days to 57 days at the end of the current financial period.
- 2. Cash and cash equivalents** increased by S\$1.1 million or 7.0% from S\$15.6 million as at 31 December 2016 to S\$16.7 million as at 30 June 2017, mainly due to an improvement in collection of receivables.

**Total liabilities as at 30 June 2017 have decreased as compared to 31 December 2016, and are mainly attributable to the following :-**

- 1. Trade and other payables** decreased by S\$0.5 million or 13.2%, from S\$3.5 million as at 31 December 2016 to S\$3.0 million as at 30 June 2017, mainly due to the payment of purchased materials and to subcontractors.

#### **REVIEW OF STATEMENT OF CASH FLOWS**

The Group generated positive operating cash flow before changes in working capital of S\$0.3 million. The decrease in trade and other receivables of S\$1.5 million, offset by an increase in trade and other payables of S\$0.5 million, resulted in positive net cash generated from operating activities of S\$1.3 million.

The net cash used in financing activities amounting to S\$85,000 was mainly due to the payment of S\$189,000 for dividend declared in respect of FY2016, offset by pledged fixed deposit released by banks of S\$104,000.

As at 30 June 2017, the Group has cash and cash equivalents of S\$16.1 million after excluding fixed deposits of S\$0.6 million pledged to banks.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

**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.**

At the date of this announcement, the Group has approximately S\$39.7 million worth of contracts on hand, including a contract of S\$18.3 million being awarded to be delivered over three financial years. These contracts on hand have

completion dates ranging from financial years 2017 to 2021. Despite the order book, the Group believes that given the current economic climate, prospects beyond FY2017 will continue to be challenging. As such, the Group continues to explore for revenue/profit accretive acquisitions as part of its growth strategies.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividends have been declared or recommended for the current reporting period.

**(b)(i) Amount per share (cents)**

Not applicable.

**(b)(ii) Previous corresponding period (cents)**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) Book closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded for the current financial period reported on.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There were no Interested Party Transactions of S\$100,000 and above during the current financial period. The Group does not have a general mandate from shareholders for IPT.

**14. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7H) UNDER RULE 720(1)**

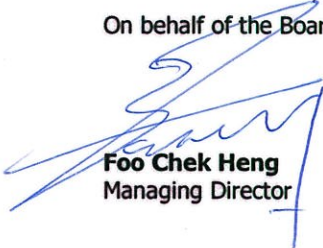
The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.



#### 15. CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL

We, Messrs Foo Chek Heng and Foo Suay Wei, being two directors of Koyo International Limited (the "Company"), do hereby confirm on behalf of the Board of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of the Company which would render the unaudited financial results for the half year ended 30 June 2017 to be false or misleading in any material respect.

On behalf of the Board



**Foo Chek Heng**  
Managing Director



**Foo Suay Wei**  
Executive Director

**BY ORDER OF THE BOARD**

Mr Foo Chek Heng  
Managing Director  
7th August 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg))