



KOON HOLDINGS LIMITED (KNH)

Half-Year Financial Statements and Dividend Announcement

Half-Year financial statements on consolidated results for the period ended 30 June 2018
(These figures have not been audited)

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

Name of entity

KOON HOLDINGS LIMITED

ABN or equivalent company reference

ARBN 105 734 709

Half year ('current period')

30 June 2018
(Previously corresponding period: 30 June 2017)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracts from this report for announcement to the market

APPENDIX 4D

	Group		
	S\$'000	Up/Down	Movement %
Revenue from ordinary activities	71,578	Down	12.5
Profit from ordinary activities after tax attributable to members	232	Up	20.2
Net Profit for the period attributable to members	232	Up	20.2

	Amount per share Singapore cent	Franked amount per share Singapore cent
Interim dividend	NA	NA
Previous corresponding period Interim dividend	NA	NA
Date the dividend (distribution) is payable		NA
Record date to determine entitlements to the dividend (distribution)		NA

Any other disclosures in relation to dividends

Nil

Net tangible assets per ordinary share (Singapore cents)

Group	
30/06/2018	30/06/2017
23.66 cents	23.53 cents

Additional Appendix 4D disclosure requirements can be found in the notes to the half-year financial statements attached thereto.

This report is based on the consolidated half-year financial statements which have been subjected to a review by Ernst & Young LLP.



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(a) Consolidated Statement of Comprehensive Income for the period ended 30 June 2018

	Group		% Increase/ (Decrease)
	Half-Year ended 30 Jun 2018 S\$'000	2017 S\$'000	
Revenue	71,578	81,764	(12.5)
Cost of sales	(61,767)	(72,754)	(15.1)
Gross profit	9,811	9,010	8.9
Other income	3,840	1,505	155.1
Distribution costs	(7)	(9)	(22.2)
Administrative and other expenses	(7,696)	(6,223)	23.7
Finance costs	(1,431)	(1,380)	3.7
Share of losses of associate	-	(16)	N.M.
Share of losses of joint ventures	(3,423)	(2,516)	36.0
Profit before tax	1,094	371	194.9
Taxation	(757)	(247)	206.5
Profit for the period	337	124	171.8
Other comprehensive (loss)/income:			
Exchange (loss)/gain on translation of foreign operations	(81)	105	(177.1)
Total comprehensive income for the period	256	229	11.8
Profit/(loss) for the period attributable to:			
Owners of the Company	232	193	20.2
Non-controlling interests	105	(69)	(252.2)
	337	124	171.8
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company	269	250	7.6
Non-controlling interests	(13)	(21)	(38.1)
	256	229	11.8
Earnings per share (cents per share):			
- Basic	0.09	0.07	
- Diluted	0.09	0.07	

N.M. : Not Meaningful



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The discussion that follows compares the income statement for 6 months ended 30 June 2018 (1H2018) with previous corresponding period (1H2017)

Segment revenue and results

	Revenue		Results	
	Half-Year ended 30 June		Half-Year ended 30 June	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Construction Division	51,413	57,153	2,715	4,285
Precast Division	18,379	22,099	(654)	(1,328)
Property Division	-	-	(53)	(151)
Electric Power Generation Division	2,267	2,561	693	(142)
	72,059	81,813	2,701	2,664
Elimination	(481)	(49)	(593)	114
Total	71,578	81,764	2,108	2,778
Other income			3,840	1,505
Share of losses of joint ventures/associate			(3,423)	(2,532)
Finance costs			(1,431)	(1,380)
Profit before tax			1,094	371
Taxation			(757)	(247)
Profit for the period			337	124

Revenue

Revenue for the half year ended 30 June 2018 (1H2018) decreased by 12.5% to S\$71.6 million as compared to the previous period (1H2017). The decrease was mainly attributed to lower revenue recorded by Construction division, Precast division and Electric Power Generation Division: -

1. Revenue of Construction division decreased by 10.0% to S\$51.4 million in 1H2018. This was mainly due to lower revenue recognition from completing projects including (a) the Group's 50% share of revenue under POC-K JV for the land preparation works for airport development project, (b) revenue from rental of machinery, (c) sand mining and rock works at caisson quay wall at proposed reclamation at Tuas Finger One, (d) improvement to Sungei Pandan Kechil (West Coast Road to the sea) ; which was partially offset by higher revenue from projects including (e) earthwork and construction of roads, drains and sewers at Sengkang West, (f) new road connection at Seletar Link and widening of Tampines Expressway between Jalan Kayu and Punggol West Flyovers, and (g) proposed design and build vehicular bridge at Grade Road and other associated works at Pulau Punggol Barat project.
2. Revenue of Precast division decreased by 16.8% to S\$18.4 million in 1H2018. This was mainly due to lower sales volume and average selling price of precast products as compared to 1H2017.
3. Revenue of Electric Power Generation division decreased by 11.5% to S\$2.3 million in 1H2018. The recorded lower revenue is mainly due to marginal decrease in reserve capacity pricing set by Independent Market Operator of Western Australia and a weaker Australian dollar against the Singapore dollar as compared to 1H2017.



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Gross Profit

The Group's gross profit increased by 8.9% to S\$9.8 million in 1H2018. The Precast division recorded higher gross margin in 1H2018 due to a change in subcontract arrangement under the Precast division to outsource the precast manufacturing works to Batam, Indonesia and improved gross margin contributed from Electric Power Generation Division due to assets under Picton Project were fully depreciated in the 1H2017, partially offset by slightly lower gross margin contribution from Construction division in 1H2018.

Other Income

Other income increased by S\$2.3 million to S\$3.8 million in 1H2018. The increase was mainly due to gain on disposal of assets held for sale and property, plant and equipment (increased by S\$2.8 million), offset by decrease in rental income (decreased by S\$0.2 million), sale of scrap (decreased by S\$0.1 million), supply of labour (decreased by S\$0.1 million) and lower wage credit payout (decreased by S\$0.1 million).

Distribution Costs

The Group's distribution costs remained flat in the 1H2018. This was attributed to the distribution costs being recorded under the Group's 50% joint venture company Sindo-Econ Pte Ltd with effect from the last quarter of FY2016 due to a change in subcontract arrangement under the Precast division.

Administrative and Other Expenses

Administrative and other expenses increased by S\$1.5 million to S\$7.7 million in 1H2018. This was mainly due to increase in staff costs of approximately S\$1.0 million and higher realised forex loss of approximately S\$0.4 million resulting from realising the sale proceeds of disposal of assets held for sale in Malaysia, increase in consultancy fee of S\$0.1 million as well as donations of S\$0.1 million, partially offset by decrease in professional fees of approximately S\$0.3 million mainly due to higher consulting and sale process fees incurred in previous corresponding year under Electric Power Generation Division.

Finance Costs

Finance costs increase marginally to S\$1.4 million in 1H2018 mainly due to higher interest rates, loans and borrowings as compared to 1H2017.

Share of Losses of Joint Ventures/Associate

Share of losses of joint ventures/associate increased by S\$0.9 million to S\$3.4 million in 1H2018. Share of results of joint ventures comprised mainly of the Group's 50% share of losses from the precast operation at Batam, Indonesia under Sindo-Econ Pte Ltd and its Indonesia subsidiary PT. Sindomas Precas ("Sindo-Econ Group"). The higher losses were mainly attributed to lower sales price of precast products due to competitive market conditions. Share of result of associate comprised the Group's 20% share of losses from a construction project under Penta-Ocean/Hyundai/Koon Joint Venture which had been substantially completed in 1H2017.

Taxation

The Group's tax expenses were higher as compared to 1H2017 mainly attributed to higher earnings, payment of real property gain tax of S\$0.2 million resulting from the disposal of assets held for sale in Precast division, under provision of prior year corporate income tax of S\$0.1 million as well as additional provision of deferred tax liabilities of S\$0.2 million.

Profit for the period

Due to higher gross profit and other income, partially offset by higher administrative and other expenses, higher share of losses of joint ventures/associate, the Group recorded higher earnings of S\$0.3 million in 1H2018 as compared to earnings of S\$0.1 million in 1H2017.



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(b) Statement of Financial Position as at 30 June 2018

	Group As at 30/06/2018 S\$'000	Group As at 31/12/2017 S\$'000	Group As at 30/06/2017 S\$'000
ASSETS			
Current assets			
Cash and bank balances	7,285	7,495	7,514
Pledged fixed deposits	19	18	199
Trade receivables	42,929	48,245	49,673
Other receivables	24,441	26,896	20,636
Inventories	2,857	2,774	3,206
Contract assets	40,919	31,767	25,460
Investment securities	26	26	26
Assets held for sale	-	1,761	-
Total current assets	118,476	118,982	106,714
Non-current assets			
Other receivables	99	117	119
Properties held for development	14,526	14,139	13,811
Associates	*	*	*
Joint ventures	173	163	1,275
Property, plant and equipment	85,382	93,599	95,847
Deferred tax assets	72	231	369
Total non-current assets	100,252	108,249	111,421
Total assets	218,728	227,231	218,135
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	40,457	48,376	55,207
Other payables	25,994	21,525	11,996
Contract liabilities	405	2,105	10,217
Loans and borrowings	35,835	34,559	26,840
Finance lease obligations	24,768	16,188	14,905
Provision for share of a joint venture's losses	7,375	3,961	-
Income tax payable	762	1,138	675
Total current liabilities	135,596	127,852	119,840
Non-current liabilities			
Loans and borrowings	-	-	166
Finance lease obligations	19,259	35,859	35,206
Other payables	165	167	101
Deferred tax liabilities	1,468	1,369	914
Total non-current liabilities	20,892	37,395	36,387
Total liabilities	156,488	165,247	156,227
Capital and reserves			
Share capital	25,446	25,446	25,446
Capital reserve	8,802	8,802	8,802
Accumulated profits	30,364	30,132	30,202
Translation reserve	(5,826)	(5,863)	(6,026)
Equity attributable to owners of the Company	58,786	58,517	58,424
Non-controlling interests	3,454	3,467	3,484
Total equity	62,240	61,984	61,908
Total liabilities and equity	218,728	227,231	218,135

* Amount less than S\$1,000



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(c) Consolidated statement of cash flows for the period ended 30 June 2018

	Group	
	Half-Year ended 30 Jun	2017
	2018	2017
	S\$'000	S\$'000
Operating activities		
Profit before tax	1,094	371
Adjustments for:		
Allowance for impairment of doubtful debts (net)	44	-
Depreciation of property, plant and equipment	8,986	10,738
Gain on disposal of assets held for sale	(3,192)	-
Net gain on disposal of property, plant and equipment	(148)	(477)
Property, plant and equipment written off	11	-
Interest expense	1,431	1,380
Interest Income	(35)	(33)
Inventories written down	19	-
Share of losses of joint ventures/associate	3,423	2,532
Unrealised exchange gain	(379)	(50)
Impairment of property, plant and equipment	-	83
(Reversal of provision)/provision of onerous contract (net)	(17)	1
Operating cash flows before changes in working capital	11,237	14,545
Changes in working capital:		
Contract assets (net)	(10,835)	(4,787)
Trade receivables	5,290	(110)
Inventories	(102)	197
Other receivables	2,548	(6,345)
Trade payables	(7,919)	293
Other payables	4,681	(3,400)
Cash flows from operations	4,900	393
Income tax paid	(887)	(345)
Net cash flows from operating activities	4,013	48
Investing activities		
Purchase of property, plant and equipment	(204)	(75)
Proceeds from government grant	-	482
Proceeds from disposal of assets held for sale	4,474	-
Proceeds from disposal of property, plant and equipment	142	1,108
Interest received	30	30
Net cash flows from investing activities	4,442	1,545
Financing activities		
Increase in pledged fixed deposits	(1)	(2)
Interest paid	(1,315)	(1,217)
Repayment of obligations under finance leases	(8,482)	(8,751)
Proceeds from bank loans	30,950	7,800
Repayment of bank loans	(34,489)	(9,591)
Proceeds from bills payable	36,033	28,055
Repayment of bills payable	(36,397)	(25,442)
Net cash flows used in financing activities	(13,701)	(9,148)
Net decrease in cash and cash equivalents	(5,246)	(7,555)
Effect of exchange rate changes on cash and cash equivalents	(143)	72
Cash and cash equivalents at 1 January	5,174	14,997
Cash and cash equivalents at 30 June	(215)	7,514



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For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	30.06.2018	31.12.2017
	\$'000	\$'000
	(Unaudited)	(Audited)
Cash and bank balances	7,285	7,495
Less: Bank overdrafts	(7,500)	(2,321)
Cash and cash equivalents	(215)	5,174

The discussion that follows compares the Finance Position as at 30 June 2018 with that of 31 December 2017

Current assets

Current assets decreased by S\$0.5 million to S\$118.5 million as at 30 June 2018.

The decrease was mainly due the following:

1. Decrease in trade receivables by S\$5.3 million mainly under the Precast division.
2. Decrease in other receivables of approximately S\$1.3 million under Construction Division and S\$1.1 million under Precast Division due from Sindo Econ Group respectively.
3. Decrease in assets held for sale of S\$1.8 million after the sale was completed in January 2018.

The above were partially offset by increase in contract assets of by S\$9.2 million under Construction division.

Non-current assets

Non-current assets decreased by S\$8.0 million to S\$100.3 million as at 30 June 2018 mainly due to:

1. Decrease in property, plant and equipment by S\$8.2 million. The decrease was mainly due to the depreciation charges amounting to S\$9.0 million, foreign exchange loss of S\$0.7 million, partially offset by the purchase of S\$1.6 million of plant and equipment mainly under the Construction division.
2. The above was partially offset by increase in properties held for development by S\$0.4 million due to foreign exchange gain under Property Division.

Current liabilities

Current liabilities increased by S\$7.7 million to S\$135.6 million as at 30 June 2018 mainly due to:

1. Increase in current portion of finance lease obligations by S\$8.6 million mainly due to reclassification of non-current portion of finance lease obligations as current portion under Electric Power Generation Division.
2. Increase in other payables by S\$4.5 million mainly under Construction division.
3. Increase in provision for share of a joint venture's losses incurred by Sindo-Econ group of S\$3.4 million.

The above were partially offset by decrease in trade payables by S\$8.0 million and contract liabilities by S\$1.7 million respectively.



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Non-current liabilities

Non-current liabilities decreased by S\$16.5 million to S\$20.9 million as at 30 June 2018. This was mainly due to reclassification of non-current portion of finance lease obligations as current liabilities amounting to S\$10.4 million under Electric Power Generation Division and repayments of finance lease obligations made during the period.

The discussion that follows compares the consolidated statement of cash flows for the 6 months to 30 June 2018 with that of corresponding period for the 6 months to 30 June 2017

Cash generated from operations for 1H2018 was derived from the Group's pre-tax profit of S\$1.1 million, after adjusting for non-cash items and changes in working capital. Cash outflow from working capital changes was mainly attributed to higher contract assets and lower trade payables, partially offset by lower trade and other receivables as well as higher other payables. Net cash generated from operating activities amounted to S\$4.0 million in 1H2018.

Net cash flows from investing activities in 1H2018 was S\$4.4 million. This was mainly due to cash inflow from disposal of assets held for sale of S\$4.5 million, partially offset by cash outlay for purchase of property, plant and equipment of S\$0.2 million.

Net cash flows used in financing activities was S\$13.7 million in 1H2018. This was mainly due to repayment of borrowings, bills payable and finance lease obligations of S\$79.4 million and interest payment of S\$1.3 million partially offset by proceeds from bank loans of S\$31.0 million and bills payable of S\$36.0 million.

Due to the above factors and the effect of exchange rate changes, the Group recorded negative cash and cash equivalents of S\$0.2 million as at 30 June 2018.



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(d)(i) Statements of changes in equity for the period ended 30 June 2018

	Share capital	Capital reserve	Accumulated profits	Translation reserve	Attributable to owners of the Company	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at Jan 1, 2017	25,446	8,802	30,009	(6,083)	58,174	3,505	61,679
Profit/(loss) for the period	-	-	193	-	193	(69)	124
Other comprehensive income for the period, net of tax	-	-	-	57	57	48	105
Total comprehensive income/(loss) for the period	-	-	193	57	250	(21)	229
Balance at Jun 30, 2017	25,446	8,802	30,202	(6,026)	58,424	3,484	61,908
(Loss)/profit for the period	-	-	(70)	-	(70)	47	(23)
Other comprehensive income/(loss) for the period, net of tax	-	-	-	163	163	(64)	99
Total comprehensive (loss)/income for the period	-	-	(70)	163	93	(17)	76
Balance at Dec 31, 2017	25,446	8,802	30,132	(5,863)	58,517	3,467	61,984
Profit for the period	-	-	232	-	232	105	337
Other comprehensive income/(loss) for the period, net of tax	-	-	-	37	37	(118)	(81)
Total comprehensive income/(loss) for the period	-	-	232	37	269	(13)	256
Balance at Jun 30, 2018	25,446	8,802	30,364	(5,826)	58,786	3,454	62,240

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 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.**

Issued and paid up capital of the Company:	S\$'000
Balance as at 30 June 2018 and 31 December 2017	<u>25,446</u>

There has been no change in the Company's share capital since 31 December 2017.

There were no outstanding share awards under the Koon Employee Performance Share Plan as at 30 June 2018 and 30 June 2017.

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.**

Issued and paid up capital of the Company:	No. of shares
Balance as at 30 June 2018 and 31 December 2017	<u>263,097,800</u>



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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 treasury shares held by the Company.

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (eg. The Singapore Standard of Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).**

The figures have been reviewed by the auditor in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

Nothing has come to the attention of the auditor that causes the auditor to believe that the interim financial information is not presented fairly, in all material respects, in accordance with Singapore Financial Reporting Standards (International) 1-34 – Interim Financial Reporting.

4(a) **Details of entities over which control has been granted or lost during the period.**

Name of subsidiary	% acquired by the Group
Green LCT Pte Ltd	100%

4(b). **Details of any dividend or distribution reinvestment plan in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.**

None.

4(c) **Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits(losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these of these disclosures for the previous corresponding period.**

Name of Joint Ventures/Associates	% held by the Group
(1) Sindo-Econ Pte Ltd	50%
(2) PT. Sindomas Precas	50%
(3) Penta-Ocean/Hyundai/Koon Joint Venture	20%
(4) Penta-Ocean/Koon Joint Venture*	20%
(5) POC-K JV **	50%
(6) PT. Koon Construction Indonesia	67%

The aggregate share of net profit of the joint ventures in Sindo-Econ Pte Ltd, PT. Sindomas Precas, Penta-Ocean/Hyundai/Koon Joint Venture, PT. Koon Construction Indonesia and POC-K JV in 1H2018 was S\$90,177 (1H2017: net loss of S\$1,958,000).

* There was no profit or loss recognition under the Penta-Ocean/Koon Joint Venture in 1H2018 (1H2017: Nil).

** The Group has accounted for its 50% share of revenue, costs, assets and liabilities of POC-K JV with effect from FY2016.



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

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 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.**

Adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The new framework is referred to as ‘Singapore Financial Reporting Standards (International)’ (“SFRS(I)”) hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the six months ended 30 June 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group also concurrently applied SFRS(I) 15 Revenue from Contracts with Customers.

The adoption of SFRS(I) 1 have no material impact on the Group’s financial statements in the year of application as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I) 1.

The Group also did not elect any other relevant optional exemptions. Accordingly, no other adjustments or restatement are made to the financial statements.

Adoption of SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces the previous Singapore Financial Reporting Standards FRS 11 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 SFRS(I) 15 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.

The adoption of SFRS(I) 15 has no material impact on the Group’s financial statements in the year of application as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I) 15, except for the reclassification of “Contract work-in-progress” under current assets and current liabilities to “Contract assets” and “Contract liabilities” respectively.

The Group also did not elect any other relevant optional exemptions. Accordingly, no other adjustments or restatement are made to the financial statements.



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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	
	1H2018	1H2017
Earnings per ordinary share for the period (Singapore cents):		
Basic	0.09 cents	0.07 cents
Diluted	0.09 cents	0.07 cents
Net profit attributable to ordinary shareholders:	\$232,000	\$193,000
Weighted average number of ordinary shares:		
Basic	263,097,800	263,097,800
Diluted	263,097,800	263,097,800

7. **Net tangible 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) the corresponding period of the immediately preceding financial year.**

	Group	
	30/06/2018	30/06/2017
Net tangible value per ordinary share based on issued share capital as at the end of the reporting period (Singapore cents)	23.66 cents	23.53 cents

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

The Group did not make any forecast or prospect statement previously disclosed to shareholders.

9. **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 for the global economy is looking up, with broad recovery in manufacturing and trade. Sentiment in the Singapore property market is also seeing an upturn, as transaction volumes are expected to be higher and the en-bloc fever continues. Public sector projects remain the main driver for the construction industry in the year ahead.

The Building and Construction Authority (“BCA”) estimated that total construction demand in 2018 is expected to be between S\$26.0 billion and S\$31.0 billion, higher than that achieved in 2017. Of this amount, public sector projects are expected to account for about 60% ⁽¹⁾. The increase in overall construction demand is mainly due to an anticipated increase in both public sector and private sector construction demand. During 1H2018, the Group’s Precast division has secured a new public sector project worth approximately S\$ 17.0 million.

The precast business is expected to continue to benefit from government policies and projects where precast concrete components are used, such as HDB flats and MRT tunneling works. In view of the competitive market conditions, the Group’s Precast division would continue to focus on productivity improvement at its casting yard at Batam Indonesia.

As at 30 June 2018, the Group’s Construction and Precast divisions have outstanding order books of approximately S\$127 million and S\$134 million respectively.

Footnote:

⁽¹⁾ “Public sector construction demand is expected to strengthen this year”, BCA, 11 January 2018



KOON HOLDINGS LIMITED (KNH)

Half-Year Financial Statements and Dividend Announcement

Half-Year financial statements on consolidated results for the period ended 30 June 2018
(These figures have not been audited)

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
30 August 2018

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the half-year financial results for the period ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the board of directors,

Yuen Kai Wing
Managing Director

Singapore
30 August 2018

Oh Koon Sun
Executive Director