



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2018
(These figures have not been audited)

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

Name of entity

KOON HOLDINGS LIMITED

ABN or equivalent company reference

ARBN 105 734 709

Full year ('current period')

31 December 2018
(Previously corresponding period: 31 December 2017)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracts from this report for announcement to the market

APPENDIX 4E

	Group		
	S\$'000	Up/Down	Movement %
Revenue from ordinary activities	119,389	Down	27.0
Profit from ordinary activities after tax attributable to members	253	Up	105.7
Net Profit for the year attributable to members	253	Up	105.7
	Amount per share Singapore cent	Franked amount per share Singapore cent	
Final dividend	NA	NA	
Previously corresponding period Final 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	
31/12/2018	31/12/2017
23.23 cents	23.56 cents

Additional Appendix 4E disclosure requirements can be found in the notes to the full year financial statements attached thereto.

This report is based on the consolidated full year financial statements which are in the process of being audited by Ernst & Young LLP.



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1(a) Consolidated Statement of Comprehensive Income for the year ended 31 December 2018

	As shown in last annual report		
	Group		
	Full Year ended 31 Dec		%
	2018	2017	Increase/ (Decrease)
	S\$'000	S\$'000	
Revenue	119,389	163,559	(27.0)
Cost of sales	<u>(107,469)</u>	<u>(143,142)</u>	(24.9)
Gross profit	11,920	20,417	(41.6)
Other income	13,492	4,933	173.5
Distribution costs	(45)	(16)	181.3
Administrative and other expenses	(14,703)	(13,346)	10.2
Finance costs	(3,179)	(2,902)	9.5
Share of losses of associate	-	(16)	N.M.
Share of losses of joint ventures	<u>(6,496)</u>	<u>(7,607)</u>	(14.6)
Profit before tax	989	1,463	(32.4)
Taxation	<u>(513)</u>	<u>(1,362)</u>	(62.3)
Profit for the year	476	101	371.3
Other comprehensive income:			
Exchange (loss)/gain on translation of foreign operations	<u>(1,035)</u>	204	N.M.
Total comprehensive income for the year	<u>(559)</u>	<u>305</u>	N.M.
Profit/(loss) for the year attributable to:			
Owners of the Company	253	123	105.7
Non-controlling interests	<u>223</u>	<u>(22)</u>	N.M.
	476	101	371.3
Total comprehensive income attributable to:			
Owners of the Company	(504)	343	N.M.
Non-controlling interests	<u>(55)</u>	<u>(38)</u>	44.7
	<u>(559)</u>	<u>305</u>	N.M.
Earnings per share (cents per share):			
- Basic	0.10	0.05	
- Diluted	0.10	0.05	

N.M. : Not Meaningful



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Revenue

Revenue for the year ended 31 December 2018 (FY2018) of S\$119.4 million was 27.0% lower as compared to the previous corresponding financial year (FY2017). The decrease in revenue was mainly due to lower revenue recorded by all divisions: -

1. Revenue of Construction division decreased by 23.5% to S\$85.0 million in FY2018. This was mainly due to lower revenue recognition from 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), (e) construction of container stacking yard for berths P36 to P41 at PSA Pasir Panjang Terminal; partially offset by higher revenue from projects including (f) earthwork and construction of roads, drains and sewers at Sengkang West, (g) new road connection at Seletar Link and widening of Tampines Expressway between Jalan Kayu and Punggol West Flyovers, and (h) proposed design and build vehicular bridge at Grade Road and other associated works at Pulau Punggol Barat.
2. Revenue of Precast division decreased by 36.3% to S\$30.7 million in FY2018. This was mainly due to lower sales volume as compared to FY2017.
3. Revenue of Electric Power Generation division decreased by 5.5% to S\$4.7 million in FY2018. The lower revenue is mainly due to a weaker Australian dollar against the Singapore dollar as compared to FY2017 and marginal decrease in reserve capacity pricing set by Independent Market Operator of Western Australia.

Gross Profit

The Group's gross profit declined 41.6% to S\$11.9 million in FY2018. This was mainly attributed to lower gross profit recorded by the Construction division, partially offset by higher gross profit contribution from the Precast and Power Generation divisions. The Precast Division recorded higher gross margin in FY2018 as a result of improved market conditions. Electric Power Generation Division recorded higher gross margin in FY2018 as one of its power generation plants was fully depreciated in FY2017.

Other Income

Other income increased from S\$4.9 million in FY2017 to S\$13.5 million in FY2018. This was mainly due to higher income from sale of scrap materials of S\$4.1 million, gain on disposal of assets held for sale of S\$3.2 million, dividend income received of S\$2.9 million, partially offset by decrease in gain on disposal of property, plant and equipment of S\$2.3 million.

Administrative and Other Expenses

Administrative and other expenses increased by S\$1.4 million to S\$14.7 million in FY2018. This was mainly due to increase in staff costs of approximately S\$1.5 million and higher foreign exchange loss of approximately S\$0.4 million on the sale proceeds from the disposal of assets held for sale in Malaysia, partially offset by decrease in professional fees of approximately S\$0.7 million mainly due to higher consulting and sale process fees incurred in the previous corresponding year under Electric Power Generation Division.

Share of Losses of Joint Ventures

Share of losses of joint ventures decreased by S\$1.1 million to S\$6.5 million in FY2018. Share of results of joint ventures comprised mainly 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 lower losses were mainly attributed to higher sales price of precast products due to improved market conditions.

Taxation

The Group's tax expenses were lower as compared to FY2017 mainly due to lower taxable income in FY2018.

Profit for the year

Owing to higher other income and lower share of losses of joint ventures and tax expenses, partially offset by lower revenue and gross profit, as well as higher administrative and other expenses, the Group recorded earnings of S\$0.5 million in FY2018 as compared to S\$0.1 million in FY2017.



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1(b) Consolidated Statement of Financial Position as at 31 December 2018

	As at 31/12/2018 S\$'000	Restated As at 31/12/2017 S\$'000	Restated As at 1/1/2017 S\$'000
ASSETS			
Current assets			
Cash and bank balances	2,921	7,495	14,997
Pledged fixed deposits	19	18	197
Trade receivables	30,444	34,914	38,459
Other receivables	38,925	26,896	13,529
Inventories	3,053	2,774	3,403
Contract assets	54,975	45,098	32,796
Investment securities	18	26	26
Assets held for sale	-	1,761	-
Total current assets	130,355	118,982	103,407
Non-current assets			
Other receivables	95	117	117
Properties held for development	14,173	14,139	13,885
Associates	*	*	*
Joint ventures	174	163	3,772
Property, plant and equipment	81,672	93,599	103,632
Deferred tax assets	-	231	320
Total non-current assets	96,114	108,249	121,726
Total assets	226,469	227,231	225,133
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	39,051	48,376	54,909
Other payables	34,535	21,525	14,004
Contract liabilities	7,898	2,105	11,238
Loans and borrowings	33,246	34,559	24,175
Finance lease obligations	15,812	16,188	15,278
Provision for share of joint ventures' losses	10,430	3,961	-
Income tax payable	113	1,138	634
Total current liabilities	141,085	127,852	120,238
Non-current liabilities			
Loans and borrowings	-	-	2,009
Finance lease obligations	22,764	35,859	40,105
Other payables	177	167	97
Deferred tax liabilities	1,322	1,369	1,005
Total non-current liabilities	24,263	37,395	43,216
Total liabilities	165,348	165,247	163,454
Capital and reserves			
Share capital	25,446	25,446	25,446
Capital reserve	8,802	8,802	8,802
Accumulated profits	23,998	24,049	23,926
Translation reserve	(537)	220	-
Equity attributable to owners of the Company	57,709	58,517	58,174
Non-controlling interests	3,412	3,467	3,505
Total equity	61,121	61,984	61,679
Total liabilities and equity	226,469	227,231	225,133

* Amount less than S\$1,000



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1(c) Consolidated Statement of Cash Flows for the year ended 31 December 2018

	Restated Group	
	Full Year ended 31 Dec 2018 S\$'000	2017 S\$'000
Operating activities		
Profit before tax	989	1,463
Adjustments for:		
Impairment loss on trade and other receivables (net)	389	214
Depreciation of property, plant and equipment	16,673	20,166
Fair value loss on investment securities	9	-
Impairment of property, plant and equipment (net)	-	6
Property, plant and equipment written off	2	77
Interest expense	2,960	2,902
Interest income	(59)	(62)
Dividend income	(2,900)	-
Inventories written down	46	17
Gain on disposal of property, plant and equipment (net)	(278)	(2,530)
Gain on disposal of assets held for sale	(3,192)	-
(Reversal of provision)/provision for onerous contract (net)	(25)	1
Share of losses of joint ventures/associate	6,496	7,623
Unrealised exchange (gain)/loss	(325)	11
Operating cash flows before changes in working capital	20,785	29,888
Contract assets (net)	(4,057)	(32,536)
Trade receivables	3,792	14,648
Other receivables	(11,935)	(11,678)
Inventories	(325)	612
Trade payables	(9,325)	(6,533)
Other payables	11,475	6,415
Cash flows from operations	10,410	816
Income tax paid	(1,362)	(408)
Net cash flows from operating activities	9,048	408
Investing activities		
Proceeds from disposal of assets held for sale	4,474	-
Dividend received from investee company	2,900	*
Proceeds from government grant	-	482
Proceeds from disposal of property, plant and equipment	500	8,375
Purchase of property, plant and equipment	(578)	(2,515)
Interest received	56	60
Net cash flows from investing activities	7,352	6,402
Financing activities		
Repayment of obligations under finance leases	(16,271)	(19,980)
Proceeds from bank loans	35,912	16,900
Repayment of bank loans	(37,753)	(19,193)
Proceeds from bills payable	70,299	73,737
Repayment of bills payable	(73,103)	(65,390)
Interest paid	(2,754)	(2,688)
Increase in pledged fixed deposits	(1)	(21)
Net cash flows used in financing activities	(23,671)	(16,635)
Net decrease in cash and cash equivalents	(7,271)	(9,825)
Effects of exchange rate changes on cash and cash equivalents	(302)	2
Cash and cash equivalents at 1 January	5,174	14,997
Cash and cash equivalents at 31 December	(2,399)	5,174

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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:

	As at 31/12/2018 S\$'000	As at 31/12/2017 S\$'000
Cash and bank balances	2,921	7,495
Less: Bank overdrafts	(5,320)	(2,321)
	<hr/>	<hr/>
Cash and cash equivalents	(2,399)	5,174

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

Current assets

Current assets increased by S\$11.4 million to S\$130.4 million as at 31 December 2018 mainly due to increase in contract assets by S\$9.9 million and increase in other receivables by S\$12.0 million mainly due to increase in receivables from Sindo-Econ Group.

The above were partially offset by the decrease in cash and bank balances by S\$4.6 million, trade receivables by S\$4.5 million and assets held for sale by S\$1.8 million as the sale was completed in January 2018.

Non-current assets

Non-current assets decreased by S\$12.1 million to S\$96.1 million as at 31 December 2018 mainly due to depreciation charges amounting to S\$16.7 million, net disposal of plant and equipment totaling S\$0.3 million under Construction and Precast divisions, and foreign exchange translation loss of S\$1.7 million, partially offset by the purchase of S\$6.7 million of plant and equipment under the Construction division.

Current liabilities

Current liabilities increased by S\$13.2 million to S\$141.1 million as at 31 December 2018 mainly due to increase in provision for share of joint ventures' losses by S\$6.5 million and increase in other payables and contract liabilities of S\$13.0 million and S\$5.8 million respectively, mainly due to advances received from customers.

The above were partially offset by the decrease in trade payables by S\$9.3 million, loans and borrowings by S\$1.3 million and income tax payable by S\$1.0 million.

Non-current liabilities

Non-current liabilities decreased by S\$13.1 million to S\$24.3 million as at 31 December 2018 mainly due to decrease in finance lease obligations by S\$13.1 million.



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The discussion that follows compares the consolidated statement of cash flows for the 12 months to 31 December 2018 (FY2018) with that of corresponding year to 31 December 2017 (FY2017)

Cash generated from operations for FY2018 was derived from the Group's pre-tax profit of S\$1.0 million, after adjusting for non-cash items and changes in working capital. Cash outflow from working capital changes was mainly due to higher contract assets (net), higher other receivables, lower trade payables and higher inventories partially offset by lower trade receivables and higher other payables. Tax paid for FY2018 amounted to S\$1.4 million and net cash flows from operating activities amounted to S\$9.0 million in FY2018.

Net cash from investing activities of S\$7.4 million in FY2018 was mainly due to cash proceeds from disposal of assets held for sale of S\$4.5 million under Precast division, dividend income received of S\$2.9 million partially offset by cash outflow of S\$0.6 million for the purchase of plant and equipment under the Construction division.

Net cash used in financing activities in FY2018 amounted to S\$23.7 million. This was mainly attributed to net repayments of bank loans, bills payables and obligations under finance leases totaling S\$20.9 million and payment of interest of S\$2.8 million.

Due to the above factors and the effect of exchange rate changes, the Group recorded negative cash and cash equivalents of S\$2.4 million as at end of FY2018.



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1(d)(i) Statements of changes in equity for the year ended 31 December 2018

	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Translation reserve S\$'000	Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance at Jan 1, 2017	25,446	8,802	30,009	(6,083)	58,174	3,505	61,679
Effect of adopting SFRS(I) 1	-	-	(6,083)	6,083	-	-	-
Balance at Jan 1, 2017 (restated)	25,446	8,802	23,926	-	58,174	3,505	61,679
Profit/(Loss) for the year	-	-	123	-	123	(22)	101
Other comprehensive income for the year, net of tax	-	-	-	220	220	(16)	204
Total comprehensive income for the year	-	-	123	220	343	(38)	305
Balance at Dec 31, 2017	25,446	8,802	24,049	220	58,517	3,467	61,984
Effect of adopting SFRS(I) 9	-	-	(304)	-	(304)	-	(304)
Balance at Jan 1, 2018	25,446	8,802	23,745	220	58,213	3,467	61,680
Profit for the year	-	-	253	-	253	223	476
Other comprehensive income for the year, net of tax	-	-	-	(757)	(757)	(278)	(1,035)
Total comprehensive income for the year	-	-	253	(757)	(504)	(55)	(559)
Balance at Dec 31, 2018	25,446	8,802	23,998	(537)	57,709	3,412	61,121

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 31 December 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 31 December 2018 and 31 December 2017.

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

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

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 year reported on.**

There were no treasury shares held by the Company.



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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 not been audited nor reviewed by the Company's auditors.

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

Not applicable.

- 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%

Green LCT Pte. Ltd was established in FY2018.

- 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/Associate	% 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 losses of the joint ventures and associate in Sindo-Econ Pte Ltd, PT. Sindomas Precas, Penta-Ocean/Hyundai/Koon Joint Venture and PT. Koon Construction Indonesia in FY2018 was S\$6.5 million (2017: S\$7.6 million).

* There was no profit or loss recognition under the Penta-Ocean/Koon Joint Venture in FY2018 (FY2017: 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.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 December 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018 and all new and revised standards which are effective for annual financial periods beginning on 1 January 2018.

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.**

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's opening balance sheet under SFRS(I) has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I).

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, an amount of S\$6.1 million of foreign currency translation reserve was transferred to the opening accumulated profits as at 1 January 2017.

The Group also concurrently applied SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*.

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 generally consistent with SFRS(I) 15, except for the reclassification of retention monies receivables and unbilled receivables in "Trade receivables" to "Contract assets" and 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.

Adoption of SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets carried at amortised cost, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime expected losses on all trade receivables. The impairment calculated using the expected credit loss model has been recorded as at 1 January 2018.

The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempts the Group from applying SFRS(I) 9 to comparative information. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.



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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	
	2018	2017
Earnings per ordinary share for the year (Singapore cents):		
Basic	0.10 cents	0.05 cents
Diluted	0.10 cents	0.05 cents
Net profit attributable to ordinary shareholders:	S\$253,000	S\$123,000
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 year reported on; and (b) the corresponding period of the immediately preceding financial year.**

	Group	
	31/12/2018	31/12/2017
Net tangible value per ordinary share based on issued share capital as at the end of the reporting year (Singapore cents)	23.23 cents	23.56 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.**

The Building and Construction Authority ("BCA") estimated that total construction demand in 2019 is expected to be between S\$27.0 billion and S\$32.0 billion, comparable to the S\$30.5 billion awarded in 2018. Of this amount, public sector projects are expected to account for about 60% ⁽¹⁾.

We expect the construction industry to remain challenging with keen competition and higher costs of construction materials. The Group will continue to focus on its core businesses by leveraging its strong track record in civil engineering to secure more projects, as well as enhancing cost effectiveness and efficiency optimisation of the management of on-going projects.

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 will continue to focus on productivity improvement at its casting yard at Batam, Indonesia.

As at 31 December 2018, the Group's Construction and Precast divisions have outstanding order books of approximately S\$94.7 million and S\$111.6 million respectively.

Footnote:

⁽¹⁾ "Singapore's total construction demand remain strong this year", BCA, 14 January 2019



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10. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statement, with comparative information for the immediately preceding year.**

Segment revenues and results

	Revenue		Earnings	
	Full Year ended 31 Dec		Full Year ended 31 Dec	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Construction Division	84,969	111,091	(1,837)	10,363
Precast Division	30,710	48,202	(2,218)	(3,086)
Property Division	-	-	(131)	(236)
Electric Power Generation Division	4,730	5,005	1,640	347
	120,409	164,298	(2,546)	7,388
Elimination	(1,020)	(739)	(282)	(333)
Total	119,389	163,559	(2,828)	7,055
Other income			13,492	4,933
Share of losses of joint ventures/associate			(6,496)	(7,623)
Finance costs			(3,179)	(2,902)
Profit before tax			989	1,463
Taxation			(513)	(1,362)
Profit for the year			476	101

Segment assets

	2018	2017
	S\$'000	S\$'000
Construction Division	163,063	157,688
Precast Division	52,173	49,473
Property Division	17,407	17,393
Electric Power Generation Division	23,721	28,376
	256,364	252,930
Elimination	(32,345)	(28,479)
Total segment assets	224,019	224,451
Unallocated corporate assets	2,450	2,780
Total assets	226,469	227,231

Other segment information

	Depreciation		Additions to property, plant and equipment	
	Full Year ended 31 Dec		Full Year ended 31 Dec	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Construction Division	14,167	16,381	5,924	11,355
Precast Division	1,429	1,576	799	4,562
Property Division	2	2	-	-
Electric Power Generation Division	1,075	2,207	22	4,387
Total	16,673	20,166	6,745	20,304



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2018
(These figures have not been audited)

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

11. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Business Segments: -

Revenue – Construction

Revenue of Construction division decreased by 23.5% to S\$85.0 million in FY2018. This was mainly due to lower revenue recognition from 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), (e) construction of container stacking yard for berths P36 to P41 at PSA Pasir Panjang Terminal; partially offset by higher revenue from projects including (f) earthwork and construction of roads, drains and sewers at Sengkang West, (g) new road connection at Seletar Link and widening of Tampines Expressway between Jalan Kayu and Punggol West Flyovers, and (h) proposed design and build vehicular bridge at Grade Road and other associated works at Pulau Punggol Barat.

Revenue – Precast

Revenue of Precast division decreased by 36.3% to S\$30.7 million in FY2018. This was mainly due to lower sales volume as compared to FY2017.

Revenue – Electric Power Generation

Revenue of Electric Power Generation division decreased by 5.5% to S\$4.7 million in FY2018. The recorded lower revenue is mainly due to a weaker Australian dollar against the Singapore dollar as compared to FY2017 and marginal decrease in reserve capacity pricing set by Independent Market Operator of Western Australia.

Earnings - Construction

Construction division recorded significant lower earnings in FY2018 due to lower profit margin from construction contracts, and revenue generated from rental of machineries, as well as increase in administrative and other expenses. The earnings of the Construction division included the Group's 50% share of profit under POC-K JV for the land preparation works for airport development.

Earnings - Precast

Precast division recorded lower loss mainly due to better margins achieved as a result of improved market conditions, partially offset by higher administrative and other expenses due to higher foreign exchange losses and higher staff costs as compared to FY2017.

Earnings – Electric Power Generation

Electric Power Generation division recorded significant higher earnings in FY2018 due to lower professional fees incurred for FY2018 and higher gross margin recorded as one of the Group's power generation plants was fully depreciated in FY2017.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
28 February 2019



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2018
(These figures have not been audited)

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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 full year financial results for the year ended 31 December 2018 to be false or misleading in any material aspect.

On behalf of the board of directors,

Mr. Yuen Kai Wing
Managing Director

Mr. Oh Koon Sun
Executive Director

Singapore
28 February 2019