



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2017
(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 2017
(Previously corresponding period: 31 December 2016)

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	163,559	Down	19.3
Profit from ordinary activities after tax attributable to members	123	Down	93.4
Net Profit for the period attributable to members	123	Down	93.4
	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	
31/12/2017	31/12/2016
23.56 cents	23.44 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 period ended 31 December 2017

	Note	Full Year ended 31 Dec		% Increase/ (Decrease)
		2017 S\$'000	2016 S\$'000	
As shown in last annual report				
Group				
Revenue		163,559	202,726	(19.3)
Cost of sales		(143,142)	(182,303)	(21.5)
Gross profit		20,417	20,423	(0.0)
Other income		4,933	2,515	96.1
Distribution costs		(16)	(1,642)	(99.0)
Administrative and other expenses		(13,346)	(15,422)	(13.5)
Finance costs		(2,902)	(2,836)	2.3
Share of losses of associate		(16)	(18)	(11.1)
Share of losses of joint ventures		(7,607)	(1,509)	N.M.
Profit before tax		1,463	1,511	(3.2)
Taxation		(1,362)	165	N.M.
Profit for the year		101	1,676	(94.0)
Other comprehensive income/(loss) :				
Exchange gain/(loss) on translation of foreign operations		204	(114)	N.M.
Total comprehensive income for the year		305	1,562	(80.5)
Profit/(Loss) for the year attributable to :				
Owners of the Company		123	1,863	(93.4)
Non-controlling interests		(22)	(187)	(88.2)
		101	1,676	(94.0)
Total comprehensive income/(loss) attributable to :				
Owners of the Company		343	1,703	(79.9)
Non-controlling interests		(38)	(141)	(73.0)
		305	1,562	(80.5)
Earnings per share (cents per share):				
- Basic		0.05	0.71	
- Diluted		0.05	0.71	

N.M. : Not Meaningful



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Revenue

Revenue for the year ended 31 December 2017 (FY2017) of S\$163.6 million was 19.3% lower as compared to the previous corresponding financial year (FY2016). The decrease in revenue was mainly due to lower revenue recorded by the Construction division; partially offset by higher revenue from Precast and Electric Power Generation divisions: -

1. Revenue of Construction division decreased by 29.0% to S\$111.1 million in FY2017. This was mainly due to lower revenue recognition from completing projects including (a) construction of container stacking yard for berths P36 to P41 at PSA Pasir Panjang Terminal, (b) construction of roads, drains, culverts and drainage outfall at Tuas South Boulevard and (c) the Group's 50% share of revenue under POC-K JV for the on-going land preparation works for airport development project; which was partially offset by higher revenue from projects including (d) improvement to Sungei Pandan Kechil (West Coast Road to the sea), (e) sand mining work, (f) rock work at caisson quay wall at proposed reclamation at Tuas Finger One; and (g) construction of roads, drains and sewers at Sengkang West.
2. Revenue of Precast division increased marginally to S\$48.2 million in FY2017. This was mainly attributed to higher volume of precast products sales in FY2017.
3. Revenue of Electric Power Generation division increased marginally by 1.9% to S\$5.0 million in FY2017. The Group's 74.06% owned subsidiaries, the Tesla Holdings Pty Ltd group of companies ("Tesla"), recorded higher revenue mainly due to stronger Australian dollar against the Singapore dollar as compared to FY2016.

Gross Profit

The Group's gross profit declined marginally to S\$20.4 million in FY2017. This was mainly attributed to lower gross profits recorded by the Precast division, partially offset by higher gross profits from both the Construction and Electric Power Generation divisions.

Other Income

Other income increased from S\$2.5 million in FY2016 to S\$4.9 million in FY2017. This was mainly due to higher gain on disposal of property, plant and equipment of S\$2.3 million, sale of machineries parts of S\$0.2 million, ad-hoc modification works of S\$0.4 million and sale of scrap of S\$0.2 million partially offset by reversal of allowance for doubtful debts of S\$0.7 million in 2016.

Distribution Costs

The Group recorded only S\$0.02 million distribution costs in FY2017 as compared to S\$1.6 million recorded in FY2016. This was attributed to the transportation 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 decreased significantly by S\$2.1 million to S\$13.3 million in FY2017. This was mainly due to a general reduction in administrative expenses such as security expenses; and lower staff and manpower related costs under the Precast division due to a shift in production focus to Batam Indonesia instead of its Singapore and Malaysia casting yards.

Finance Costs

Finance costs increased marginally by S\$0.07 million to S\$2.9 million in FY2017 mainly due to higher interest rates and higher borrowings as compared to FY2016.

Share of Losses of Joint Ventures/Associate

Share of losses of joint ventures/associate increased by S\$6.1 million to S\$7.6 million in FY2017. 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. 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 higher losses were mainly attributed to lower sales price of precast products due to competitive market conditions.



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Taxation

The Group recorded a tax expense of S\$1.4 million in FY2017 as compared to tax credit of S\$0.2 million in FY2016. This was mainly attributed to recognition of deferred tax liabilities of \$0.5m, adjustment on over-provision of prior year taxation of S\$0.5 million in 2016 and net deferred tax assets of S\$0.3 million recorded under the Electric Power Generation division in 2016. In addition, lower group relief is transferred from Precast to Construction division due to lower losses recorded in Precast division.

Profit for the year

Owing to lower revenue and gross profits, higher finance costs, share of losses of joint ventures/associate, higher tax expense partially offset by higher other income, lower distribution costs, lower administrative and other expenses, the Group recorded earnings of S\$0.1 million in FY2017 as compared to S\$1.7 million in FY2016.



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(b) Statement of Financial Position as at 31 December 2017

	As shown in last annual report	
Note	As at 31/12/2017 S\$'000	As at 31/12/2016 S\$'000
ASSETS		
Current assets		
Cash and cash equivalents	7,495	14,997
Pledged fixed deposits	18	197
Trade receivables	48,245	49,560
Other receivables	26,896	13,529
Inventories	2,774	3,403
Contract work-in-progress	31,767	21,695
Held for trading investments	26	26
Assets held for sale	1,761	-
Total current assets	118,982	103,407
Non-current assets		
Other receivables	117	117
Properties held for development	14,139	13,885
Associates	*	*
Joint ventures	163	3,772
Property, plant and equipment	93,599	103,632
Deferred tax assets	231	320
Total non-current assets	108,249	121,726
Total assets	227,231	225,133
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	48,376	54,909
Other payables	21,525	14,004
Contract work-in-progress	2,105	11,238
Loans and borrowings	34,559	24,175
Finance lease obligations	16,188	15,278
Provision for share of joint ventures' losses	3,961	-
Income tax payable	1,138	634
Total current liabilities	127,852	120,238
Non-current liabilities		
Loans and borrowings	-	2,009
Finance lease obligations	35,859	40,105
Other payables	167	97
Deferred tax liabilities	1,369	1,005
Total non-current liabilities	37,395	43,216
Total liabilities	165,247	163,454
Capital and reserves		
Share capital	25,446	25,446
Capital reserve	8,802	8,802
Accumulated profits	30,132	30,009
Translation reserve	(5,863)	(6,083)
Equity attributable to owners of the Company	58,517	58,174
Non-controlling interests	3,467	3,505
Total equity	61,984	61,679
Total liabilities and equity	227,231	225,133

* Amount less than S\$1,000



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(c) Consolidated statement of cash flows for the period ended 31 December 2017

	As shown in last annual report	
	Group	
	Full Year ended 31 Dec	
	2017	2016
	S\$'000	S\$'000
Operating activities		
Profit before tax	1,463	1,511
Adjustments for:		
Allowance for impairment of doubtful debts	214	308
Depreciation of property, plant and equipment	20,166	21,029
Fair value loss on held for trading investments	-	4
Impairment of property, plant and equipment (net)	6	1
Property, plant and equipment written down	77	-
Interest expense	2,902	2,836
Interest income	(62)	(206)
Inventories written down	17	207
Net gain on disposal of property, plant and equipment	(2,530)	(184)
Provision/(Reversal) of foreseeable losses on contract work-in-progress (net)	1	(21)
Share of losses of joint ventures/associates	7,623	1,527
Unrealised exchange loss	11	42
Operating cash flows before changes in working capital	29,888	27,054
Contract work-in-progress (net)	(19,205)	4,561
Trade receivables	1,317	(4,911)
Other receivables	(11,678)	(4,990)
Inventories	612	4,981
Trade payables	(6,533)	218
Other payables	6,415	(745)
Cash flows from operations	816	26,168
Income tax paid	(408)	(615)
Net cash flows from operating activities	408	25,553
Investing activities		
Capital contribution to a joint venture	-	(273)
Dividend received from investee company	*	*
Proceeds from government grant	482	-
Proceeds from disposal of property, plant and equipment	8,375	244
Purchase of property, plant and equipment	(2,515)	(8,804)
Interest received	60	202
Net cash flows from/(used in) investing activities	6,402	(8,631)
Financing activities		
Repayment of obligations under finance leases	(19,980)	(13,999)
Proceeds from bank loans	19,221	13,600
Repayment of bank loans	(19,193)	(19,380)
Proceeds from bills payable	73,737	54,353
Repayment of bills payable	(65,390)	(59,195)
Interest paid	(2,688)	(2,686)
Dividends paid	-	(1,315)
Increase in pledged fixed deposits	(21)	(3)
Net cash flows used in financing activities	(14,314)	(28,625)
Net decrease in cash and cash equivalents	(7,504)	(11,703)
Effects of exchange rate changes on cash and cash equivalents	2	(2)
Cash and cash equivalents at 1 January	14,997	26,702
Cash and cash equivalents at 31 December	7,495	14,997

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The discussion that follows compares the Finance Position as at 31 December 2017 with that of 31 December 2016

Current assets

Current assets increased by S\$15.6 million to S\$119.0 million as at 31 December 2017 mainly due to the following:

1. Increase in other receivables by S\$13.4 million mainly due to increase in receivables from Sindo-Econ Group.
2. Increase in contract work-in-progress by S\$10.1 million under the Construction division.
3. Increase in assets held for sale to S\$1.8 million and the sale has been completed in January 2018.

The above were partially offset by decrease in cash and cash equivalents by S\$7.5 million, trade receivables by S\$1.3 million and inventories by \$0.6 million.

Non-current assets

Non-current assets decreased by S\$13.5 million to S\$108.2 million as at 31 December 2017 mainly due to:

1. Decrease in property, plant and equipment by S\$10.0 million. The decrease was mainly due to the depreciation charges amounting to S\$20.2 million, net disposal of plant and machinery totaling S\$7.7 million under Construction and Precast divisions, assets classified as held for sale of \$1.8 million, government grant received of S\$0.5 million and foreign exchange loss of S\$0.2 million., partially offset by the purchase of S\$20.3 million of plant and equipment under the Construction and Precast divisions
2. Decrease in joint ventures by S\$3.6 million attributed to the Group's 50% share of losses incurred by Sindo-Econ Group in FY2017.

Current liabilities

Current liabilities increased by S\$7.6 million to S\$127.9 million as at 31 December 2017 mainly due to:

1. Increase in other payables by S\$7.5 million.
2. Increase in loans and borrowings by S\$10.4 million.
3. Increase in current portion of finance leases by S\$0.9 million.
4. Increase in provision for share of joint ventures' losses by S\$4.0 million.
5. Increase in tax payable by S\$0.5 million.

The above were partially offset by decrease in trade payables by S\$6.5 million and contract work-in-progress by S\$9.1 million.

Non-current liabilities

Non-current liabilities decreased by S\$5.8 million to S\$37.4 million as at 31 December 2017. This was mainly due to decrease in loans and borrowings and finance leases by S\$2.0 million and S\$4.2 million respectively, partially offset by increase in deferred tax liabilities by S\$0.4 million.



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The discussion that follows compares the consolidated statement of cash flows for the 12 months to 31 December 2017 (FY2017) with that of corresponding year to 31 December 2016 (FY2016)

Cash generated in operations for FY2017 was derived from the Group's pre-tax profit of S\$0.8 million, after adjusting for non-cash items and changes in working capital. Cash outflow from working capital changes was mainly due to higher contract work-in-progress, higher other receivables and lower trade payables partially offset by lower trade receivables, lower inventories and higher other payables. Tax paid for FY2017 amounted to S\$0.4 million and net cash generated from operating activities amounted to S\$0.4 million in FY2017.

Net cash from investing activities of S\$6.4 million in FY2017 was mainly due to cash proceeds of S\$8.4 million for the sale of plant and equipment and dump trucks under the Construction and Precast divisions and cash proceeds of S\$0.5 million from government grant partially offset by cash outflow of S\$2.5 million for the purchase of plant and machinery under the Construction and Precast divisions.

Net cash used in financing activities in FY2017 amounted to S\$14.3 million. This was mainly attributed to net repayments of bank loans, bills payables and obligations under finance leases totaling S\$11.6 million and payment of interest of S\$2.7 million.

Due to the above factors, the Group recorded cash and cash equivalents of S\$7.5 million as at end of FY2017.



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1(d)(i) Statements of changes in equity for the year ended 31 December 2017

	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, 2016	25,446	8,802	29,461	(5,923)	57,786	3,646	61,432
Profit/(Loss) for the year	–	–	1,863	–	1,863	(187)	1,676
Other comprehensive (loss)/income for the year, net of tax	–	–	–	(160)	(160)	46	(114)
Total comprehensive income/(loss) for the year	–	–	1,863	(160)	1,703	(141)	1,562
Dividends	–	–	(1,315)	–	(1,315)	–	(1,315)
Balance at Dec 31, 2016	25,446	8,802	30,009	(6,083)	58,174	3,505	61,679
Profit/(Loss) for the year	–	–	123	–	123	(22)	101
Other comprehensive income/(loss) for the year, net of tax	–	–	–	220	220	(16)	204
Total comprehensive income/income for the year	–	–	123	220	343	(38)	305
Balance at Dec 31, 2017	25,446	8,802	30,132	(5,863)	58,517	3,467	61,984

- 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 2017 and 31 December 2016 25,446

There has been no change in the Company's share capital since 31 December 2016.

There were no outstanding share awards under the Koon Employee Performance Share Plan as at 31 December 2017 and 31 December 2016.

- 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 2017 and 31 December 2016 263,097,800

- 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.

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 comparison figures relating to the previous corresponding year were audited by the auditors.



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

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

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

Name of subsidiary	% acquired by the Group
Petra I Pte. Ltd.	100%

Petra I Pte. Ltd was established in FY2017.

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, POC-K JV and PT. Koon Construction Indonesia in FY2017 was S\$4,007,000.

The aggregate share of net profits of the joint ventures and associate in Sindo-Econ Pte Ltd, PT. Sindomas Precas, Penta-Ocean/ Hyundai/Koon Joint Venture, POC-K JV and PT. Koon Construction Indonesia in FY2016 was S\$135,000.

* There was no profit or loss recognition under the Penta-Ocean/Koon Joint Venture in FY2017 (FY2016: Nil).

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

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 report has been prepared in accordance with Singapore Financial Reporting Standards.

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 2016.



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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 Group has adopted all the new and revised Singapore Financial Reporting Standards (“FRS”) and Interpretations of FRS applicable from 1 January 2017. These do not have a significant financial impact on the Group.

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	
	2017	2016
Earnings per ordinary share for the year (Singapore cents):		
Basic	0.05 cents	0.71 cents
Diluted	0.05 cents	0.71 cents
Net profit attributable to ordinary shareholders:	S\$123,000	S\$1,863,000
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	
	31/12/2017	31/12/2016
Net tangible value per ordinary share based on issued share capital as at the end of the reporting year (Singapore cents)	23.56 cents	23.44 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.

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 tunnelling 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 2017, the Group’s Construction and Precast divisions have outstanding order books of approximately S\$170 million and S\$94 million respectively.

Footnote:

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



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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	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Construction Division	111,091	156,427	10,363	8,126
Precast Division	48,202	48,178	(3,086)	(3,531)
Property Division	-	-	(236)	(146)
Electric Power Generation Division	5,005	4,914	347	(633)
	<u>164,298</u>	<u>209,519</u>	<u>7,388</u>	<u>3,816</u>
Elimination	(739)	(6,793)	(333)	(457)
Total	<u>163,559</u>	<u>202,726</u>	7,055	3,359
Other income			4,933	2,515
Share of (loss)/profit of joint ventures/associate(net)			(7,623)	(1,527)
Finance costs			(2,902)	(2,836)
Profit before tax			<u>1,463</u>	<u>1,511</u>
Taxation			(1,362)	165
Profit for the year			<u>101</u>	<u>1,676</u>

Segment assets

	2017	2016
	S\$'000	S\$'000
Construction Division	157,688	164,075
Precast Division	49,473	45,989
Property Division	17,393	19,035
Electric Power Generation Division	28,376	25,657
	<u>252,930</u>	<u>254,756</u>
Elimination	(28,479)	(33,035)
Total segment assets	<u>224,451</u>	<u>221,721</u>
Unallocated corporate assets	2,780	3,412
Total assets	<u>227,231</u>	<u>225,133</u>

Other segment information

	Depreciation		Additions to property, plant and equipment	
	Full Year ended 31 Dec		Full Year ended 31 Dec	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Construction Division	16,381	16,207	11,355	25,491
Precast Division	1,576	1,898	4,562	33
Property Division	2	-	-	-
Electric Power Generation Division	2,207	2,924	4,387	1
Total	<u>20,166</u>	<u>21,029</u>	<u>20,304</u>	<u>25,525</u>



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2017
(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 declined by 29.0% from \$156.4 million in FY2016 to S\$111.1 million in FY2017. This was mainly due to lower revenue recognition from completing projects including (a) construction of container stacking yard for berths P36 to P41 at PSA Pasir Panjang Terminal, (b) construction of roads, drains, culverts and drainage outfall at Tuas South Boulevard and (c) the Group's 50% share of revenue under POC-K JV for the on-going land preparation works for airport development project; which was partially offset by higher revenue from projects including (d) improvement to Sungei Pandan Kechil (West Coast Road to the sea), (e) sand mining work, (f) rock work at caisson quay wall at proposed reclamation at Tuas Finger One; and (g) construction of roads, drains and sewers at Sengkang West.

Revenue – Precast

Revenue from Precast division increased marginally to S\$48.2 million in FY2017. This was mainly attributed to higher volume of precast products sales in FY2017.

Revenue – Electric Power Generation

Revenue from Electric Power Generation division increased marginally by 1.9% from S\$4.9 million in FY2016 to S\$5.0 million in FY2017. The increase was due to due to stronger Australian dollar against the Singapore dollar as compared to FY2016.

Earnings - Construction

Construction division recorded higher earnings in FY2017 despite lower revenue due to higher profit margin. 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

Due to the slight increase in revenue, the loss had also decreased correspondingly in FY2017 as compared to FY2016.

Earnings – Electric Power Generation

Electric Power Generation division recorded higher earnings by S\$1.0 million to S\$0.3million in FY2017 due to higher revenue and lower cost of sales. Depreciation expense in FY2017 is S\$2.2 million which is S\$0.7 million lower than FY2016 due to the accelerated depreciation charge of S\$1.8 million provided in FY2016 for one of its power generation plants accounted as finance lease.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
28 February 2018



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2017
(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 period ended 31 December 2017 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 2018