



# KOON HOLDINGS LIMITED (KNH)

## Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2014  
( 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 2014  
(Previously corresponding period: 31 December 2013)

### 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	163,917	Down	25.5
Profit from ordinary activities after tax attributable to members	5,824	Up	N.M.
Net profit for the period attributable to members	5,824	Up	N.M.
N.M. : Not Meaningful			

	Amount per share Singapore cent	Franked amount per share Singapore cent
Interim dividend	NA	NA
Previously corresponding period		
Interim dividend	NA	NA
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

In June 2013, the Group distributed 17,093,960 shares in GPS Alliance Holdings Limited to the shareholders of Koon Holdings Limited as a dividend in specie.

Net tangible assets per ordinary share (Singapore cents)

Group	
31/12/2014	31/12/2013
20.23 cents	18.34 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 have been subjected to a review by Ernst & Young LLP.



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#### INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

##### 1(a) Consolidated Statement of Comprehensive Income for the period ended 31 December 2014

	Note	As shown in last annual report Group		%
		Full Year ended 31 Dec		
		2014	2013	
		S\$'000	S\$'000	
<b>Continuing operations:</b>				
Revenue		163,917	219,961	(25.5)
Cost of sales		<u>(137,271)</u>	<u>(207,385)</u>	(33.8)
Gross profit		26,646	12,576	111.9
Other income		3,796	1,944	95.3
Distribution costs		(5,308)	(3,633)	46.1
Administrative and other operating expenses		(17,472)	(18,590)	(6.0)
Finance costs		(1,888)	(2,530)	(25.4)
Share of profit of joint ventures/associate(net)		<u>882</u>	<u>230</u>	283.5
<b>Profit /(Loss) before income tax</b>		6,656	(10,003)	N.M.
Income tax		<u>(348)</u>	<u>(2,266)</u>	(84.6)
<b>Profit /(Loss) for the year from continuing operations</b>		6,308	(12,269)	N.M.
<b>Discontinued operation:</b>				
Net profit for the year from discontinued operation	1(a)(i)	<u>-</u>	<u>1,062</u>	(100.0)
<b>Profit/(Loss) for the year</b>		6,308	(11,207)	N.M.
<b>Other comprehensive income/(loss) :</b>				
Gain/(loss) on fair value changes of available-for-sale investments		193	(405)	N.M.
Exchange loss on translation of foreign operations		<u>(1,541)</u>	<u>(1,949)</u>	(20.9)
<b>Total comprehensive income /(loss) for the year</b>		<u>4,960</u>	<u>(13,561)</u>	N.M.
<b>Profit/(Loss) for the year attributable to :</b>				
Owners of the Company		5,824	(10,209)	N.M.
Non-controlling interests		<u>484</u>	<u>(998)</u>	N.M.
		6,308	(11,207)	N.M.
<b>Total comprehensive income/(loss) attributable to :</b>				
Owners of the Company		4,683	(12,041)	N.M.
Non-controlling interests		<u>277</u>	<u>(1,520)</u>	N.M.
		4,960	(13,561)	N.M.
<b>Earnings /(Loss) per share for the year (Singapore cents):</b>				
From continuing and discontinued operations				
- Basic		2.21	(3.88)	
- Diluted		2.21	(3.88)	
From continuing operations				
- Basic		2.21	(4.69)	
- Diluted		2.21	(4.69)	



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#### INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

- 1(a)(i) In June 2013, the Group distributed 17,093,960 shares in its subsidiary GPS Alliance Holdings Limited to the shareholders as a special dividend in specie which resulted in a loss of control in GPS Alliance Holdings Limited and discontinued the real estate agency operation.

The results of real estate agency operation for the period from 1 January 2013 to 10 June 2013 were as follows:-

	1 Jan-10 Jun 2013 S\$'000
Revenue	11,408
Cost of sales	<u>(9,573)</u>
Gross Profit	1,835
Other income	313
Administrative expenses	(3,956)
Distribution expenses	(285)
Finance cost	<u>(4)</u>
(Loss) before income tax	(2,097)
Income tax expenses	<u>-</u>
(Loss) for the year	<u><u>(2,097)</u></u>
(Loss) for the year, representing total comprehensive (loss) for the year attributable to:	
Owners of the Company	(1,026)
Non-controlling interests	<u>(1,071)</u>
	<u><u>(2,097)</u></u>

The profit/(loss) for the year from the discontinued operation is as follows:-

	1 Jan-10 Jun 2013 \$'000
(Loss) from real estate agency operation for the year	(2,097)
Gain on disposal of real estate agency operation	<u>3,159</u>
Net profit for the year from discontinued operation	<u><u>1,062</u></u>



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#### Revenue

Revenue from continuing operations for the year ended 31 December 2014 (FY2014) of S\$163.9 million was 25.5% lower as compared to the previous corresponding financial year (FY2013).

The decrease in revenue was largely due to:-

1. Decrease in Construction division revenue by 36.3% to S\$93.4 million in FY2014. This was mainly due to the substantial completion of projects including (i) construction of Seletar Link Bridge and Widening of Tampines Expressway, (ii) rehabilitation and earthworks at Tampines Road, (iii) construction of container stacking yard for berths P26, P31, P32 & P33 at PSA Pasir Panjang Terminal and (iv) construction of seawater intake facilities at Jurong Island; partially offset by revenue generated from the following projects: (i) construction of roads, drains, sewers and vehicular bridge at Ayer Merbau Road, (ii) construction of roads, drains, culverts and drainage outfall at Tuas South Boulevard, (iii) foundation works for a 4-storey vehicle storage and workshop at Choa Chu Kang Way, (iv) construction of container stacking yard for berths P36 to P41 at PSA Pasir Panjang Terminal and (v) reclamation works at Pulau Ubin and Pulau Tekong.
2. Decrease in Precast division revenue by 6.5% to S\$ 72.6 million in FY2014 mainly due to lower deliveries during the year.
3. Decrease in Electric Power Generation division revenue by 17.0% to S\$7.5 million in FY2014 recorded by the Group's 71.2% owned subsidiary, the Tesla Holdings Pty Ltd group of companies ("Tesla"). The decline was mainly due to a lower reserve capacity price per MW in FY2014 set by the Independent Market Operator of Western Australia and partly due to a weak Australian dollar against the Singapore dollar.

#### Gross Profit

Despite lower revenue, the Group's gross profit has more than doubled to S\$26.7 million in FY2014. This was mainly attributed to higher gross profits recorded by both the Construction and Precast divisions, partially offset by lower gross profit from the Electric Power Generation division. The Construction division recorded higher gross profits mainly attributed to fewer loss making projects and provisions in FY2014 as compared to FY2013. The improved performance of the Precast division was mainly attributed to improved efficiency of its precast yards and fewer production disruptions as compared to FY2013. The Electric Power Generation division recorded a lower gross profit in line with lower revenue; partially offset by reduced tariff charges from Western Power during the year.

#### Other Income

Other income increased from S\$1.9 million in FY2013 to S\$3.8 million in FY2014. The increase was mainly due to dividend income of S\$1.5 million from Koon Zinkcon, increase in government grants of S\$0.7 million and gain on disposal of plant and equipment of S\$0.4 million; partially offset by a decrease in interest income of S\$0.3 million, lower reversal of allowance for doubtful debts of S\$0.2 million and lower miscellaneous income of S\$0.3 million.

#### Distribution Costs

Distribution costs increased by 46.1% from S\$3.6 million in FY2013 to S\$5.3 million in FY2014. The increase was expected and mainly due to higher delivery and handling costs incurred by the Precast division. The division produces from its casting yard at Batam Indonesia in addition to its Singapore and Malaysia casting yards.

#### Administrative and Other Operating Expenses

Administrative and other operating expenses decreased by 6.0% from S\$18.6 million in FY2013 to S\$17.5 million in FY2014. The decrease was mainly due to the absence of a one-off renovation expense of S\$0.4 million incurred in FY2013, lower plant and machineries write downs of S\$0.7 million, lower unrealized exchange losses of S\$0.5 million as well as decrease in other expenses amounted to S\$0.6 million attributed mainly to lower professional fees and write down of business development expenses; partially offset by an increase in staff salaries.

#### Finance Costs

Finance costs decreased by 25.4% from S\$2.5 million in FY2013 to S\$1.9 million in FY2014. This was mainly attributed to lower interest expense of S\$0.6 million incurred by Tesla arising from the refinancing of its power plants in FY2013.



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##### Share of Profit/(Loss) of Joint Ventures/associate

Share of results of joint ventures increased to S\$0.9 million in FY2014 which comprised mainly the Group's 50% share of profit of S\$1.0 million from the precast operation at Batam Indonesia under Sindo-Econ Pte. Ltd. and its Indonesia subsidiary PT Sindomas Precas; partially offset by the share of S\$0.1 million loss from a construction project joint venture.

##### Profit for the year from discontinued operation

In FY2013, profit from discontinued operation arose from the disposal of GPS Alliance Holdings Limited and its subsidiaries ("GPS") following the distribution of GPS shares to Koon Holdings Limited's entitled shareholders on 11 June 2013, partially offset by the operation loss incurred by GPS in FY2013.

##### Income Tax

Despite higher earnings, the Group recorded lower tax expenses of S\$0.3 million in FY2014 mainly due to utilisation of unabsorbed tax losses carried forward from previous years. The Group's tax expenses in FY2013 comprised mainly a net reversal of prior year deferred tax assets of S\$2.4 million.

##### Profit /(Loss) for the year

Owing to higher gross profit from both Construction and Precast divisions, earnings contribution from the Electric Power Generation division, higher other income and lower tax expenses, the Group recorded net earnings of S\$6.3 million in FY2014 as compared to losses of S\$11.2 million incurred in FY2013.



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#### 1(b) Statement of Financial Position as at 31 December 2014

		As shown in last annual report
	As at 31/12/2014 S\$'000	As at 31/12/2013 S\$'000
	Note	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents		17,094
Pledged fixed deposits		800
Trade receivables		44,117
Other receivables		9,226
Inventories		6,873
Contract work-in-progress		10,334
Held for trading investments		36
<b>Total current assets</b>		<b>88,480</b>
<b>Non-current assets</b>		
Other receivables		239
Properties held for development		16,388
Associates		*
Joint Ventures		1,332
Property, plant and equipment		61,152
Available-for-sale investments		731
Goodwill on consolidation	1(b)(i)	3,536
Deferred tax assets		-
<b>Total non-current assets</b>		<b>83,378</b>
<b>Total assets</b>		<b>171,858</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Bank loan and bills payable		21,660
Trade payables		44,409
Provision		-
Other payables		12,631
Contract work-in-progress		1,910
Finance leases		15,016
Income tax payable		528
<b>Total current liabilities</b>		<b>96,154</b>
<b>Non-current liabilities</b>		
Bank loans		8,920
Finance leases		8,681
Other payables		89
Deferred tax liabilities		1,261
<b>Total non-current liabilities</b>		<b>18,951</b>
<b>Total liabilities</b>		<b>115,105</b>
<b>Capital and Reserves</b>		
Share capital		25,446
Capital reserve		8,663
Fair value reserve		(212)
Accumulated profits		21,470
Translation reserve		(3,284)
<b>Equity attributable to owners of the Company</b>		<b>52,083</b>
Non-controlling interests		4,670
<b>Total equity</b>		<b>56,753</b>
<b>Total liabilities and equity</b>		<b>171,858</b>

\* Amount less than S\$1,000

1(b)(i) The carrying amount of goodwill is attributed to the Electric Power Generation cash generating unit.



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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 2014

	As shown in last annual report	
	Group	
	Full Year ended 31 Dec 2014 S\$'000	2013 S\$'000
<b>Operating activities</b>		
Profit/(Loss) before income tax	6,656	(8,941)
Adjustments for:		
Inventories written-down	1,078	195
Allowance/( reversal of allowance ) for doubtful debts	113	(425)
Fair value gain on held-for-trading investment	(3)	(10)
Depreciation of property, plant and equipment	9,541	12,050
(Reversal of)/Provision for foreseeable loss on work-in-progress	(835)	4,202
Net (gain)/loss on disposal of property, plant and equipment	(327)	778
Gain on disposal of subsidiaries	-	(3,159)
Interest expense	1,178	2,534
Interest Income	(118)	(653)
Dividend income	(1,500)	-
Share of profit of joint ventures/associate (net)	(882)	(230)
Unrealised exchange gain	(389)	-
Share-based payment expenses	-	1,903
Reversal of provision	(600)	-
Operating cash flows before changes in working capital	13,912	8,244
Contract work-in-progress (net)	2,516	5,399
Trade receivables	(1,125)	5,005
Inventories	2,930	3,025
Other receivables	(3,347)	8,614
Trade payables	(7,377)	(11,639)
Other payables and accruals	(1,611)	(1,893)
Cash flows from operations	5,898	16,755
Income tax paid	(443)	(97)
<b>Net cash flows from operating activities</b>	<b>5,455</b>	<b>16,658</b>
<b>Investing activities</b>		
Acquisition of interest in joint venture	-	(108)
Capital contribution to joint venture	(800)	-
Acquisition of non-controlling interest in subsidiaries	-	(1,500)
Net cash outflow from the disposal of subsidiaries	-	(410)
Purchase of property, plant and equipment	(3,487)	(1,815)
Purchase of properties held for development	-	(239)
Proceeds on disposal of property, plant and equipment	662	2,845
Dividend received	1,500	-
Interest received	118	653
<b>Net cash used in investing activities</b>	<b>(2,007)</b>	<b>(574)</b>
<b>Financing activities</b>		
Dividends paid	-	(1,315)
Interest paid	(1,178)	(2,534)
Repayment of obligations under finance lease, net	(7,916)	(7,351)
Proceeds from bank loans	2,400	9,800
Repayment of bank loans	(3,419)	(2,669)
Proceeds from bills payable	32,583	49,354
Repayment of bills payable	(32,369)	(58,831)
Decrease in pledged fixed deposits	1,760	1,325
<b>Net cash used in financing activities</b>	<b>(8,139)</b>	<b>(12,221)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(4,691)</b>	<b>3,863</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>21,788</b>	<b>18,543</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(3)</b>	<b>(618)</b>
<b>Cash and cash equivalents at end of year</b>	<b>17,094</b>	<b>21,788</b>



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#### The discussion that follows compares the Finance Position as at 31 December 2014 with that of 31 December 2013

##### Current assets

Current assets decreased by S\$5.4 million to S\$88.5 million as at 31 December 2014 mainly due to the following:

1. Decrease in cash and cash equivalents and pledged fixed deposits by S\$4.7 million and S\$1.8 million respectively. The reduction in pledged fixed deposits was mainly due to lower deposits pledged by Tesla to secure the requisite banker guarantees issued to Western Power Corporation and the Independent Market Operator. Western Power Corporation is owned by the Government of Western Australia while Independent Market Operator is an independent electricity regulator established by the Government of Western Australia.
2. Decrease in inventories by S\$4.0 million due to lower finished goods and raw material inventories under the Precast division.
3. Marginal decrease in contract work-in-progress by S\$0.5 million under the Construction division.

The above were partially offset by an increase in trade receivables and other receivables of S\$1.0 million and S\$4.6 million respectively. The increase in other receivables was mainly attributed to amount due from Penta-Ocean/Koon Joint Venture ("JV") for payments made on behalf of JV for acquisition of machineries and equipment.

##### Non-current assets

Non-current assets decreased by S\$3.6 million to S\$83.4 million as at 31 December 2014 mainly due to:

1. Decrease in property, plant and equipment by S\$4.0 million mainly due to depreciation charges amounted to \$9.5 million, write off and disposal of plant and equipment amounted to S\$0.9 million and foreign exchange adjustments of S\$1.0 million; partially offset by additions of fixed assets amounted to S\$7.4 million for purchase of plant and equipment under the Construction division and Precast division.
2. Decrease in development properties by S\$0.8 million held under the Group's Malaysia subsidiaries. The decrease was mainly attributed to a weak Malaysia ringgit against the Singapore dollars.
3. Decrease in other receivables and deferred tax assets by S\$0.1 million and S\$0.2 million respectively.

The above were partially offset by an increase in joint ventures of S\$1.3 million which comprised mainly the Group's 50% share of investment and earnings attributed to Sindo-Econ Pte. Ltd. and its Indonesia subsidiary PT Sindomas Precas.

##### Current liabilities

Current liabilities increased by S\$2.4 million to S\$96.2 million as at 31 December 2014 mainly due to:

1. Increase in current portion of finance leases by S\$7.2 million. The current portion of finance leases in FY2014 included the final balloon installments totaling S\$9.6 million ("Balloon Installments") of the borrowings for three power plants under Tesla which were initially scheduled for repayment in December 2015. Subsequent to the balance sheet date, Tesla has entered into a refinancing arrangement with its bank to defer the payment due date of the Balloon Installments to March 2016.
2. Increase in other payables by S\$0.7 million mainly due to increase in payables for the acquisition of machineries and equipment under the Construction division.
3. Increase in Contract work-in-progress by S\$1.1 million mainly due to higher progress claims as at year end.
4. Increase in bank loan and bills payable by S\$1.1 million for working capital requirement.
5. Increase in income tax payable by S\$0.3 million.





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The above were partially offset by decrease in trade payables of S\$7.4 million in line with lower revenue and a decrease in provision for loss on sales commitments of S\$0.6 million.

#### Non-current liabilities

Non-current liabilities decreased by S\$16.4 million to S\$19.0 million as at 31 December 2014. This was mainly due to:

1. Decrease in finance leases by S\$11.8 million. This was mainly attributed to the classification of the Balloon Installments totaling S\$9.6 million of the borrowings under Tesla to be under current liabilities in FY2014. Subsequent to the balance sheet date, Tesla has entered into a refinancing arrangement with its bank to defer the due date of the Balloon Installments to March 2016.
2. Decrease in other payables by S\$2.4 million. This was mainly due to the classification of a payable of S\$2.5 million attributed to the acquisition of the remaining 25% interest in Econ Precast Pte Ltd to be under current liabilities in FY2014.
3. Decrease in non-current portion of bank loans and deferred tax liabilities by S\$1.9 million and S\$0.3 million respectively.

#### **The discussion that follows compares the consolidated statement of cash flows for the 12 months to 31 December 2014 (FY2014) with that of corresponding year to 31 December 2013 (FY2013)**

Cash generated in operations for FY2014 was derived from the Group's pre-tax profit of S\$6.7 million, after adjusting for non-cash items and changes in working capital. Cash inflow from working capital changes was mainly due to the decrease in contract work-in-progress and inventories partially offset by the increase in trade and other receivables, decrease in trade payables and other payables and accruals. Tax paid for FY2014 amounted to S\$0.4 million and net cash generated from operating activities amounted to S\$5.5 million in FY2014.

Net cash used in investing activities of S\$2.0 million in FY2014 was mainly due to:-

- a) Cash outlay of S\$3.5 million for the purchase of property, plant and equipment by the Construction and Precast divisions.
- b) Capital contribution of S\$0.8 million to Sindo-Econ Pte Ltd under the Precast division.

The above were partially offset by cash inflow of S\$0.7 million from the disposal of property, plant and equipment and dividend income of S\$1.5 million from Koon Zinkcon.

Cash used in financing activities in FY2014 amounted to S\$8.1 million. This was mainly attributed to repayments of bank loans, bills payables and obligation under finance leases of S\$43.7 million, interest paid of S\$1.2 million partially offset by proceeds from bank loans and bills payables of S\$35.0 million and decrease in pledged fixed deposits of S\$1.8 million.

Due to the above factors, the Group recorded lower but still healthy cash and cash equivalents of S\$17.1 million as at end of FY2014.



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##### 1(d)(i) Statements of changes in equity for the year ended 31 December 2014

	Share capital	Capital reserve	Fair value reserve	Accumulated profits	Translation reserve	Attributable to owners of the Company	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at Jan 1, 2013	25,373	13,305	–	31,230	(523)	69,385	6,644	76,029
Loss for the year	–	–	–	(10,209)	–	(10,209)	(998)	(11,207)
Other comprehensive loss for the year	–	–	(405)	–	(1,427)	(1,832)	(522)	(2,354)
Total comprehensive loss for the year	–	–	(405)	(10,209)	(1,427)	(12,041)	(1,520)	(13,561)
Issue of share capital	60	–	–	–	–	60	–	60
Acquisition of non-controlling interest	–	(4,626)	–	–	–	(4,626)	(874)	(5,500)
Disposal of subsidiaries	–	(16)	–	–	–	(16)	143	127
Dividends	–	–	–	(5,375)	–	(5,375)	–	(5,375)
Balance at Dec 31, 2013	25,433	8,663	(405)	15,646	(1,950)	47,387	4,393	51,780
Profit for the year	–	–	–	5,824	–	5,824	484	6,308
Other comprehensive income/(loss) for the year	–	–	193	–	(1,334)	(1,141)	(207)	(1,348)
Total comprehensive income/(loss) for the year	–	–	193	5,824	(1,334)	4,683	277	4,960
Issue of share capital	13	–	–	–	–	13	–	13
Balance at Dec 31, 2014	25,446	8,663	(212)	21,470	(3,284)	52,083	4,670	56,753

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.

	S\$'000
Issued and paid up capital of the Company:	
Balance as at 31 December 2013	25,433
Issued during the year pertained to Koon Employee Performance Share Plan	13
Balance as at 31 December 2014	<u>25,446</u>

In 2014, the Group issued 90,000 shares to the participants of the Koon Employee Performance Share Plan. The shares were valued at the five-day average prevailing share prices of S\$0.148 before the date of issue.

As at 31 December 2014, there was no outstanding share award under the Koon Employee Performance Share Plan (31 December 2013: 90,000 shares)

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.

	No. of shares
Issued and paid up capital of the Company:	
Balance as at 31 December 2013	263,007,800
Additional issue during the year	90,000
Balance as at 31 December 2014	<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 comparison figures relating to the previous corresponding year were audited by the previous auditor, Deloitte & Touche LLP.

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.**

On 6 June 2014, the Group de-registered Koon-Top Pave Joint Venture, a dormant business unit wholly owned by the Company's wholly owned subsidiary, Koon Construction and Transport Co. Pte. Ltd.

- 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%

The aggregate share of profits (net) of the joint ventures in Sindo-Econ Pte Ltd, PT Sindomas Precas and Penta-Ocean/ Hyundai/Koon Joint Venture in FY2014 was S\$882,000 (FY2013: S\$230,000).

The joint ventures in Penta-Ocean/Koon Joint Venture and POC-K JV were established in FY2014 with no profit or loss recognition during the year.

- 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.



## KOON HOLDINGS LIMITED (KNH)

### Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2014  
( These figures have not been audited )

#### INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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 2013.

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 2014. 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.**

#### Earnings/(Loss) per ordinary share for the year (Singapore cents)

##### From continuing and discontinued operations

Basic	2.21 cents	(3.88 cents)
Diluted	2.21 cents	(3.88 cents)

##### From continuing operations

Basic	2.21 cents	(4.69 cents)
Diluted	2.21 cents	(4.69 cents)

Group	
Full Year ended 31 Dec	
2014	2013

The calculation of diluted profit per share as at 31 December 2014 was based on profit attributable to ordinary shareholders of S\$5.82 million for continuing operations. The calculation of diluted loss per share as at 31 December 2013 was based on loss attributable to ordinary shareholders for continuing and discontinued operations of S\$10.209 million and for continuing operations of S\$12.342 million.

The weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares was 263,097,800 (2013: 263,097,800) calculated as follows:

	2014	2013
Weighted average number of ordinary shares (basic)	263,097,800	263,007,800
Potential share issue under employee performance share plan	-	90,000
Weighted average number of ordinary shares (diluted) as at 31 December	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.**

Net tangible value per ordinary share based on issued share capital as at the end of the reporting period (Singapore cents)	20.23 cents	18.34 cents
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Group	
31/12/2014	31/12/2013



## KOON HOLDINGS LIMITED (KNH)

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#### INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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 construction industry in Singapore had a strong performance in 2014, with total construction demand reaching a record S\$37.7 billion<sup>(1)</sup>, boosted by increased volume of institutional and civil engineering construction contracts, such as the Thomson-East Coast MRT Line and land preparation works for the upcoming Changi Airport development. In accordance with the figures released by the Building and Construction Authority (BCA), the total construction demand for public and private construction contracts is projected to be between S\$29 billion and S\$36 billion in 2015, with majority from the public sector.

The precast business will remain a beneficiary of government policies, as public housing projects and MRT tunnelling projects continue to adopt precast concrete components.

Despite the positive outlook, companies in the construction industry continue to face challenges amid rising competition (weaker global economies have encouraged some of the largest players to build up their Asian operations), higher manpower & material costs and tighter labour. The Group intends to continue to adopt a prudent and selective stance towards new projects, with key focus to maintain profitability.

As at 31 December 2014, the Group's Construction and Precast divisions had an outstanding order book of approximately S\$368 million and S\$80 million respectively. Subsequent to FY2014, the Precast division has secured additional new contracts worth approximately \$20 million for the supply of precast concrete segments for cable tunnel and MRT tunnel construction projects.

Footnote:

(1) "Public sector projects to sustain construction demand in 2015", BCA, 08 January 2015



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#### INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Continuing operations:</b>				
Construction Division	93,352	146,516	5,091	(3,630)
Precast Division	72,577	77,605	1,677	(6,411)
Property Division	-	-	55	(272)
Electric Power Generation Division	7,538	9,077	3,228	3,878
	173,467	233,198	10,051	(6,435)
Elimination	(9,550)	(13,237)	(6,185)	(3,212)
Total	163,917	219,961	3,866	(9,647)
Unallocated corporate income			3,796	1,944
Share of profit of joint ventures/associates(net)			882	230
Finance costs			(1,888)	(2,530)
Profit/(Loss) before income tax			6,656	(10,003)
Income tax			(348)	(2,266)
Profit/(Loss) for the year			6,308	(12,269)
<b>Discontinued operation:</b>				
Property (real estate agency)	-	11,451	-	(2,393)
Elimination	-	(43)	-	(13)
Total	-	11,408	-	(2,406)
Unallocated corporate income			-	3,472
Finance costs			-	(4)
Profit before income tax			-	1,062
Income tax			-	-
Profit for the period			-	1,062
Consolidated revenue for the year	163,917	231,369		
Consolidated profit/(loss) for the year			6,308	(11,207)

#### **Segment assets**

	2014	2013
	S\$'000	S\$'000
Construction Division	92,979	107,646
Precast Division	48,411	81,266
Property Division	20,722	28,264
Electric Power Generation Division	32,022	34,403
	194,134	251,579
Elimination	(25,164)	(72,632)
Total segment assets	168,970	178,947
Unallocated corporate assets	2,888	1,888
Total assets	171,858	180,835



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#### INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

##### Other segment information

	Depreciation		Additions to property, plant and equipment	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Continuing operations:				
Construction Division	4,444	3,608	3,569	6,118
Precast Division	3,725	6,861	3,834	2,735
Property Division	-	-	-	-
Electric Power Generation Division	1,372	1,473	27	73
Total	9,541	11,942	7,430	8,926
Discontinued operation:				
Property Division (real estate agency)	-	108	-	210
Total	9,541	12,050	7,430	9,136

#### 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:-

##### Continuing operations:

##### Revenue – Construction

Revenue from the Construction division decreased from S\$146.5 million in FY2013 to S\$93.4 million in FY2014 mainly due to the substantial completion of the following projects; (i) construction of Seletar Link Bridge and Widening of Tampines Expressway, (ii) rehabilitation and earthworks at Tampines Road, (iii) construction of container stacking yard for berths P26, P31, P32 & P33 at PSA Pasir Panjang Terminal and (iv) construction of seawater intake facilities at Jurong Island; partially offset by revenue generated from the following projects: (i) construction of roads, drains, sewers and vehicular bridge at Ayer Merbau Road, (ii) construction of roads, drains, culverts and drainage outfall at Tuas South Boulevard, (iii) foundation works for a 4-storey vehicle storage and workshop at Choa Chu Kang Way and (iv) construction of container stacking yard for berths P36 to P41 at PSA Pasir Panjang Terminal and (v) reclamation works at Pulau Ubin and Pulau Tekong.

##### Revenue – Precast

Revenue from the Precast division decreased from S\$77.6 million in FY2013 to S\$72.6 million in FY2014 mainly due to lower deliveries during the year.

##### Revenue – Property

In FY2014, there was no revenue attributed to the Group's development properties which are pending for future development.

##### Revenue – Electric Power Generation

Revenue from Electric Power Generation division decreased from S\$9.1 million in FY2013 to S\$7.5 million in FY2014. The decline was mainly due to a lower reserve capacity price per MW in FY2014 set by the Independent Market Operator of Western Australia and partly due to a weak Australian dollar against the Singapore dollar.

##### Earnings - Construction

Higher earnings from the Construction division in FY2014 mainly due to substantial completion of projects that were delayed and resulted in additional rectification costs incurred in FY2013. There was lesser loss making projects in FY2014 as compared to FY2013.

##### Earnings - Precast

Higher earnings from the Precast division in FY2014 mainly attributed to higher utilization of its precast yards and fewer production disruptions as compared to FY2013.



# KOON HOLDINGS LIMITED (KNH)

## Full Year Financial Statements and Dividend Announcement

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### INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

#### Earnings - Property

The division incurred professional expenses and property tax for the Group’s development properties in Malaysia. The division’s marginal earning in FY2014 was attributed to interest income charged to related companies within the Group.

#### Earnings – Electric Power Generation

Earnings from Electric Power Generation division decreased from S\$3.9 million in FY2013 to S\$3.2 million in FY2014 mainly due to decrease in revenue partially offset by a reduction in Western Power tariff charges in FY2014.

#### Discontinued operation:

#### Revenue & Earnings – Property (Real estate agency)

The decrease was due to the Group’s disposal of GPS Alliance Holdings Limited and its subsidiaries (“GPS”) following the distribution of GPS shares to Koon Holdings Limited’s entitled shareholders on 11 June 2013.

12. **A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its prevailing full year**

	<b>Group</b>	
	<b>Full Year ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
	S\$'000	S\$'000
Ordinary	-	5,375

### BY ORDER OF THE BOARD

Tan Swee Gek  
Company Secretary  
26 February 2015

### 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 2014 to be false or misleading in any material aspect.

On behalf of the board of directors,

Mr. Yuen Kai Wing  
Chief Operating Officer and Executive Director

Mr. Oh Koon Sun  
Executive Director

Singapore  
26 February 2015