

Company Registration No. 200303284M

**Koon Holdings Limited and its subsidiaries**

Interim Financial Information  
For the six months ended 30 June 2016



**Building a better  
working world**

## Koon Holdings Limited and its subsidiaries

### General information

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**Koon Holdings Limited and its subsidiaries**

**Statement by directors**

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On behalf of the Board of Directors, we, Yuen Kai Wing and Oh Koon Sun, being two of the directors of Koon Holdings Limited, do hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the accompanying interim financial information for the six months ended 30 June 2016 to be false or misleading.

On behalf of the board of directors:



Yuen Kai Wing  
Director



Oh Koon Sun  
Director

30 August 2016

**Koon Holdings Limited and its subsidiaries**

**Report on review of interim financial information  
For the six-month period ended 30 June 2016**

**Independent Auditor's Review Report to the Members of Koon Holdings Limited**

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**Introduction**

We have reviewed the accompanying condensed interim financial information of Koon Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months period then ended, selected notes comprising a summary of significant accounting policies and other explanatory information, as set out on pages 3 to 26.

Management is responsible for the preparation and fair presentation of these interim financial information in accordance with Singapore Financial Reporting Standard FRS 34, *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on these interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not presented fairly, in all material respects, in accordance with FRS 34.



Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

30 August 2016

**Koon Holdings Limited and its subsidiaries**

**Interim consolidated statement of comprehensive income  
For the six months ended 30 June 2016**

	Note	30.6.2016 \$'000 (Unaudited)	30.6.2015 \$'000 (Unaudited)
<b>Revenue</b>		108,930	104,123
Cost of sales		(96,325)	(88,367)
<b>Gross profit</b>		12,605	15,756
Other income	5	675	841
Distribution costs		(1,331)	(3,737)
Administrative and other expenses		(8,024)	(8,153)
Finance costs		(1,331)	(1,140)
Share of loss of associate		-	(19)
Share of (loss)/profit of joint ventures		(354)	1,186
<b>Profit before income tax</b>		2,240	4,734
Income tax	6	(262)	(223)
<b>Profit for the period</b>		1,978	4,511
<b>Other comprehensive loss:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange loss on translation of foreign operations		(148)	(2,512)
Loss on fair value changes of available-for-sale investments		-	(54)
Other comprehensive loss, net of tax		(148)	(2,566)
<b>Total comprehensive income for the period</b>		1,830	1,945
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		2,115	4,622
Non-controlling interests		(137)	(111)
		1,978	4,511
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		2,071	2,273
Non-controlling interests		(241)	(328)
		1,830	1,945
<b>Earnings per share (cents per share):</b>			
- Basic	7	0.80	1.76
- Diluted		0.80	1.76

See accompanying notes to the interim financial information.

**Koon Holdings Limited and its subsidiaries**

**Interim consolidated statement of financial position as at 30 June 2016**

	Note	30.6.2016 \$'000 (Unaudited)	31.12.2015 \$'000 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		26,728	26,702
Pledged fixed deposits		190	194
Trade receivables		32,446	44,954
Other receivables		8,741	8,353
Inventories		6,779	8,591
Contract work-in-progress		21,608	23,744
Held-for-trading investments		25	30
Total current assets		96,517	112,568
<b>Non-current assets</b>			
Other receivables		112	116
Properties held for development		14,449	14,188
Associates		*	*
Joint ventures	8	4,635	4,971
Property, plant and equipment	9	108,852	99,015
Available-for-sale investments	10	-	-
Goodwill	11	-	-
Deferred tax assets		161	-
Total non-current assets		128,209	118,290
<b>Total assets</b>		<b>224,726</b>	<b>230,858</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables		47,502	54,690
Other payables		12,411	14,324
Contract work-in-progress		9,105	8,747
Bank loans and bills payable	12	25,998	31,211
Finance leases		15,476	12,107
Income tax payable		937	1,033
Total current liabilities		111,429	122,112
<b>Non-current liabilities</b>			
Bank loans	12	3,814	5,595
Finance leases		46,428	40,710
Other payables		90	90
Deferred tax liabilities		889	919
Total non-current liabilities		51,221	47,314
<b>Capital and reserves</b>			
Share capital	13	25,446	25,446
Capital reserve		8,802	8,802
Accumulated profits		30,261	29,461
Translation reserve		(5,967)	(5,923)
Equity attributable to owners of the Company		58,542	57,786
Non-controlling interests		3,534	3,646
Total equity		62,076	61,432
<b>Total liabilities and equity</b>		<b>224,726</b>	<b>230,858</b>

\*Less than \$1,000.

See accompanying notes to the interim financial information.

**Koon Holdings Limited and its subsidiaries**

**Interim consolidated statement of changes in equity  
For the six months ended 30 June 2016**

	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Translation reserve \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
<b>Balance at 1 January 2015</b>	25,446	8,663	(212)	21,470	(3,284)	52,083	4,670	56,753
Profit/(loss) for the period	-	-	-	4,622	-	4,622	(111)	4,511
Other comprehensive loss for the period, net of tax	-	-	(54)	-	(2,295)	(2,349)	(217)	(2,566)
<b>Total comprehensive (loss)/income for the period</b>	-	-	(54)	4,622	(2,295)	2,273	(328)	1,945
<b>Balance at 30 June 2015 and 1 July 2015</b>	25,446	8,663	(266)	26,092	(5,579)	54,356	4,342	58,698
Profit/(loss) for the period	-	-	-	3,369	-	3,369	(133)	3,236
Other comprehensive income/(loss) for the period, net of tax	-	-	266	-	(344)	(78)	(19)	(97)
<b>Total comprehensive income/(loss) for the period</b>	-	-	266	3,369	(344)	3,291	(152)	3,139
Acquisition of non-controlling interests without a change in control	-	139	-	-	-	139	(359)	(220)
Dividends	-	-	-	-	-	-	(185)	(185)
<b>Total transactions with owners in their capacity as owners</b>	-	139	-	-	-	139	(544)	(405)
<b>Balance at 31 December 2015 and 1 January 2016</b>	25,446	8,802	-	29,461	(5,923)	57,786	3,646	61,432
Profit/(loss) for the period	-	-	-	2,115	-	2,115	(137)	1,978
Other comprehensive loss for the period, net of tax	-	-	-	-	(44)	(44)	(104)	(148)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	2,115	(44)	2,071	(241)	1,830
Contribution of capital by non-controlling interests	-	-	-	-	-	-	129	129
Dividends	-	-	-	(1,315)	-	(1,315)	-	(1,315)
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	(1,315)	-	(1,315)	129	(1,186)
<b>Balance at 30 June 2016</b>	25,446	8,802	-	30,261	(5,967)	58,542	3,534	62,076

See accompanying notes to the interim financial information.

**Koon Holdings Limited and its subsidiaries**

**Interim consolidated statement of cash flows  
For the six months ended 30 June 2016**

	30.6.2016 \$'000 (Unaudited)	30.6.2015 \$'000 (Unaudited)
<b>Operating activities</b>		
Profit before income tax	2,240	4,734
<u>Adjustments for:</u>		
Inventories written-down	55	284
Depreciation of property, plant and equipment	9,691	6,444
Gain on disposal of property, plant and equipment (net)	(84)	(329)
Interest expense	1,331	1,141
Interest income	(34)	(50)
Share of loss/(profit) of joint ventures/associate (net)	354	(1,167)
Fair value loss on held-for-trading investments	5	-
Unrealised exchange loss	315	13
Reversal of foreseeable loss on contract work-in-progress	(18)	(22)
Operating cash flows before changes in working capital	13,855	11,048
<u>Changes in working capital:</u>		
Contract work-in-progress (net)	2,512	(8,700)
Trade receivables	12,511	(3,744)
Inventories	1,757	(3,049)
Other receivables	(364)	(299)
Trade payables	(7,190)	12,656
Other payables	(2,226)	(736)
<b>Cash flows from operations</b>	20,855	7,176
Income tax (paid)/refund	(535)	26
<b>Net cash flows from operating activities</b>	20,320	7,202
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note A)	(4,221)	(13,390)
Proceeds from disposal of property, plant and equipment	93	325
Proceeds from issuance of shares by subsidiary to non-controlling interests	129	-
Interest received	31	47
<b>Net cash flows used in investing activities</b>	(3,968)	(13,018)



**Koon Holdings Limited and its subsidiaries**

**Interim consolidated statement of cash flows  
For the six months ended 30 June 2016**

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	<b>30.6.2016</b>	<b>30.6.2015</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
<b>Financing activities</b>		
Decrease in pledged fixed deposits	4	477
Interest paid	(1,179)	(954)
Dividends paid	(1,315)	-
Repayment of obligations under finance leases	(6,469)	(3,612)
Proceeds from bank loans	7,800	11,400
Repayment of bank loans	(11,781)	(1,234)
Proceeds from bills payable	29,454	38,818
Repayment of bills payable	(32,468)	(31,156)
<b>Net cash flows (used in)/from financing activities</b>	<b>(15,954)</b>	<b>13,739</b>
Net increase in cash and cash equivalents	398	7,923
Cash and cash equivalents at 1 January	26,702	17,094
Effect of exchange rate changes on cash and cash equivalents	(372)	(157)
<b>Cash and cash equivalents at 30 June</b>	<b>26,728</b>	<b>24,860</b>

**Note A**

During the six months ended 30 June 2016, the Group acquired property, plant and equipment with an aggregate cost of \$20,224,000 (30 June 2015: \$38,853,000) of which \$15,841,000 (30 June 2015: \$20,333,000) was acquired under finance lease arrangements and \$162,000 (30 June 2015: \$5,130,000) remained outstanding. Cash payments of \$4,221,000 (30 June 2015: \$13,390,000) were made for the purchase of property, plant and equipment.

*See accompanying notes to the interim financial information.*

## Koon Holdings Limited and its subsidiaries

### Notes to the interim financial information For the six months ended 30 June 2016

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#### 1. General

The Company (Registration No. 200303284M) is incorporated and domiciled in Singapore with its registered office and principal place of business at 11 Sixth Lok Yang Road, Singapore 628109. The Company is listed on the Australian Securities Exchange Limited ("ASX") and on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding. The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities (Country of incorporation/operation)	Effective equity interest held	
		30.6.16 %	31.12.15 %
<b><u>Held by the Company:</u></b>			
Entire Engineering Pte Ltd	Rental of construction and civil engineering machinery and equipment (Singapore)	100	100
Entire Construction Pte Ltd	Contractors for civil and engineering works (Singapore)	100	100
Econ Precast Pte Ltd	Manufacturing and trading of precast components and reinforced concrete piles (Singapore)	100	100
Koon Properties Pte Ltd	Investment holding (Singapore)	100	100
Koon Construction & Transport Co. Pte Ltd	Contractors for civil and drainage engineering, building, shore protection and marine and foundation works (Singapore)	100	100
Reem Island Pte Ltd	Chartering of ships, barges and boats with crew (freight) (Singapore)	100	–
Tesla Holdings Pty Ltd	Investment holding (Australia)	74	74

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

**1. General (cont'd)**

Name of subsidiaries	Principal activities (Country of incorporation/operation)	Effective equity interest held	
		30.6.16 %	31.12.15 %
<b><i>Held through subsidiaries:</i></b>			
Bukit Intan Pte Ltd	Trading of precast components (Singapore)	100	100
Contech Precast Pte Ltd	Manufacturing and trading of precast components (Singapore)	100	100
Econ Precast Sdn. Bhd.	Manufacturing of reinforced concrete piles and precast components (Malaysia)	100	100
Koon Construction & Transport Sdn. Bhd.	Contractors for civil engineering and building works (Malaysia)	100	100
Metro Coast Sdn. Bhd.	Property development (Malaysia)	100	100
PT Koon Construction Indonesia	Contractors for civil engineering and building works (Indonesia)	67	–
Seven Star Development Sdn. Bhd.	Property development (Malaysia)	100	100
Tesla Corporation Pty Ltd	Holding company for electric power generation business (Australia)	74	74
Tesla Corporation Management Pty Ltd	Owns and operates power plant (Australia)	74	74
Tesla Geraldton Pty Ltd	Owns and operates power plant (Australia)	74	74
Tesla Kemerton Pty Ltd	Owns and operates power plant (Australia)	74	74
Tesla Northam Pty Ltd	Owns and operates power plant (Australia)	74	74
Triumph Heights Sdn. Bhd.	Property development (Malaysia)	100	100
Unison Progress Sdn. Bhd.	Property development (Malaysia)	100	100

## **Koon Holdings Limited and its subsidiaries**

### **Notes to the interim financial information For the six months ended 30 June 2016**

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#### **2. Basis of preparation and changes in accounting policies**

The interim financial information for the six months ended 30 June 2016 has been prepared in accordance with FRS 34, *Interim Financial Reporting*.

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

The interim financial information has been prepared under the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest thousand (\$'000) as indicated.

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### **3. Significant accounting judgments and estimates**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

##### **(i) Judgments made in applying accounting policies**

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the interim financial information.

##### **(ii) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

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**3. Significant accounting judgments and estimates (cont'd)**

**(ii) Key sources of estimation uncertainty (cont'd)**

**(a) Construction contracts**

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the specialists.

The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are \$21,608,000 and \$9,105,000 respectively (31 December 2015: \$23,744,000 and \$8,747,000 respectively). Management has performed cost studies, taking into account the costs to date and costs to complete each project, and evaluated exposures to liquidated damages. Based on these studies and evaluation, management considers that the above amounts relating to contract work in progress are fairly stated.

**(b) Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables (excluding cash and bank balances) as at 30 June 2016 is \$40,577,000 (31 December 2015: \$52,110,000).

## Koon Holdings Limited and its subsidiaries

### Notes to the interim financial information For the six months ended 30 June 2016

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#### 4. Related party transactions

Some of the Group's transactions and arrangements are with related parties that are not members of the Group. During the period, the Group entered into the following transactions with related parties at terms agreed between the parties:

	30.6.2016	30.6.2015
	\$'000	\$'000
	(Unaudited)	(Unaudited)
<u>Parties related to a substantial shareholder of the Group</u>		
Sale of scrap metal	(17)	–
Sale of precast components	(50)	–
Sale of property, plant and equipment	(20)	*
Sale of raw materials	(4)	–
Secondment fee income	(174)	(174)
Subcontract income	(271)	(360)
Subcontract award/purchase of precast components	3,141	8,799
Equipment rental and charter expenses	1,129	568
Marine transport expenses	889	2,172
Upkeep of barges expenses	680	–
Purchase of equipment and engineering services	1,715	–
Secondment fee expenses	93	–
Agency fee charges	251	704
<u>Parties related to directors of the Company</u>		
Cable and utilities detection services	14	–
Professional fee	28	31
<u>Parties related to a director of a subsidiary</u>		
Professional fee	2	19

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\*Less than \$1,000

## Koon Holdings Limited and its subsidiaries

### Notes to the interim financial information For the six months ended 30 June 2016

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#### 4. Related party transactions (cont'd)

A joint venture of the Group had the following transactions with related parties (related by way of common shareholder) that are not members of the Group:

	30.6.2016	30.6.2015
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Land rental expenses	790	371
Service charges	5	6
Marine transport expenses	8	38

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#### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the period were as follows:

	30.6.2016	30.6.2015
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	1,327	1,118
Deferred contribution plans	25	30

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The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of the individuals and market trends.

#### 5. Other income

	30.6.2016	30.6.2015
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Secondment fees for a director of the Company	174	174
Interest income	34	50
Sale of scrap metal	77	80
Gain on disposal of property, plant and equipment	84	329
Government grants	222	162
Others	84	46

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**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

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6. Income tax	30.6.2016	30.6.2015
	\$'000 (Unaudited)	\$'000 (Unaudited)
Current income tax:		
- Current income taxation	483	318
- (Over)/under provision in respect of previous years	(28)	88
Deferred income tax:		
- Origination and reversal of temporary differences	(193)	(202)
- Under provision in respect of previous years	-	19
Income tax expense recognised in profit or loss	<u>262</u>	<u>223</u>

7. Earnings per share	30.6.2016	30.6.2015
	\$'000 (Unaudited)	\$'000 (Unaudited)
Profit for the period attributable to owners of the Company used in the computation of basic earnings per share	<u>2,115</u>	<u>4,622</u>

  

	30.6.2016	30.6.2015
	No of shares '000 (Unaudited)	No of shares '000 (Unaudited)
Weighted average number of ordinary shares:		
Basic earnings per share computation	263,098	263,098
Diluted earnings per share computation	<u>263,098</u>	<u>263,098</u>



Koon Holdings Limited and its subsidiaries

Notes to the interim financial information  
For the six months ended 30 June 2016

8. Joint arrangements

(a) Joint ventures

	30.6.2016	31.12.2015
	\$'000	\$'000
	(Unaudited)	(Audited)
Sindo-Econ Pte Ltd and its subsidiary	4,635	4,971
Others	*	*
	<u>4,635</u>	<u>4,971</u>

\* No investment cost

Details of the Group's material joint ventures at the end of the reporting period are as follows:

Name of joint ventures	Principal activities (Country of incorporation/operation)	Proportion of ownership interest/voting power held	
		30.6.16 %	31.12.15 %
<b><u>Held through Econ Precast Pte Ltd:</u></b>			
Sindo-Econ Pte. Ltd.	Investment holding and provision of management and consultancy services (Singapore)	50	50
<b><u>Held through Sindo-Econ Pte Ltd:</u></b>			
PT Sindomas Precas	Manufacture of precast components (Indonesia)	50	50

(b) Joint operation

Details of the Group's joint operation at the end of the reporting period are as follows:

Name of joint ventures	Principal activities (Country of incorporation/operation)	Proportion of ownership interest/voting power held	
		30.6.16 %	31.12.15 %
POC-K JV	Contractor for infrastructure and civil engineering works (Singapore)	50	50

The above joint arrangements are strategic to the Group's activities. The Group jointly controls the above arrangements with partners under the contractual agreements which require unanimous consent for all major decisions over the relevant activities.

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

**9. Property, plant and equipment**

	Freehold land \$'000	Freehold buildings \$'000	Leasehold buildings \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Barges and dredgers \$'000	Dump trucks and motor vehicles \$'000	Office equipment, furniture and fittings \$'000	Assets under construction \$'000	Total \$'000
<b>Cost:</b>										
At 31 December 2015	1,779	1,222	10,006	386	119,028	1,390	7,690	1,927	84	143,512
Additions	-	-	-	-	6,395	13,636	170	7	16	20,224
Disposals	-	-	-	-	(402)	(29)	(128)	(20)	-	(579)
Exchange difference	(26)	-	-	-	(808)	-	-	(2)	-	(836)
At 30 June 2016	1,753	1,222	10,006	386	124,213	14,997	7,732	1,912	100	162,321
<b>Accumulated depreciation:</b>										
At 31 December 2015	-	245	3,328	255	32,858	1,147	5,003	1,584	-	44,420
Depreciation	-	27	501	23	8,629	99	332	80	-	9,691
Disposals	-	-	-	-	(396)	(15)	(121)	-	-	(532)
Exchange difference	-	1	-	-	(187)	-	-	(1)	-	(187)
At 30 June 2016	-	273	3,829	278	40,904	1,231	5,214	1,663	-	53,392
<b>Impairment</b>										
At 31 December 2015 and 30 June 2016	-	-	-	-	-	-	-	-	77	77
<b>Carrying amount:</b>										
At 30 June 2016	1,753	949	6,177	108	83,309	13,766	2,518	249	23	108,852
At 31 December 2015	1,779	977	6,678	131	86,170	243	2,687	343	7	99,015

Property, plant and equipment of the Group with carrying amount of \$97,316,000 (31 December 2015: \$89,025,000) are pledged as securities for finance leases and bank loans.

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

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**10. Available-for-sale investments**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Unquoted equity shares, at cost	500	500
Less: Allowance for impairment	(500)	(500)
	<u>—</u>	<u>—</u>

The investment in unquoted equity shares represents an investment in a company that is engaged in construction projects.

In estimating the carrying amount, management determined that no future cash flow is expected from this investee.

**11. Goodwill on consolidation**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Cost at beginning of period/year	3,536	3,536
Less: Impairment loss	(3,536)	(3,536)
Carrying amount at end of period/year	<u>—</u>	<u>—</u>

Goodwill is allocated to the cash generating units ("CGU") identified that is expected to benefit from the business combination. The carrying amount of goodwill is attributed to the Electric Power Generation CGU.

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

**12. Bank loans and bills payable**

	30.6.2016	31.12.2015
	\$'000	\$'000
	(Unaudited)	(Audited)
Current portion	25,998	31,211
Non-current portion	3,814	5,595
<b>Total bank loans and bills payable</b>	<b>29,812</b>	<b>36,806</b>

Bank loans and bills payable comprise:

	Effective interest rate		Maturity dates	30.6.2016	31.12.2015
	30.6.2016	31.12.2015		\$'000	\$'000
				(Unaudited)	(Audited)
Loan A <sup>(2)</sup>	—	5.30%	2016	—	114
Loan B - secured	—	6.85%	2016	—	22
Loan C <sup>(2)</sup>	3.57% to 3.92%	3.57% to 3.92%	2016	46	159
Loan D - secured	7.44%	7.98%	2017	5	5
Loan E - secured	4.00%	3.90%	2018	2,678	3,276
Loan F <sup>(2)</sup>	3.45%	2.69%	2016	2,000	4,000
Loan G <sup>(2)</sup> - secured	2.30% to 4.10%	2.00% to 3.35%	2016 to 2018	10,467	11,600
				15,196	19,176
Bills payable <sup>(1)(2)</sup>				14,616	17,630
<b>Total</b>				<b>29,812</b>	<b>36,806</b>

<sup>(1)</sup> Bills payable are interest bearing with an average effective rate of 2.60% (31 December 2015: 2.84%) per annum.

<sup>(2)</sup> The Company has provided corporate guarantees for the loans and bills payable.

Loan A was fully repaid as of 30 June 2016.

Loan B was fully repaid as of 30 June 2016. The loan was secured by way of first legal charge over a subsidiary's freehold land with a carrying amount of \$859,000 as at 30 June 2016 (31 December 2015: \$859,000).

## Koon Holdings Limited and its subsidiaries

### Notes to the interim financial information For the six months ended 30 June 2016

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#### 12. Bank loans and bills payable (cont'd)

Loan D is secured by a corporate guarantee from the Company and all assets under the Tesla Group of companies.

Loan E is secured by a corporate guarantee from the Company and mortgage of a leasehold building of a subsidiary with a carrying amount of \$6,177,000 (31 December 2015: \$6,678,000).

Loan G is secured by mortgage of the properties held for development by subsidiaries with an aggregated carrying amount of \$13,080,600 as at 30 June 2016 (31 December 2015: \$12,846,000).

#### 13. Share capital

No new shares were issued to the participants of the Koon Employee Performance Share Plan during the six-month ended 30 June 2016 (year ended 31 December 2015: nil shares).

#### 14. Operating segment information

##### *Products and services from which reportable segments derive their revenues*

For management reporting purpose, the Group's reportable segments are as follows:

- Construction
  - Precast
  - Property
  - Electric Power Generation
- I. The "Construction" segment relates to construction projects for civil engineering and infrastructure construction works including land reclamation, roads and bridges, shore protection, terminal and port projects.
  - II. The "Precast" segment relates to the supply and manufacturing of precast components and reinforced concrete piles.
  - III. The "Property" segment relates to property development activities.
  - IV. The "Electric Power Generation" segment relates to the ownership and operation of electricity power generation plants.

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

**14. Operating segment information (cont'd)**

Information regarding the Group's reportable segments is presented below:

***Segment revenues and results***

The following is an analysis of the Group's revenue and results by reportable segment:

	Revenue		Results	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Construction	87,511	75,859	4,203	4,366
Precast	25,781	43,648	188	954
Property	–	–	112	5
Electric Power Generation	2,411	2,560	(262)	(172)
	115,703	122,067	4,241	5,153
Elimination	(6,773)	(17,944)	(991)	(1,287)
Total	108,930	104,123	3,250	3,866
Other income			675	841
Share of (loss)/profit of joint ventures/associate (net)			(354)	1,167
Finance costs			(1,331)	(1,140)
Profit before income tax			2,240	4,734
Income tax			(262)	(223)
Profit for the period			1,978	4,511

Consolidated revenue of \$108,930,000 (30 June 2015: \$104,123,000) after elimination of inter-segmental sales comprise revenue from Construction segment of \$87,496,000 (30 June 2015: \$75,516,000), Precast segment of \$19,023,000 (30 June 2015: \$26,047,000), and Electric Power Generation segment of \$2,411,000 (30 June 2015: \$2,560,000).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment results before allocation of other income, share of results of joint ventures and associate, finance costs and income tax expense, as included in internal management reports. Segment results are used by management for the purposes of resource allocation and assessment of segment performance.

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

**14. Operating segment information (cont'd)**

**Segment assets**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Construction	172,312	160,115
Precast	43,335	56,744
Property	20,800	21,960
Electric Power Generation	25,900	28,057
	<hr/>	<hr/>
Elimination	262,347 (39,636)	266,876 (38,225)
	<hr/>	<hr/>
Total segment assets	222,711	228,651
Unallocated corporate assets	2,015	2,207
	<hr/>	<hr/>
Total assets	<u>224,726</u>	<u>230,858</u>

All assets are allocated to reportable segments other than deferred income tax asset of the Group and all assets of the Company other than those eliminated at consolidation.

**Other segment information**

	<b>Depreciation</b>		<b>Additions to property, plant and equipment</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>	<b>30.6.2016</b>	<b>30.6.2015</b>
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Construction	7,269	3,309	20,201	38,016
Precast	980	1,595	22	827
Property	—	—	—	—
Electric Power Generation	1,442	1,540	1	10
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>9,691</u>	<u>6,444</u>	<u>20,224</u>	<u>38,853</u>

The Construction segment includes reversal of provision for foreseeable losses amounting to \$18,000 (30 June 2015: \$22,000).

The Precast segment includes inventories written down amounting to \$55,000 (30 June 2015: \$284,000).

The Construction and Precast segments include investments in joint ventures and associates amounting to S\$4,635,000 (31 December 2015: \$4,971,000).

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

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**14. Operating segment information (cont'd)**

***Geographical information***

In presenting information based on geographical segments, segment revenue is based on geographical location of the customers and segment assets are based on geographical location of the assets as follows:

	Revenue		Non-current assets	
	30.6.2016	30.6.2015	30.6.2016	31.12.2015
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Singapore	104,454	101,513	92,276	80,530
Malaysia	2,065	50	14,367	14,264
Australia	2,411	2,560	21,293	23,380
Total	108,930	104,123	127,936	118,174

Non-current assets information presented above consist of properties held for development, associates, joint ventures and property, plant and equipment as presented in the consolidated statement of financial position.

***Information about major customers***

Revenue from two major customers amounted to \$85,809,000 (30 June 2015: one major customer amounted to \$22,121,000 from Construction segment) arising from sales by Construction and Precast segments.

**15. Bank guarantees, performance bonds and commitments**

As at 30 June 2016, the Company has provided corporate guarantees totalling \$115,800,000 and \$1,119,000 (31 December 2015: \$112,900,000 and \$1,282,000 respectively) to financial institutions in respect of credit facilities utilised by the subsidiaries and a joint venture respectively.



**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

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**16. Operating lease arrangements – as lessee**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Minimum lease payments under operating leases recognised as an expense during the period	1,723	2,682

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	<b>30.6.2016</b>	<b>31.12.2015</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Not later than one year	1,895	3,517
Later than one year but not later than five years	2,331	2,522
Later than five years	448	684
	<u>4,674</u>	<u>6,723</u>

Operating lease payments represent rentals payable by the Group for rental of offices, equipment, yard premises and accommodation. Leases are negotiated for an average term of 3 years (31 December 2015: 3 years).

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

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**17. Fair value of assets and liabilities**

*(a) Fair value hierarchy*

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy in 30 June 2016 and 31 December 2015.

*(b) Assets and liabilities measured at fair value*

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period:

	30.6.2016 (\$'000) (Unaudited)			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
<u>Held-for-trading financial assets</u>				
- Quoted equity instruments	25	–	–	25

Koon Holdings Limited and its subsidiaries

Notes to the interim financial information  
For the six months ended 30 June 2016

17. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	31.12.2015 \$'000 (Audited)			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
<u>Held for trading financial assets</u>				
- Quoted equity instruments	30	-	-	30

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not the reasonable approximation of fair values are as follows:

	30.6.2016 (Unaudited)		31.12.2015 (Audited)	
	Carrying amount \$'000	Fair value \$'000	Carrying Amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Unquoted equity investment (i)	-	-	-	-
<b>Financial liabilities</b>				
Finance leases (non-current) (ii)	(46,428)	(40,620)	(40,710)	(33,698)
Bank loans (non-current), fixed rate (ii)	(2,360)	(2,353)	(3,520)	(3,572)

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2016**

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**17. Fair value of assets and liabilities (cont'd)**

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)*

- (i) Unquoted equity investment represents 50% (31 December 2015: 50%) of total ordinary shares in Koon-Zinkon Pte. Ltd. which has been fully impaired in prior years.
- (ii) The fair value of finance lease liabilities and interest-bearing bank loans with fixed interest rates are determined using discounted future principal and interest at the market interest rate at the end of the reporting period. The estimated future cash flows are projected based on management's best estimates.

**18. Dividends**

A final dividend of 0.50 cents per share was issued to shareholders of Koon Holdings Limited during the period from 1 January to 30 June 2016 in respect of financial year ended 31 December 2015. No dividend was issued from 1 January to 30 June 2015 in respect of financial year ended 31 December 2014.