



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2016
(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 2016
(Previously corresponding period: 31 December 2015)

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	202,726	Down	14.2
Profit from ordinary activities after tax attributable to members	1,863	Down	76.7
Net profit for the period attributable to members	1,863	Down	76.7

	Amount per share Singapore cent	Franked amount per share Singapore cent
Final dividend	NA	NA
Previously corresponding period		
Interim dividend	NA	NA
Final dividend	0.5	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	
31/12/2016	31/12/2015
23.44 cents	23.35 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 2016

	Note	Group		% Increase/ (Decrease)
		Full Year ended 31 Dec 2016 S\$'000	2015 S\$'000	
				As shown in last annual report
Revenue		202,726	236,342	(14.2)
Cost of sales		(182,303)	(200,415)	(9.0)
Gross profit		20,423	35,927	(43.2)
Other income		2,515	1,542	63.1
Distribution costs		(1,642)	(8,596)	(80.9)
Administrative and other expenses		(15,422)	(21,114)	(27.0)
Finance costs		(2,836)	(2,615)	8.5
Share of loss of associate		(18)	(111)	(83.8)
Share of (loss)/profit of joint ventures		(1,509)	3,603	N.M.
Profit before tax		1,511	8,636	(82.5)
Taxation		165	(889)	N.M.
Profit for the year		1,676	7,747	(78.4)
Other comprehensive income/(loss) :				
Net fair value changes on available-for-sale investments reclassified to profit or loss		-	212	(100.0)
Exchange loss on translation of foreign operations		(114)	(2,875)	(96.0)
Total comprehensive income for the year		1,562	5,084	(69.3)
Profit/(Loss) for the year attributable to :				
Owners of the Company		1,863	7,991	(76.7)
Non-controlling interests		(187)	(244)	(23.4)
		1,676	7,747	(78.4)
Total comprehensive income/(loss) attributable to :				
Owners of the Company		1,703	5,564	(69.4)
Non-controlling interests		(141)	(480)	(70.6)
		1,562	5,084	(69.3)
Earnings per share for the year (cents per share):				
- Basic		0.71	3.04	
- Diluted		0.71	3.04	

N.M. : Not Meaningful



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Revenue

Revenue for the year ended 31 December 2016 (FY2016) of S\$202.7 million was 14.2% lower as compared to the previous corresponding financial year (FY2015). The decrease in revenue was mainly due to lower revenue recorded by the Construction and Precast divisions:-

1. Revenue of Construction division decreased by 9.4% to S\$156.4 million in FY2016. 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) construction of physical barrier at Singapore coastline; which was partially offset by higher revenue from projects including (d) improvement to Sungei Pandan Kechil (West Coast Road to the sea), (e) the Group's 50% share of revenue under POC-K JV for the land preparation works for airport development, (f) subcontract works including equipment rental income for the land preparation works for airport development and (g) sand mining work at proposed reclamation at Tuas Finger One.
2. Revenue of Precast division decreased by 50.8% to S\$48.2 million in FY2016. This was mainly attributed to lower volume of precast products sales in FY2016.
3. Revenue of Electric Power Generation division declined marginally by 1.6% to S\$4.9 million in FY2016. The Group's 74.06% owned subsidiaries, the Tesla Holdings Pty Ltd group of companies ("Tesla"), recorded lower revenue due to a lower reserve capacity price per MW set by the Independent Market Operator of Western Australia.

Gross Profit

The Group's gross profit declined by 43.2% to S\$20.4 million in FY2016. This was mainly attributed to lower gross profit recorded by the Precast division owing to lower sales volume.

Other Income

Other income increased from S\$1.5 million in FY2015 to S\$2.5 million in FY2016. This was mainly due to a reversal of allowance for doubtful debts of S\$0.7 million and insurance claim of S\$0.2 million, higher interest income and sales of scrap of S\$0.1 million respectively partially offset by lower gain on disposal of property, plant and equipment.

Distribution Costs

Distribution costs declined by S\$7.0 million to S\$1.6 million in FY2016 mainly attributed to lower revenue of the Precast division. The decline was partly attributed to the transportation costs being recorded under the Group's 50% joint venture company Sindo-Econ Pte. Ltd. effective from the last quarter of FY2016 due to a change in subcontract arrangement.

Administrative and Other Expenses

Administrative and other expenses decreased by S\$5.7 million to S\$15.4 million in FY2016. The decrease was mainly due to goodwill impairment of S\$3.5 million provided in FY2015 for the Electric Power Generation division, S\$0.1 million write down on properties held for development and net loss of S\$0.2 million on disposal of available-for-sale investment recorded in FY2015. In addition, the Group also recorded lower staff costs (decreased by S\$0.7 million), allowance for doubtful debts (decreased by S\$0.4 million), exchange losses (decreased by S\$0.3 million), yard shifting expenses (decreased by S\$0.3 million) and donation expenses (decreased by S\$0.1 million) in FY2016.

Finance Costs

Finance costs increased by S\$0.2 million to S\$2.8 million in FY2016 due to increase in borrowings under finance leases in relation to the capital expenditure of the Construction division.

Share of (Loss)/Profit of Joint Ventures/Associate

Share of net loss of joint ventures & associate amounted to S\$1.5 million in FY2016. This was mainly attributed to the Group's 50% share of loss of S\$1.4 million from the precast operation at Batam Indonesia under Sindo-Econ Pte. Ltd. and its Indonesia subsidiary PT Sindomas Precas ("Sindo-Econ Group") due to lower sales of precast products, as well as the Group's 67% share of start-up loss of S\$0.1 million from PT Koon Construction Indonesia, a newly incorporated joint venture in Indonesia under the Construction division.



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Taxation

The Group recorded a taxation credit of S\$0.2 million in FY2016 as compared to income tax expense of S\$0.9 million in FY2015. This was mainly attributed to adjustment on over-provision of prior year taxation of S\$0.5 million and net deferred tax assets of S\$0.3 million recorded under the Electric Power Generation division; partially offset by current year taxation expense of S\$0.6 million.

Profit for the year

Owing to lower revenue and gross profits, higher finance costs and share of loss of joint ventures/associate partially offset by higher other income, lower distribution costs, administrative and other expenses, the Group recorded lower earnings of S\$1.7 million in FY2016 as compared to S\$7.7 million in FY2015.



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(b) Statement of Financial Position as at 31 December 2016

		As shown in last annual report
	Note	
		As at 31/12/2015 S\$'000
		As at 31/12/2016 S\$'000
ASSETS		
Current assets		
Cash and cash equivalents		26,702
Pledged fixed deposits		194
Trade receivables		44,954
Other receivables		8,353
Inventories		8,591
Contract work-in-progress		23,744
Held for trading investments		30
Total current assets		112,568
Non-current assets		
Other receivables		116
Properties held for development		14,188
Associates		*
Joint ventures		4,971
Property, plant and equipment		99,015
Deferred tax assets		-
Total non-current assets		118,290
Total assets		230,858
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables		54,690
Other payables		14,324
Contract work-in-progress		8,747
Bank loans and bills payable		31,211
Finance leases		12,107
Income tax payable		1,033
Total current liabilities		122,112
Non-current liabilities		
Bank loans		5,595
Finance leases		40,710
Other payables		90
Deferred tax liabilities		919
Total non-current liabilities		47,314
Total liabilities		169,426
Capital and Reserves		
Share capital		25,446
Capital reserve		8,802
Accumulated profits		29,461
Translation reserve		(5,923)
Equity attributable to owners of the Company		57,786
Non-controlling interests		3,646
Total equity		61,432
Total liabilities and equity		230,858

* 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 2016

	As shown in last annual report	
	Group	
	Full Year ended 31 Dec	
	2016	2015
	S\$'000	S\$'000
Operating activities		
Profit before tax	1,511	8,636
Adjustments for:		
Allowance for doubtful debts (net)	308	707
Depreciation of property, plant and equipment	21,029	15,619
Dividend income	*	*
Fair value loss on held for trading investments	3	6
Loss on disposal of available-for-sale investments	-	228
Impairment of goodwill	-	3,536
Impairment of property, plant and equipment	1	77
Interest expense	2,836	2,615
Interest income	(206)	(94)
Inventories written down	207	831
Properties held for development written down	-	86
Net gain on disposal of property, plant and equipment	(184)	(428)
Reversal of foreseeable loss on contract work-in-progress	(21)	(75)
Share of loss/(profit) of joint ventures/associate (net)	1,527	(3,492)
Unrealised exchange loss/(gain)	42	(429)
Operating cash flows before changes in working capital	27,053	27,823
Contract work-in-progress (net)	4,562	(6,497)
Trade receivables	(4,911)	(833)
Other receivables	(4,990)	(11)
Inventories	4,981	(2,548)
Trade payables	218	10,280
Other payables	(745)	155
Cash flows from operations	26,168	28,369
Income tax paid	(615)	(367)
Net cash flows from operating activities	25,553	28,002
Investing activities		
Capital contribution to a joint venture	(273)	-
Dividend received from investee company	*	*
Proceeds from disposal of available-for-sale investments	-	715
Proceeds from disposal of property, plant and equipment	244	514
Purchase of property, plant and equipment	(8,804)	(14,811)
Interest received	202	90
Net cash flows used in investing activities	(8,631)	(13,492)
Financing activities		
Repayment of obligations under finance leases	(13,999)	(9,142)
Proceeds from bank loans	13,600	11,400
Repayment of bank loans	(19,380)	(10,303)
Proceeds from bills payable	54,353	72,717
Repayment of bills payable	(59,195)	(67,581)
Interest paid	(2,686)	(2,437)
Dividends paid	(1,315)	-
(Increase)/Decrease in pledged fixed deposits	(3)	606
Net cash flows used in financing activities	(28,625)	(4,740)
Net (decrease)/increase in cash and cash equivalents	(11,703)	9,770
Cash and cash equivalents at 1 January	26,702	17,094
Effects of exchange rate changes on cash and cash equivalents	(2)	(162)
Cash and cash equivalents at 31 December	14,997	26,702

* Amount less than S\$1,000



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The discussion that follows compares the Finance Position as at 31 December 2016 with that of 31 December 2015

Current assets

Current assets decreased by S\$9.2 million to S\$103.4 million as at 31 December 2016 mainly due to the following:

1. Decrease in cash and cash equivalents by S\$11.7 million.
2. Decrease in inventories by S\$5.2 million to S\$3.4 million as at 31 December 2016. Inventories comprised finished goods and raw materials totaling S\$0.8 million under the Precast division, S\$2.5 million sheet piles under the Construction division as well as S\$0.2 million fuel stock under the Electric Power Generation division. The decrease in inventories under the Precast Division was partly attributed to the inventories at Batam Indonesia being recorded under the Sindo-Econ Group arising from a change in subcontract arrangement in the last quarter of FY2016.
3. Decrease in contract work-in-progress by S\$2.0 million under the Construction division.

The above were partially offset by higher trade receivables of S\$4.6 million as well as higher other receivables of S\$5.2 million mainly attributed to increase in receivable from Sindo-Econ Group.

Non-current assets

Non-current assets increased by S\$3.4 million to S\$121.7 million as at 31 December 2016 mainly due to the following:

1. Increase in property, plant and equipment by S\$4.6 million mainly due to purchase of plant and equipment as well as a marine dredger totaling S\$25.5 million in FY2016 and foreign exchange adjustments of S\$0.3 million. The increase in capital expenditure was mainly to support the new projects requirement under the Construction division. The increase was partially offset by depreciation charges amounted to S\$21.0 million and disposal and impairment totaling S\$0.1 million.
2. Increase in deferred tax assets of S\$0.3 million under the Electric Power Generation division.

The above were partially offset by:

1. Decrease in development properties by S\$0.3 million held under the Group's Malaysia subsidiaries. This was mainly due to a weak Malaysia ringgit against the Singapore dollar as compared to FY2015.
2. Decrease in joint ventures by S\$1.2 million which comprised mainly the Group's 50% share of investment and earnings attributed to Sindo-Econ Group under the Precast division as well as the Group's 67% share of investment and loss attributed to PT Koon Construction Indonesia under the Construction division.

Current liabilities

Current liabilities decreased by S\$1.9 million to S\$120.2 million as at 31 December 2016 mainly due to:

1. Decrease in other payables by S\$0.3 million
2. Decrease in bank loans and bills payable by S\$7.0 million.
3. Decrease in income tax payable by S\$0.4 million

The above were partially offset by increase in trade payables by S\$0.2 million, contract work-in-progress by S\$2.5 million and current portion of finance leases by S\$3.2 million,

Non-current liabilities

Non-current liabilities decreased by S\$4.1 million to S\$43.2 million as at 31 December 2016. This was mainly due to decrease in bank loans and finance leases by S\$3.6 million and S\$0.6 million respectively.



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

The discussion that follows compares the consolidated statement of cash flows for the 12 months to 31 December 2016 (FY2016) with that of corresponding year to 31 December 2015 (FY2015)

Cash generated in operations for FY2016 was derived from the Group's pre-tax profit of S\$1.5 million, after adjusting for non-cash items and changes in working capital. Cash outflow from working capital changes was mainly due to higher trade and other receivables, lower other payables partially offset by lower contract work-in-progress and inventories as well as higher trade payables. Tax paid for FY2016 amounted to S\$0.6 million and net cash generated from operating activities amounted to S\$25.6 million in FY2016.

Net cash used in investing activities of S\$8.6 million in FY2016 was mainly due to cash outlay of S\$8.8 million for the purchase of plant and equipment and a marine dredger under the Construction division and capital contribution to a joint venture of S\$0.3 million partially offset by cash inflow of S\$0.2 million from the proceeds from disposal of property, plant and equipment and interest received of S\$0.2 million.

Net cash used in financing activities in FY2016 amounted to S\$28.6 million. This was mainly attributed to net repayments of bank loans, bills payables and obligation under finance leases totaling S\$24.6 million, payment of interest and dividend of S\$2.7 million and S\$1.3 million respectively.

Due to the above factors, the Group recorded cash and cash equivalents of S\$15.0 million as at end of FY2016.



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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(d)(i) Statements of changes in equity for the year ended 31 December 2016

	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, 2015	25,446	8,663	(212)	21,470	(3,284)	52,083	4,670	56,753
Profit/(loss) for the year	-	-	-	7,991	-	7,991	(244)	7,747
Other comprehensive income/(loss) for the year	-	-	212	-	(2,639)	(2,427)	(236)	(2,663)
Total comprehensive income/(loss) for the year	-	-	212	7,991	(2,639)	5,564	(480)	5,084
Acquisition of non-controlling interest without a change in control	-	139	-	-	-	139	(359)	(220)
Dividends	-	-	-	-	-	-	(185)	(185)
Balance at Dec 31, 2015	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	-	-	-	-	(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

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 2016 and 31 December 2015 25,446

There has been no change in the Company's share capital since 31 December 2015.

There were no outstanding share awards under the Koon Employee Performance Share Plan as at 31 December 2016 and 31 December 2015.

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 2016 and 31 December 2015 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 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 auditors.



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

Not applicable.

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

Name of subsidiary	% held by the Group
Reem Island Pte. Ltd.	100%

Reem Island Pte Ltd was established in FY2016.

- 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 profits of the joint ventures 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\$166,000.

The aggregate share of net profits of the joint ventures in Sindo-Econ Pte Ltd, PT Sindomas Precas, Penta-Ocean/Hyundai/Koon Joint Venture and POC-K JV in FY2015 was S\$5,981,000.

* There was no profit or loss recognition under the Penta-Ocean/Koon Joint Venture in FY2016 (FY2015: Nil).

** The Group has accounted for its 50% share of revenue, costs, assets and liabilities of POC-K JV with effect from FY2015.

*** PT Koon Construction Indonesia was established in FY2016. The Group has equity accounted for its 67% share of results in 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 2015.



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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 2016. 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	
	2016	2015
Earnings per ordinary share for the period (Singapore cents):		
Basic	0.71 cents	3.04 cents
Diluted	0.71 cents	3.04 cents
Net profit attributable to ordinary shareholders:	\$1,863,000	\$7,991,000
Weighted average number of ordinary shares:		
Basic	263,097,800	263,097,800
Diluted	263,097,800	263,097,800

7. **Net tangible value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) the corresponding period of the immediately preceding financial year.**

	Group	
	31/12/2016	31/12/2015
Net tangible value per ordinary share based on issued share capital as at the end of the reporting period (Singapore cents)	23.44 cents	23.35 cents

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

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

9. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The general operating environment is expected to remain challenging, amid global economic uncertainties and slowing economy of Singapore. The construction industry will continue to be supported by public sector projects going forward. The Building and Construction Authority (“BCA”) estimated that total construction demand in 2017 is expected to be between S\$28.0 billion and S\$35.0 billion, higher than that achieved in 2016. Of this amount, public sector projects are expected to account for about 70% ⁽¹⁾.

The precast business remains a beneficiary of government policies and projects where precast concrete components are used, such as Build-to-Order flats and MRT tunnelling works. Amidst competitive market conditions, the Group’s Precast division has consolidated its operations at the precast yard at Batam and focus on productivity enhancement.

As at 31 December 2016, the Group’s Construction and Precast divisions have outstanding order books of approximately S\$134 million and S\$90 million respectively.

Footnote:

(1) “Public sector construction demand is expected to increase this year”, BCA, 6 January 2017



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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	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Construction Division	156,427	172,696	8,126	8,880
Precast Division	48,178	97,928	(3,531)	4,266
Property Division	-	-	(146)	(26)
Electric Power Generation Division	4,914	4,994	(633)	(549)
	209,519	275,618	3,816	12,571
Elimination	(6,793)	(39,276)	(457)	(6,354)
Total	202,726	236,342	3,359	6,217
Other income			2,515	1,542
Share of (loss)/profit of joint ventures/associate(net)			(1,527)	3,492
Finance costs			(2,836)	(2,615)
Profit before tax			1,511	8,636
Taxation			165	(889)
Profit for the year			1,676	7,747

Segment assets

	2016	2015
	S\$'000	S\$'000
Construction Division	164,075	160,115
Precast Division	45,989	56,744
Property Division	19,035	21,960
Electric Power Generation Division	25,657	28,057
	254,756	266,876
Elimination	(33,035)	(38,225)
Total segment assets	221,721	228,651
Unallocated corporate assets	3,412	2,207
Total assets	225,133	230,858

Other segment information

	Depreciation		Additions to property, plant and equipment	
	2016		2015	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Construction Division	16,207	9,855	25,491	53,927
Precast Division	1,898	2,741	33	954
Property Division	-	-	-	-
Electric Power Generation Division	2,924	3,023	1	18
Total	21,029	15,619	25,525	54,899



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2016
(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 9.4% from \$172.7 million in FY2015 to S\$156.4 million in FY2016. 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) construction of physical barrier at Singapore coastline; which was partially offset by higher revenue from projects including (d) improvement to Sungei Pandan Kechil (West Coast Road to the sea), (e) the Group's 50% share of revenue under POC-K JV for the land preparation works for airport development, (f) subcontract works including equipment rental income for the land preparation works for airport development and (g) sand mining work at proposed reclamation at Tuas Finger One.

Revenue – Precast

Revenue from Precast division declined by 50.8% from S\$97.9 million in FY2015 to S\$48.2 million in FY2016. This was mainly attributed to lower volume of precast products sales in FY2016.

Revenue – Electric Power Generation

Revenue from Electric Power Generation division declined marginally by 1.6% from S\$5.0 million in FY2015 to S\$4.9 million in FY2016. The decline was due to a lower reserve capacity price per MW in FY2016 set by the Independent Market Operator of Western Australia.

Earnings - Construction

Construction division recorded lower earnings in FY2016 due to lower revenue. 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

Owing to the significant decline in sales revenue, the Precast division recorded losses in FY2016 as sales volume was below breakeven level.

Earnings – Electric Power Generation

Electric Power Generation division continued to incur losses in FY2016 mainly due to low reserve capacity price and the impact of accelerated depreciation charge of S\$1.8 million provided since FY2015 for one of its power generation plants accounted as finance lease. The depreciation of this power plant was adjusted in FY2015 over its lease term of 6 years which is shorter than its useful life.

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

	Group	
	Full Year ended 31 December	
	2016	2015
	S\$'000	S\$'000
Ordinary	-	1,315

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
28 February 2017



KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full Year financial statements on consolidated results for the year ended 31 December 2016
(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 2016 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 2017