

Company Registration No. 200303284M

## Koon Holdings Limited and its subsidiaries

Interim Financial Information  
For the six months ended 30 June 2015

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## 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 2015 to be false or misleading.

On behalf of the board of directors:



Yuen Kai Wing  
Director



Oh Koon Sun  
Director

25 August 2015

**Koon Holdings Limited and its subsidiaries**

**Report on review of interim financial information  
For the six-month period ended 30 June 2015**

**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 and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2015, 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 24.

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

25 August 2015

**Koon Holdings Limited and its subsidiaries**

**Interim consolidated statement of comprehensive income  
For the six months ended 30 June 2015**

	Note	30.6.2015 \$'000 (Unaudited)	30.6.2014 \$'000 (Unaudited)
Revenue		104,123	90,170
Cost of sales		(88,367)	(77,822)
<b>Gross profit</b>		<b>15,756</b>	<b>12,348</b>
Other income	5	841	2,988
Distribution costs		(3,737)	(2,675)
Administrative and other operating expenses		(8,153)	(8,874)
Finance costs		(1,140)	(956)
Share of (loss)/profit of associates		(19)	3
Share of profit/(loss) of joint ventures		1,186	(266)
<b>Profit before income tax</b>		<b>4,734</b>	<b>2,568</b>
Income tax	6	(223)	(585)
<b>Profit for the period</b>		<b>4,511</b>	<b>1,983</b>
<b>Other comprehensive (loss)/income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange (loss)/gain on translation of foreign operations		(2,512)	348
(Loss)/Gain on fair value changes of available-for-sale investments		(54)	307
Other comprehensive (loss)/income, net of tax		(2,566)	655
<b>Total comprehensive income for the period</b>		<b>1,945</b>	<b>2,638</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		4,622	1,715
Non-controlling interests		(111)	268
		<b>4,511</b>	<b>1,983</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		2,273	2,177
Non-controlling interests		(328)	461
		<b>1,945</b>	<b>2,638</b>
<b>Earnings per share (Singapore cents):</b>			
- Basic	7	1.76	0.65
- Diluted		1.76	0.65

See accompanying notes to the interim financial information.

**Koon Holdings Limited and its subsidiaries**

**Interim consolidated statement of financial position as at 30 June 2015**

	Note	30.6.2015 \$'000 (Unaudited)	31.12.2014 \$'000 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		24,860	17,094
Pledged fixed deposits		324	800
Trade receivables		47,864	44,117
Other receivables		9,233	9,226
Inventories		9,660	6,873
Contract work-in-progress		27,034	10,334
Held-for-trading investments		36	36
Available-for-sale investments	10	677	–
<b>Total current assets</b>		<b>119,688</b>	<b>88,480</b>
<b>Non-current assets</b>			
Other receivables		178	239
Properties held for development		15,425	16,388
Associates		*	*
Joint ventures	8	2,536	1,332
Property, plant and equipment	9	92,338	61,152
Available-for-sale investments	10	–	731
Goodwill on consolidation	11	2,734	3,536
<b>Total non-current assets</b>		<b>113,211</b>	<b>83,378</b>
<b>Total assets</b>		<b>232,899</b>	<b>171,858</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables		57,067	44,409
Other payables		17,231	12,631
Contract work-in-progress		9,887	1,910
Bank loans and bills payable	12	41,268	21,660
Finance leases		8,508	15,016
Income tax payable		598	528
<b>Total current liabilities</b>		<b>134,559</b>	<b>96,154</b>
<b>Non-current liabilities</b>			
Bank loans	12	7,136	8,920
Finance leases		31,361	8,681
Other payables		88	89
Deferred tax liabilities		1,057	1,261
<b>Total non-current liabilities</b>		<b>39,642</b>	<b>18,951</b>
<b>Capital and reserves</b>			
Share capital	13	25,446	25,446
Capital reserve		8,663	8,663
Fair value reserve		(266)	(212)
Accumulated profits		26,092	21,470
Translation reserve		(5,579)	(3,284)
<b>Equity attributable to owners of the Company</b>		<b>54,356</b>	<b>52,083</b>
<b>Non-controlling interests</b>		<b>4,342</b>	<b>4,670</b>
<b>Total equity</b>		<b>58,698</b>	<b>56,753</b>
<b>Total liabilities and equity</b>		<b>232,899</b>	<b>171,858</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 2015

	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
Balance at 1 January 2014	25,433	8,663	(405)	15,646	(1,950)	47,387	4,393	51,780
Profit for the period	-	-	-	1,715	-	1,715	268	1,983
Other comprehensive income for the period, net of tax	-	-	307	-	155	462	193	655
Total comprehensive income for the period	-	-	307	1,715	155	2,177	461	2,638
Issue of share capital (Note 13)	13	-	-	-	-	13	-	13
Total transactions with owners in their capacity as owners	13	-	-	-	-	13	-	13
Balance at 30 June 2014 and 1 July 2014	25,446	8,663	(98)	17,361	(1,795)	49,577	4,854	54,431
Profit for the period	-	-	-	4,109	-	4,109	216	4,325
Other comprehensive loss for the period, net of tax	-	-	(114)	-	(1,489)	(1,603)	(400)	(2,003)
Total comprehensive income/(loss) for the period	-	-	(114)	4,109	(1,489)	2,506	(184)	2,322
Balance at 31 December 2014 and 1 January 2015	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)
Total comprehensive income/(loss) for the period	-	-	(54)	4,622	(2,295)	2,273	(328)	1,945
Balance at 30 June 2015	25,446	8,663	(266)	26,092	(5,579)	54,356	4,342	58,698

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 2015**

	<b>30.6.2015</b>	<b>30.6.2014</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Operating activities</b>		
Profit before income tax	4,734	2,568
<u>Adjustments for:</u>		
Inventories written-down	284	354
Depreciation of property, plant and equipment	6,444	4,914
Gain on disposal of property, plant and equipment	(329)	(365)
Interest expense	1,141	956
Interest income	(50)	(56)
Share of (profit)/loss of joint ventures/associates (net)	(1,167)	263
Dividend income	*	(1,500)
Reversal of provision	—	(450)
Unrealised exchange loss	13	—
Reversal of provision of foreseeable loss on contract work-in-progress	(22)	(472)
Operating cash flows before changes in working capital	11,048	6,212
<u>Changes in working capital:</u>		
Contract work-in-progress (net)	(8,700)	6,100
Trade receivables	(3,744)	4,805
Inventories	(3,049)	3,373
Other receivables	(299)	(705)
Trade payables	12,656	(14,878)
Other payables	(736)	(1,795)
Cash flows from operations	7,176	3,112
Income tax refund	26	29
<b>Net cash flows from operating activities</b>	<b>7,202</b>	<b>3,141</b>
<b>Investing activities</b>		
Capital contribution to a joint venture	—	(800)
Purchase of property, plant and equipment (Note A)	(13,390)	(2,034)
Proceeds from disposal of property, plant and equipment	325	1,325
Dividend income	*	1,500
Interest received	47	56
<b>Net cash flows (used in)/from investing activities</b>	<b>(13,018)</b>	<b>47</b>



**Koon Holdings Limited and its subsidiaries****Interim consolidated statement of cash flows  
For the six months ended 30 June 2015**

	<b>30.6.2015</b>	<b>30.6.2014</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
<b>Financing activities</b>		
Decrease in pledged fixed deposits	477	1,680
Interest paid	(954)	(956)
Repayment of obligations under finance lease	(3,612)	(3,992)
Proceeds from bank loans	11,400	–
Repayment of bank loans	(1,234)	(2,205)
Proceeds from bills payable	38,818	16,797
Repayment of bills payable	(31,156)	(16,977)
<b>Net cash flows from/(used in) financing activities</b>	<b>13,739</b>	<b>(5,653)</b>
Net increase/(decrease) in cash and cash equivalents	7,923	(2,465)
Cash and cash equivalents at 1 January	17,094	21,788
Effect of exchange rate changes on cash and cash equivalents	(157)	21
<b>Cash and cash equivalents at 30 June</b>	<b>24,860</b>	<b>19,344</b>

\*Less than \$1,000

**Note A**

During the six months ended 30 June 2015, the Group acquired property, plant and equipment with an aggregate cost of \$38,853,000 (30 June 2014: \$2,034,000) of which \$20,333,000 (30 June 2014: \$Nil) was acquired under finance lease arrangements and \$5,130,000 (30 June 2014: \$Nil) remained outstanding. Cash payments of \$13,390,000 (30 June 2014: \$2,034,000) 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 2015

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#### 1. General

Koon Holdings Limited (Registration No. 200303284M) ("the Company") 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 Stock Exchange 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	
		30.6.15 (%)	31.12.14 (%)
<u><b>Held by the Company:</b></u>			
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 infrastructure and civil engineering, shore protection, reclamation and foundation works (Singapore)	100	100
Tesla Holdings Pty Ltd	Investment holding (Australia)	71	71

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2015**

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

Name of subsidiaries	Principal activities (Country of incorporation/operation)	Effective equity interest held	
		30.6.15 %	31.12.14 %
<u><b>Held through subsidiaries</b></u>			
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
Seven Star Development Sdn. Bhd.	Property development (Malaysia)	100	100
Tesla Corporation Pty Ltd	Holding company for electric power generation business (Australia)	71	71
Tesla Corporation Management Pty Ltd	Owns and operates power plant(Australia)	71	71
Tesla Geraldton Pty Ltd	Owns and operates power plant (Australia)	71	71
Tesla Kemerton Pty Ltd	Owns and operates power plant (Australia)	71	71
Tesla Northam Pty Ltd	Owns and operates power plant (Australia)	71	71
Triumph Heights Sdn. Bhd.	Property development (Malaysia)	100	100
Unison Progress Sdn. Bhd.	Property development (Malaysia)	100	100

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

The interim financial information for the six months ended 30 June 2015 has been prepared in accordance with FRS 34, *Interim Financial Reporting*.

The interim financial information do 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 2014.

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. 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. The standards, interpretation and amendments to FRS that were issued but not effective as of 1 January 2015 are not expected to have a material impact on the financial performance or position of the Group in the period of their initial adoption.

**3. Significant accounting judgments and estimates**

The preparation of the Group's consolidated financial statements requires management to make judgments, 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.

**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 \$27,034,000 and \$9,887,000 respectively (31 December 2014: \$10,334,000 and \$1,910,000 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 and convertible loan receivable (excluding cash and bank balances) as at 30 June 2015 is \$55,390,000 (31 December 2014: \$52,429,000).

**(c) Impairment of goodwill on consolidation**

Determining whether goodwill on consolidation is impaired requires an estimation of the value-in-use of the cash-generating units to which such goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash-flows. Management has evaluated the recoverability of the goodwill on consolidation based on such estimates and is confident that the carrying amount of the goodwill will be recovered in full. The carrying amount of goodwill on consolidation is \$2,734,000 (31 December 2014: \$3,536,000) relating to Tesla group of entities.

## Koon Holdings Limited and its subsidiaries

### Notes to the interim financial information For the six months ended 30 June 2015

#### 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 parties related to a substantial shareholder of the Group at terms agreed between the parties:

	30.6.2015	30.6.2014
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Rental income	—	*
Sales of scrap metal	—	(87)
Sale of property, plant and equipment	*	(795)
Secondment fee income	(174)	(174)
Subcontract labour	(360)	—
Subcontract award/Purchase of precast components	8,799	3,571
Charter expenses	545	—
Hire of equipment	23	24
Marine transport expenses	2,172	1,357
Agency fee charges	704	286
Professional fee	31	39

\*Less than \$1,000

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:

	30.6.2015	30.6.2014
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Land rental expenses	371	371
Purchase of equipment	—	1,743
Service charges	6	—
Marine transport expenses	38	—

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

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

	30.6.2015	30.6.2014
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	1,148	1,244

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

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2015**

**5. Other income**

	<b>30.6.2015</b>	<b>30.06.2014</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Secondment fees for a director	174	174
Interest Income	50	56
Sales of scrap metal	80	184
Gain on disposal of property, plant and equipment	329	365
Dividends income	*	1,500
Government grants	162	601
Others	46	108
	<b>841</b>	<b>2,988</b>

\* Less than \$1,000

**6. Income tax**

	<b>30.6.2015</b>	<b>30.06.2014</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
- Current income taxation	318	225
- Under/(Over) provision in respect of previous years	88	(37)
Deferred income tax:		
- Origination and reversal of temporary differences	(202)	371
- Under provision in respect of previous years	19	26
Income tax expense recognised in profit or loss	<b>223</b>	<b>585</b>

**7. Earnings per share**

	<b>30.6.2015</b>	<b>30.6.2014</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company used in the computation of basic earnings per share	<b>4,622</b>	<b>1,715</b>
	<b>30.6.2015</b>	<b>30.6.2014</b>
	No of shares	No of shares
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for earnings per share computation	<b>263,098</b>	<b>263,098</b>

# Koon Holdings Limited and its subsidiaries

## Notes to the interim financial information For the six months ended 30 June 2015

### 8. Joint arrangements

#### (a) Joint ventures

	30.6.2015	31.12.2014
	\$'000	\$'000
	(Unaudited)	(Audited)
Sindo-Econ Pte Ltd and its subsidiary	2,536	1,332

Details of the Group's 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	
		30.6.15 %	31.12.14 %
Sindo-Econ Pte. Ltd. <sup>(1)</sup>	Investment holding and provision of management and consultancy services (Singapore)	50	50
PT Sindomas Precas <sup>(2)</sup>	Manufacture of precast components (Indonesia)	50	50

#### Notes:

(1) Held by Econ Precast Pte Ltd

(2) Subsidiary of Sindo-Econ Pte Ltd

#### (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	
		30.6.15 %	31.12.14 %
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 with requires 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 2015

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 2014	1,824	1,225	10,006	698	69,501	1,390	7,349	1,904	777	94,674
Additions	-	-	-	78	38,674	-	28	56	16	38,852
Disposals	-	-	-	-	(3,174)	-	(26)	-	-	(3,200)
Write-offs	-	-	-	(469)	-	-	-	(23)	-	(492)
Transfer	-	-	-	157	560	-	-	-	(717)	-
Exchange difference	(44)	(7)	-	-	(1,391)	-	-	(2)	-	(1,444)
At 30 June 2015	1,780	1,218	10,006	464	104,170	1,390	7,351	1,935	76	128,390

**Accumulated depreciation:**

At 31 December 2014	-	195	2,325	681	23,601	949	4,350	1,421	-	33,522
Depreciation	-	27	500	23	5,131	99	559	105	-	8,444
Disposals	-	-	-	-	(3,160)	-	(25)	-	-	(3,185)
Write-offs	-	-	-	(469)	-	-	-	(23)	-	(492)
Exchange difference	-	-	-	-	(235)	-	-	(2)	-	(237)
At 30 June 2015	-	222	2,825	235	25,337	1,048	4,884	1,501	-	36,052

**Carrying amount:**

At 30 June 2015	1,780	996	7,181	229	78,833	342	2,467	434	76	92,338
At 31 December 2014	1,824	1,030	7,681	17	45,900	441	2,999	483	777	61,152

Property, plant and equipment of the Group with carrying amount of \$79,260,000 (31 December 2014: \$49,469,000) 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 2015**

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

	<b>30.6.2015</b>	<b>31.12.2014</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Unquoted equity shares, at cost (a)	500	500
Less: Allowance for impairment	(500)	(500)
	<u>—</u>	<u>—</u>
Quoted equity shares, at fair value (b)	677	731
Total	<u>677</u>	<u>731</u>

- (a) 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.

- (b) The investment in quoted equity shares represents investment in GPS Alliance Holdings Limited. The fair value is determined based on the quoted price of the investee.

**11. Goodwill on consolidation**

	<b>30.6.2015</b>	<b>31.12.2014</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at beginning of period/year	3,536	3,536
Exchange difference	(802)	—
Balance at end of period/year	<u>2,734</u>	<u>3,356</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 2015**

**12. Bank loans and bills payable**

	<b>30.6.2015</b>	<b>31.12.2014</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Bank loans and bills payable	48,404	30,580
Less: Current portion	(41,268)	(21,660)
Non-current portion	7,136	8,920

Bank loans and bills payable comprise:

			<b>30.6.2015</b>	<b>31.12.2014</b>
			<b>\$'000</b>	<b>\$'000</b>
	<b>Effective interest rate</b>	<b>Maturity dates</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Loan A - secured	3.40%	2015	84	333
Loan B - unsecured	5.30%	2015 - 2016	363	627
Loan C - secured	6.85%	2016	49	78
Loan D - unsecured	3.29%	2016 - 2017	282	404
Loan E - secured	6.92%	2017	10	11
Loan F - secured	3.63%	2018	3,860	4,435
Loan G - unsecured	2.05%	2015 <sup>(1)</sup>	4,000	4,000
Loan H - secured	2.00% to 2.3%	2018	5,800	5,800
Loan I - secured	3.07% to 3.15%	2015 <sup>(1)</sup>	5,800	2,400
Loan J - unsecured	3.16%	2015	8,000	—
			28,248	18,088
Bills payable - unsecured <sup>(2)</sup>			20,156	12,492
Total			48,404	30,580

<sup>(1)</sup> These loans can be roll over upon their maturity.

<sup>(2)</sup> Bills payable relates to import financing facility provided by banks. The average effective interest is 2.46% (2014: 2.11%) per annum.

Loan A is secured by a charge over certain subsidiaries' plant and machinery and motor vehicle with a carrying amount of \$7,000 as at 30 June 2015 (31 December 2014: \$51,000).

Loan C is secured by way of first legal charge over a subsidiary's freehold land with a carrying amount of \$859,000 as at 30 June 2015 (31 December 2014: \$859,000).

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2015**

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

Loan E is secured by assets under the Tesla group of companies.

Loan F is secured by mortgage of a leasehold building of a subsidiary with a carrying amount of \$7,178,000 (31 December 2014: \$7,679,000).

Loan H and I are secured by mortgage of the properties held for development by subsidiaries with an aggregated carrying amount of \$13,880,000 as at 30 June 2015 (31 December 2014: \$14,750,000).

The Group is in compliance with externally imposed financial covenants as at 30 June 2015 and 31 December 2014.

**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 2015 (year ended 31 December 2014: 90,000 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 2015**

**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	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Construction	75,859	50,310	4,366	1,836
Precast	43,648	38,575	954	172
Property	—	—	5	23
Electric Power Generation	2,560	4,144	(172)	1,805
	122,067	93,029	5,153	3,836
Elimination	(17,944)	(2,859)	(1,287)	(1,994)
Total	104,123	90,170	3,866	1,842
Other income			841	1,945
Share of profit/(loss) of joint ventures/associates (net)			1,167	(263)
Finance costs			(1,140)	(956)
Profit before income tax			4,734	2,568
Income tax			(223)	(585)
Profit for the period			4,511	1,983

Consolidated revenue of \$104,123,000 (30 June 2014: \$90,170,000) after elimination of inter-segmental sales comprise revenue from Construction segment of \$75,516,000 (30 June 2014: \$50,002,000), Precast segment of \$26,047,000 (30 June 2014: \$36,024,000), and Electric Power Generation segment of \$2,560,000 (30 June 2014: \$4,144,000).

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 associates, 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 2015**

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

**Segment assets**

	<b>30.6.2015</b>	<b>31.12.2014</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Construction	152,875	92,979
Precast	59,477	48,411
Property	23,190	20,722
Electric Power Generation	32,175	32,022
	<b>267,717</b>	<b>194,134</b>
Elimination	<b>(38,825)</b>	<b>(25,164)</b>
Total segment assets	<b>228,892</b>	<b>168,970</b>
Unallocated corporate assets	<b>4,007</b>	<b>2,888</b>
Total assets	<b>232,899</b>	<b>171,858</b>

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>30.6.2015</b>	<b>30.6.2014</b>	<b>30.6.2015</b>	<b>30.6.2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Construction	3,309	2,075	38,015	1,819
Precast	1,595	2,147	827	214
Property	—	—	—	—
Electric Power Generation	1,540	692	10	1
Total	<b>6,444</b>	<b>4,914</b>	<b>38,852</b>	<b>2,034</b>

The Construction segment includes reversal of provision for foreseeable losses amounting to \$22,000 (30 June 2014: \$472,000).

The Precast segment includes reversal of provision amounting to \$Nil (30 June 2014: \$450,000) and inventories written down amounting to \$284,000 (30 June 2014: \$354,000).

**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:

# Koon Holdings Limited and its subsidiaries

## Notes to the interim financial information For the six months ended 30 June 2015

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

#### Geographical information (cont'd)

	Revenue		Non-current assets	
	30.6.2015	30.6.2014	30.6.2015	31.12.2014
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Singapore	101,513	85,386	70,005	38,412
Malaysia	50	640	15,422	27,603
Australia	2,560	4,144	27,606	16,393
Total	104,123	90,170	113,033	82,408

#### Information about major customers

The Group's major customer contributed revenue of \$22,121,000 (30 June 2014: \$28,940,000) to the Construction segment in Singapore.

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

As at 30 June 2015, the Company has provided corporate guarantees totalling \$114,598,000 (31 December 2014: \$82,604,000) to financial institutions in respect of credit facilities utilised by the subsidiaries.

### 16. Operating lease arrangements – as lessee

	30.6.2015	30.6.2014
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Minimum lease payments under operating leases recognised as an expense in the period	1,276	1,216

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

	30.6.2015	31.12.2014
	\$'000	\$'000
	(Unaudited)	(Audited)
Within one year	2,284	2,094
In the second to fifth year inclusive	3,066	3,368
In the sixth to tenth year inclusive	436	1,098
	5,786	6,560

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 2014: 3 years).

# Koon Holdings Limited and its subsidiaries

## Notes to the interim financial information For the six months ended 30 June 2015

### 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, 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 2015 and 31 December 2014.

#### (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:

				30.6.2015 (\$'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><i>Recurring fair value measurements</i></b>				
<b>Assets</b>				
<b>Financial assets:</b>				
<u>Held-for-trading financial assets</u>				
- Quoted equity instruments	36	--	--	36
<u>Available-for-sale financial assets (Note 10)</u>				
- Quoted equity instruments	677	--	--	677



Koon Holdings Limited and its subsidiaries

Notes to the interim financial information

For the six months ended 30 June 2015

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

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

	31.12.2014 (\$'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>Recurring fair value measurements</b>				
<b>Assets</b>				
<b>Financial assets:</b>				
<u>Held-for-trading financial assets</u>				
- Quoted equity instruments	36	—	—	36
<u>Available-for-sale financial assets (Note 10)</u>				
- Quoted equity instruments	731	—	—	731

(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:

	30.6.2015 (Unaudited)		31.12.2014 (Audited)	
	Carrying amount \$'000	Fair value \$'000	Carrying Amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Unquoted equity investments (i)	—	—	—	—
<b>Financial liabilities</b>				
Finance leases (non-current) (ii)	(31,361)	(30,107)	(8,681)	(8,260)
Bank loans (non-current), fixed rate (ii)	(4,447)	(4,531)	(5,607)	(5,551)

**Koon Holdings Limited and its subsidiaries**

**Notes to the interim financial information  
For the six months ended 30 June 2015**

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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 50.0% (31 December 2014: 50.0%) 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.

(d) *Fair value of convertible loan receivable*

Included in other receivables is a convertible loan receivable amounting to \$674,000 (31 December 2014: \$661,000). The Group is entitled to convert the convertible loan receivable to unquoted equity shares in a privately-held company. The convertible loan receivable is carried at cost less impairment because its fair value cannot be reliably determined. The variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range of reasonable inputs are not sufficiently reliable to determine its fair value.

**18. Dividends**

No dividend was issued to shareholders of Koon Holdings Limited during the period from 1 January 2015 to 30 June 2015 and from 1 January 2014 to 30 June 2014 in respect of financial year ended 31 December 2014 and 2013.