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**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**
(Registration No. 200303284M)

INTERIM FINANCIAL INFORMATION

**FOR THE SIX MONTHS ENDED
JUNE 30, 2008**

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

INTERIM FINANCIAL INFORMATION

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August 25, 2008

The Board of Directors
Koon Holdings Limited
17B Pandan Road
Singapore 609269

**KOON HOLDINGS LIMITED AND ITS SUBSIDIARIES
INDEPENDENT AUDITORS' REVIEW REPORT OF THE INTERIM FINANCIAL
INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2008**

Introduction

We have reviewed the accompanying interim financial information of Koon Holdings Limited and its subsidiaries (the "Group") which comprise the balance sheet of the Group as at June 30, 2008, and the profit and loss statement, cash flow statement and the statement of changes in equity of the Group for the six months ended June 30, 2008 and selected explanatory notes, as set out on pages 3 to 15.

The Directors are responsible for the preparation and presentation of interim financial information in accordance with Singapore Financial Reporting Standard 34, "Interim Financial Reporting" ("FRS 34"). Our responsibility is to express a conclusion on this 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 interim financial information is not prepared, in all material aspects, in accordance with FRS 34.

Deloitte Touche LLP

Public Accountants and
Certified Public Accountants
Singapore

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET
June 30, 2008**

	<u>Note</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Audited) December 31, 2007 <u>S\$'000</u>
<u>ASSETS</u>			
Current assets			
Cash and bank balances		3,155	5,423
Trade receivables		30,358	12,854
Other receivables and prepayments		3,106	3,445
Contract work-in-progress		13,503	20,369
Held for trading investments		62	90
Available for sale investments		<u>500</u>	<u>500</u>
Total current assets		<u>50,684</u>	<u>42,681</u>
Non-current assets			
Pledged fixed deposits		4,240	4,237
Associate		*	*
Property, plant and equipment		<u>11,637</u>	<u>10,657</u>
Total non-current assets		<u>15,877</u>	<u>14,894</u>
Total assets		<u>66,561</u>	<u>57,575</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Current portion of long-term bank loans	3	593	593
Current portion of finance leases		911	784
Trade payables		34,611	24,858
Other payables and accruals		2,430	3,123
Contract work-in-progress		3,667	366
Income tax payable		<u>29</u>	<u>29</u>
Total current liabilities		<u>42,241</u>	<u>29,753</u>

* Cost represents S\$1.

	<u>Note</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Audited) December 31, 2007 <u>S\$'000</u>
Non-current liabilities			
Long-term bank loans	3	1,027	1,323
Finance leases		1,850	1,539
Deferred income tax		<u>421</u>	<u>421</u>
Total non-current liabilities		<u>3,298</u>	<u>3,283</u>
Capital and reserves			
Share capital		6,660	6,660
Capital reserve		13,006	13,006
Accumulated profits		<u>1,356</u>	<u>4,873</u>
Total equity		<u>21,022</u>	<u>24,539</u>
Total liabilities and equity		<u>66,561</u>	<u>57,575</u>

See accompanying notes to interim financial information.

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED PROFIT AND LOSS STATEMENT
For the six months ended June 30, 2008**

	<u>Note</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Unaudited) June 30, 2007 <u>S\$'000</u>
Revenue		55,029	25,942
Cost of sales	4	<u>(57,937)</u>	<u>(27,139)</u>
Gross loss		(2,908)	(1,197)
Other operating income	5	2,027	628
Impairment loss on held for trading investments	6	-	(801)
Administrative expenses		(2,573)	(2,519)
Finance cost – Interest expense		<u>(81)</u>	<u>(73)</u>
Loss before income tax		(3,535)	(3,962)
Income tax	7	<u>18</u>	<u>(250)</u>
Loss for the period attributable to shareholders		<u>(3,517)</u>	<u>(4,212)</u>
Basic/diluted loss per share (Singapore cents)	8	<u>(4.34)</u>	<u>(5.20)</u>

See accompanying notes to interim financial information.

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended June 30, 2008**

<u>(Unaudited)</u>	<u>Share capital</u> S\$'000	<u>Capital reserve</u> S\$'000	<u>Accumulated profits</u> S\$'000	<u>Total</u> S\$'000
Balance at January 1, 2007	6,660	13,006	(1,303)	18,363
Loss for the period from January 1, 2007 to June 30, 2007	<u>-</u>	<u>-</u>	<u>(4,212)</u>	<u>(4,212)</u>
Balance at June 30, 2007	6,660	13,006	(5,515)	14,151
Profit for the period from July 1, 2007 to December 31, 2007	<u>-</u>	<u>-</u>	<u>10,388</u>	<u>10,388</u>
Balance at December 31, 2007	6,660	13,006	4,873	24,539
Loss for the period from January 1, 2008 to June 30, 2008	<u>-</u>	<u>-</u>	<u>(3,517)</u>	<u>(3,517)</u>
Balance at June 30, 2008	<u>6,660</u>	<u>13,006</u>	<u>1,356</u>	<u>21,022</u>

See accompanying notes to interim financial information.

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED CASH FLOW STATEMENT
For the six months ended June 30, 2008**

	(Unaudited) June 30, <u>2008</u> S\$'000	(Unaudited) June 30, <u>2007</u> S\$'000
Operating activities		
Loss before income tax	(3,535)	(3,962)
Adjustments for:		
(Reversal) Allowance for doubtful trade receivable - net	(26)	44
Depreciation expense	584	471
Dividend income	(1,500)	-
Gain on disposal of plant and equipment	(20)	(217)
Interest expense	81	73
Interest income	(12)	(30)
Impairment loss on held for trading investments	-	801
Fair value loss (gain) on held for trading investments	30	(48)
Provision for foreseeable loss on construction projects	2,906	512
Write off of other receivables	-	<u>201</u>
Operating cash flows before movements in working capital	<u>(1,492)</u>	<u>(2,155)</u>
Contract work-in-progress (net)	7,261	(392)
Trade receivables	(17,478)	(6,563)
Other receivables and prepayments	339	(412)
Trade payables	9,753	8,448
Other payables and accruals	<u>(694)</u>	<u>(420)</u>
Cash used in operations	<u>(2,311)</u>	<u>(1,494)</u>
Income tax refunded	<u>19</u>	<u>-</u>
Net cash used in operating activities	<u>(2,292)</u>	<u>(1,494)</u>
Investing activities		
Purchase of plant and equipment (Note A)	(534)	(2)
Proceeds on disposal of plant and equipment	95	223
Interest received	12	30
Dividend received	<u>1,500</u>	<u>-</u>
Net cash from investing activities	<u>1,073</u>	<u>251</u>

	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Unaudited) June 30, 2007 <u>S\$'000</u>
Financing activities		
Increase in pledged fixed deposits	(3)	(7)
Interest paid	(81)	(73)
Repayment of obligations under finance lease - net	(669)	(2,922)
(Decrease) Increase in bank loans	<u>(296)</u>	<u>1,403</u>
Net cash used in financing activities	<u>(1,049)</u>	<u>(1,599)</u>
Net decrease in cash and cash equivalents	(2,268)	(2,842)
Cash and cash equivalents at January 1	<u>5,423</u>	<u>4,463</u>
Cash and cash equivalents at June 30 (Note B)	<u><u>3,155</u></u>	<u><u>1,621</u></u>

Note A

During the financial period ended June 30, 2008, the Group acquired plant and equipment with an aggregate cost of S\$1,641,000 (June 30, 2007 : S\$2,439,000) of which S\$1,107,000 (June 30, 2007 : S\$2,437,000) was acquired under finance lease arrangements. Cash payments of S\$534,000 (June 30, 2007 : S\$2,000) were made for the purchase of plant and equipment.

Note B

	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Unaudited) June 30, 2007 <u>S\$'000</u>
Cash and bank balances	3,155	2,196
Less: Bank overdraft	<u>-</u>	<u>(575)</u>
Cash and cash equivalents at end of period	<u><u>3,155</u></u>	<u><u>1,621</u></u>

See accompanying notes to interim financial information.

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO INTERIM FINANCIAL INFORMATION
June 30, 2008**

1 GENERAL

The Company (Registration No. 200303284M) is incorporated in Singapore with its registered office and principal place of business at 17B Pandan Road, Singapore 609269. The Company is listed on the Australian Stock Exchange and on the Catalist (Non-Sponsored) of the Singapore Exchange Securities Trading Limited. The interim financial information is expressed in Singapore dollars.

The significant activity of the Company is that of an investment holding company. The principal activities of the significant subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Principal activity (country of incorporation/operation)</u>
Koon Construction & Transport Co. Pte Ltd	Contractors for civil and drainage engineering, building, shore protection and, marine and foundation works (Singapore)
Entire Engineering Pte Ltd	Civil and drainage engineering contractors and rental of machinery and equipment (Singapore)
Gems Marine Pte Ltd	Provision of tugboats and barges services (Singapore)

2 SIGNIFICANT ACCOUNTING POLICIES

The interim financial information has been prepared under the historical cost convention except for its financial instruments. The accounting policies adopted are consistent with those followed in the preparation of the Group's audited financial statements for the year ended December 31, 2007.

The interim financial information has been prepared in accordance with FRS 34, Interim Financial Reporting.

3 LONG-TERM BANK LOANS

	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Audited) December 31, 2007 <u>S\$'000</u>
Long-term bank loans	1,620	1,916
Less: Current portion	<u>(593)</u>	<u>(593)</u>
Non current portion	<u>1,027</u>	<u>1,323</u>

The borrowings are repayable as follows:

On demand or within one year	593	593
In the second year	<u>1,027</u>	<u>1,323</u>
	<u>1,620</u>	<u>1,916</u>

The Group has two principal bank loans:

- a) Loan A bears effective interest rate of 2.08% per annum (2007 : 3.91% per annum) and is repayable in 47 equal instalments. The loan is secured by a charge over the Company's barges and carries interest at 1.2% plus one month SIBOR rate per annum.
- b) Loan B bears effective interest rate of 2.63% per annum (2007 : 3.09% per annum) and repayable in 35 equal instalments. The loan is secured by a charge over the Company's tugboats and fixed deposits. The loan carries interest at 1.5% plus one month SIBOR rate per annum.

4 COST OF SALES

Cost of sales included S\$2,906,000 (June 30, 2007 : S\$512,000) provision for foreseeable losses in relation to contract work-in-progress.

5 OTHER OPERATING INCOME

	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Unaudited) June 30, 2007 <u>S\$'000</u>
Dividend income from available for sale investment	1,500	-
Rental income on properties	369	311
Gain on disposal of plant and equipment	20	217
Reversal of allowance for trade receivables	26	-
Interest income	12	30
Others	<u>100</u>	<u>70</u>
	<u>2,027</u>	<u>628</u>

6 IMPAIRMENT LOSS ON HELD FOR TRADING INVESTMENTS

	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Unaudited) June 30, 2007 <u>S\$'000</u>
Held for trading investments:		
Impairment loss	-	418
Recoverable from promoter written off	<u>-</u>	<u>383</u>
	<u>-</u>	<u>801</u>

7 INCOME TAX

	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Unaudited) June 30, 2007 <u>S\$'000</u>
Overprovision of current tax in prior years	(18)	-
Deferred tax	<u>-</u>	<u>250</u>
	<u>(18)</u>	<u>250</u>

8 EARNINGS PER SHARE

	(Unaudited) June 30, 2008 <u></u>	(Unaudited) June 30, 2007 <u></u>
Loss attributable to shareholders (in S\$'000)	<u>(3,517)</u>	<u>(4,212)</u>
Number of ordinary shares for the purpose of basic earnings per share (in '000)	<u>81,000</u>	<u>81,000</u>
Loss per share (Singapore cents)	<u>(4.34)</u>	<u>(5.20)</u>

There is no dilution as the Company has no outstanding share options or warrants.

9 BUSINESS SEGMENT INFORMATION

Segmental reporting - Segment information is based on distinguishable components of the Group that are engaged either in providing products and services (business segments), or in providing products or services within a particular economic environment (geographical segments), which are subjected to risks and rewards that are different from those other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segmental results, assets and liabilities includes item directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated corporate assets and liabilities consist mainly of corporate assets and corporate liabilities that cannot be attributable to any specific segment. Unallocated corporate assets and liabilities include associates and income tax payable respectively. Unallocated corporate results include the share of results of associates, income tax expense and corporate expenses that are not attributable to any specific segment.

(a) Business segments

The businesses of the Group can be divided into 3 main segments, namely Reclamation, Water and Power, Roads, Bridges and others.

Segment revenue and expenses: Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property and plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable, contract work-in-progress, loan and accruals.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

	<u>Reclamation</u> S\$'000	<u>Water and power</u> S\$'000	<u>Roads, bridges and others</u> S\$'000	<u>Total</u> S\$'000
(Unaudited)				
<u>June 30, 2008</u>				
REVENUE				
Revenue	<u>19,441</u>	<u>11,439</u>	<u>24,149</u>	<u>55,029</u>
RESULT				
Segment result	(1,936)	(1,140)	(2,405)	(5,481)
Unallocated corporate income	-	-	-	2,027
Finance cost	(28)	(17)	(36)	<u>(81)</u>
Loss before income tax				<u>(3,535)</u>
Income tax				<u>18</u>
Loss after income tax				<u>(3,517)</u>
OTHER INFORMATION				
Additions of property, plant and equipment	580	341	720	1,641
Depreciation	<u>206</u>	<u>121</u>	<u>257</u>	<u>584</u>
BALANCE SHEET				
ASSETS				
Segment assets	18,641	10,968	23,154	52,763
Unallocated corporate assets				<u>13,798</u>
Total assets				<u>66,561</u>
LIABILITIES				
Segment liabilities	13,918	8,189	17,286	39,393
Unallocated corporate liabilities				<u>6,146</u>
Total liabilities				<u>45,539</u>

	<u>Reclamation</u> S\$'000	<u>Water and power</u> S\$'000	<u>Roads, bridges and others</u> S\$'000	<u>Total</u> S\$'000
(Unaudited)				
<u>June 30, 2007</u>				
REVENUE				
Revenue	<u>309</u>	<u>1,702</u>	<u>23,931</u>	<u>25,942</u>
RESULT				
Segment result	(51)	(279)	(3,386)	(3,716)
Unallocated corporate income	-	-	-	628
Unallocated expense	-	-	-	(801)
Finance cost	(1)	(5)	(67)	<u>(73)</u>
Loss before income tax				(3,962)
Income tax				<u>(250)</u>
Loss after income tax				<u>(4,212)</u>
OTHER INFORMATION				
Additions of property, plant and equipment	30	163	2,246	2,439
Depreciation	<u>6</u>	<u>31</u>	<u>434</u>	<u>471</u>
(Audited)				
<u>December 31, 2007</u>				
BALANCE SHEET				
ASSETS				
Segment assets	181	19,242	28,654	48,077
Unallocated corporate assets				<u>9,498</u>
Total assets				<u>57,575</u>
LIABILITIES				
Segment liabilities	101	10,786	16,062	26,949
Unallocated corporate liabilities				<u>6,087</u>
Total liabilities				<u>33,036</u>

(b) Geographical segments

The Group operates in Singapore only, hence no further disclosure is made on the geographical segments.

10 COMMITMENT

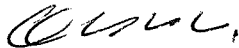
As at the balance sheet date, the Group has capital commitment contracted but not provided for in the consolidated financial statements amounting to S\$Nil (December 31, 2007 : S\$183,000).

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

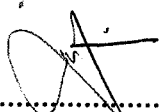
CONFIRMATION BY THE BOARD OF DIRECTORS

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 accompanying interim financial information for the six months ended June 30, 2008 to be false or misleading.

ON BEHALF OF THE DIRECTORS



.....
Oh Keng Lim



.....
Oh Koon Sun

August 25, 2008