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

INTERIM FINANCIAL INFORMATION

**FOR THE SIX MONTHS ENDED
JUNE 30, 2009**

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

INTERIM FINANCIAL INFORMATION

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

KOON HOLDINGS LIMITED AND ITS SUBSIDIARIES INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2009

Introduction

We have reviewed the accompanying interim financial information of Koon Holdings Limited and its subsidiaries (the "Group") which comprise the statement of financial position of the Group as at June 30, 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flow of the Group for the six months ended June 30, 2009 and selected explanatory notes, as set out on pages 3 to 14.

Management is 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.



Public Accountants and
Certified Public Accountants
Singapore

August 26, 2009

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2009**

	<u>Note</u>	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Audited) December 31, 2008 <u>S\$'000</u>
<u>ASSETS</u>			
Current assets			
Cash and bank balances		14,845	10,004
Trade receivables		30,432	31,612
Other receivables and prepayments		1,496	1,006
Contract work-in-progress		22,738	18,913
Held for trading investments		42	36
Available for sale investments		<u>500</u>	<u>500</u>
Total current assets		<u>70,053</u>	<u>62,071</u>
Non-current assets			
Pledged fixed deposits		5,329	5,505
Associate		*	*
Property, plant and equipment		<u>13,565</u>	<u>11,586</u>
Total non-current assets		<u>18,894</u>	<u>17,091</u>
Total assets		<u>88,947</u>	<u>79,162</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Current portion of long-term bank loans	3	593	593
Current portion of finance leases		1,778	1,524
Trade payables		38,953	37,775
Other payables and accruals		2,928	2,528
Contract work-in-progress		10,851	7,350
Income tax payable		<u>384</u>	<u>29</u>
Total current liabilities		<u>55,487</u>	<u>49,799</u>

* Cost represents S\$1.

	<u>Note</u>	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Audited) December 31, 2008 <u>S\$'000</u>
Non-current liabilities			
Long-term bank loans	3	434	730
Finance leases		922	1,553
Deferred income tax		<u>899</u>	<u>570</u>
Total non-current liabilities		<u>2,255</u>	<u>2,853</u>
Capital and reserves			
Share capital		6,660	6,660
Capital reserve		13,006	13,006
Accumulated profits		<u>11,539</u>	<u>6,844</u>
Total equity		<u>31,205</u>	<u>26,510</u>
Total liabilities and equity		<u>88,947</u>	<u>79,162</u>

See accompanying notes to interim financial information.

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended June 30, 2009**

	<u>Note</u>	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>
Revenue		70,077	55,029
Cost of sales	4	<u>(62,787)</u>	<u>(57,937)</u>
Gross profit (loss)		7,290	(2,908)
Other income	5	1,243	2,027
Administrative expenses		(3,082)	(2,573)
Finance cost – Interest expense		<u>(72)</u>	<u>(81)</u>
Profit (Loss) before income tax		5,379	(3,535)
Income tax	6	<u>(684)</u>	<u>18</u>
Profit (Loss) for the period attributable to shareholders, representing total comprehensive income, for the period		<u>4,695</u>	<u>(3,517)</u>
Basic/diluted earnings (loss) per share (Singapore cents)	7	<u>5.80</u>	<u>(4.34)</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, 2009**

	<u>Share capital</u> S\$'000	<u>Capital reserve</u> S\$'000	<u>Accumulated profits</u> S\$'000	<u>Total</u> S\$'000
<u>(Unaudited)</u>				
Balance at January 1, 2008	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	6,660	13,006	1,356	21,022
Profit for the period from July 1, 2008 to December 31, 2008	<u>-</u>	<u>-</u>	<u>5,488</u>	<u>5,488</u>
Balance at December 31, 2008	6,660	13,006	6,844	26,510
Profit for the period from January 1, 2009 to June 30, 2009	<u>-</u>	<u>-</u>	<u>4,695</u>	<u>4,695</u>
Balance at June 30, 2009	<u>6,660</u>	<u>13,006</u>	<u>11,539</u>	<u>31,205</u>

See accompanying notes to interim financial information.

**KOON HOLDINGS LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended June 30, 2009**

	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>
Operating activities		
Profit (Loss) before income tax	5,379	(3,535)
Adjustments for:		
Allowance (Reversal) for doubtful trade receivable - net	18	(26)
Depreciation expense	685	584
Dividend income	-	(1,500)
Gain on disposal of plant and equipment	(94)	(20)
Interest expense	72	81
Interest income	(19)	(12)
Fair value (gain) loss on held for trading investments	(6)	30
Provision for foreseeable loss on construction projects	<u>5,010</u>	<u>2,906</u>
Operating cash flows before movements in working capital	11,045	(1,492)
Contract work-in-progress (net)	(5,334)	7,261
Trade receivables	1,162	(17,478)
Other receivables and prepayments	(490)	339
Trade payables	1,178	9,753
Other payables and accruals	<u>400</u>	<u>(694)</u>
Cash generated from (used in) operations	7,961	(2,311)
Income tax refunded	<u>-</u>	<u>17</u>
Net cash from (used in) operating activities	<u>7,961</u>	<u>(2,294)</u>
Investing activities		
Purchase of plant and equipment (Note A)	(2,467)	(534)
Proceeds on disposal of plant and equipment	95	97
Interest received	19	12
Dividend received	<u>-</u>	<u>1,500</u>
Net cash (used in) from investing activities	<u>(2,353)</u>	<u>1,075</u>

	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>
Financing activities		
Decrease (Increase) in pledged fixed deposits	176	(3)
Interest paid	(72)	(81)
Repayment of obligations under finance lease	(575)	(669)
Repayment of bank loans	<u>(296)</u>	<u>(296)</u>
Net cash used in financing activities	<u>(767)</u>	<u>(1,049)</u>
Net increase (decrease) in cash and cash equivalents	4,841	(2,268)
Cash and cash equivalents at January 1	<u>10,004</u>	<u>5,423</u>
Cash and cash equivalents at June 30	<u>14,845</u>	<u>3,155</u>

Note A

During the financial period ended June 30, 2009, the Group acquired plant and equipment with an aggregate cost of S\$2,665,000 (June 30, 2008 : S\$1,641,000) of which S\$198,000 (June 30, 2008 : S\$1,107,000) was acquired under finance lease arrangements. Cash payments of S\$2,467,000 (June 30, 2008 : S\$534,000) was made for the purchase of plant and equipment.

See accompanying notes to interim financial information.

**KOON HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO INTERIM FINANCIAL INFORMATION
June 30, 2009**

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 Construction Pte Ltd	Contractors for civil and engineering works (Singapore)
Entire Engineering Pte Ltd	Renting of construction and civil engineering 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 interim financial information has been prepared in accordance with FRS 34, Interim Financial Reporting.

The same accounting policies and methods of computation have been followed in this interim financial information as were applied in the preparation of the Group's most recent audited consolidated financial statements for the year ended December 31, 2008 except for the impact of the adoption of the revised FRS and certain interpretations to FRS described below. The adoption did not result in substantial changes to the group's accounting policies.

FRS 1 - Presentation of Financial Statements (Revised)

The Group has adopted FRS 1 (Revised) with effect from its annual periods beginning on January 1, 2009. The revised Standard has introduced a number of terminology changes (including revised titles for the interim financial information) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has no impact on the reported results or financial position of the Group.

3 LONG-TERM BANK LOANS

	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Audited) December 31, 2008 <u>S\$'000</u>
Long-term bank loans	1,027	1,323
Less: Current portion	<u>(593)</u>	<u>(593)</u>
Non-current portion	<u>434</u>	<u>730</u>

The borrowings are repayable as follows:

On demand or within one year	593	593
In the second to fifth year	<u>434</u>	<u>730</u>
	<u>1,027</u>	<u>1,323</u>

The Group has two principal bank loans:

- a) Loan A bears effective interest rate of 1.93% per annum (2008 : 2.28% per annum) and is repayable in 47 equal instalments commencing April 2007. The loan is secured by a charge over a subsidiary's barges with carrying amount of S\$1,969,000 (2008 : S\$2,048,000) and carries interest at 1.2% plus one month SIBOR rate per annum.
- b) Loan B bears effective interest rate of 2.16% per annum (2008 : 2.41% per annum) and repayable in 35 equal instalments commencing December 2007. The loan is secured by a charge over a subsidiary's tugboats with a carrying amount of S\$543,000 (2008 : S\$566,000). The loan carries interest at 1.5% plus one month SIBOR rate per annum.

4 COST OF SALES

Cost of sales includes S\$5,010,000 (June 30, 2008 : S\$2,906,000) provision for foreseeable losses in relation to contract work-in-progress.

5 OTHER INCOME

	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>
Dividend income from available for sale investment	-	1,500
Rental income on properties	564	369
Gain on disposal of plant and equipment	94	20
Interest income	19	12
Grant income from Jobs Credit Scheme	258	-
Insurance claims received	100	-
Others	<u>208</u>	<u>126</u>
	<u>1,243</u>	<u>2,027</u>

6 INCOME TAX

	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>
Current tax	353	-
Under (Over) provision of current tax in prior years	2	(18)
Deferred tax	<u>329</u>	<u>-</u>
	<u>684</u>	<u>(18)</u>

7 EARNINGS (LOSS) PER SHARE

	(Unaudited) June 30, 2009 <u></u>	(Unaudited) June 30, 2008 <u></u>
Profit (Loss) attributable to shareholders (in S\$'000)	<u>4,695</u>	<u>(3,517)</u>
Number of ordinary shares for the purpose of basic earnings per share (in '000)	<u>81,000</u>	<u>81,000</u>
Earnings (Loss) per share (Singapore cents)	<u>5.80</u>	<u>(4.34)</u>

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

8 OPERATING SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

The Group's reportable segments under FRS 108 are as follows:

- Construction
- Marine logistics
- Land-based rental

The Construction segment relates to the construction projects related to land reclamation, roads and bridges.

Marine logistics segment relates to the provision of tugboats and barges services.

Land-based rental segment relates to the provision of rental of machinery and equipment.

The Marine logistics and Land-based rental segments render services to support the operations of the Construction segment.

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of FRS 108.

Segment revenues and results

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

	<u>Revenue</u>		<u>Results</u>	
	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Unaudited) June 30, 2008 <u>S\$'000</u>
Construction	67,879	50,036	3,574	(5,170)
Marine logistics	4,623	4,816	1,997	1,303
Land-based rental	<u>3,107</u>	<u>1,816</u>	<u>1,110</u>	<u>200</u>
	75,609	56,668	6,681	(3,667)
Elimination	<u>(5,532)</u>	<u>(1,639)</u>	<u>(296)</u>	<u>600</u>
Total	<u>70,077</u>	<u>55,029</u>	6,385	(3,067)
Unallocated corporate expenses			(934)	(387)
Finance costs			<u>(72)</u>	<u>(81)</u>
Profit (Loss) before income tax			5,379	(3,535)
Income tax			<u>(684)</u>	<u>18</u>
Profit (Loss) after income tax			<u>4,695</u>	<u>(3,517)</u>

Revenue reported above represents revenue generated from external customers and inter-segmental sales amounting to S\$5,532,000 (2008 : S\$1,639,000) which have been eliminated on consolidation. Revenue from external customers of Construction, Marine logistics and Land-based rental segments was S\$65,044,000 (2008 : S\$50,024,000), S\$4,623,000 (2008 : S\$4,803,000) and S\$410,000 (2008 : S\$202,000) respectively.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of finance costs and income tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets

	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Audited) December 31, 2008 <u>S\$'000</u>
Construction	74,917	69,518
Marine logistics	10,942	9,135
Land-based rental	<u>7,517</u>	<u>5,883</u>
	93,376	84,536
Elimination	<u>(19,001)</u>	<u>(10,679)</u>
Total segment assets	74,375	73,857
Unallocated corporate assets	<u>14,572</u>	<u>5,305</u>
Total assets	<u>88,947</u>	<u>79,162</u>

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than the assets of Koon Holdings Limited which are included under unallocated corporate assets representing cash and bank balances, deposits and prepayments.

In addition to the above, the construction segment includes provision for foreseeable losses and liquidated damages amounting to S\$9,857,000 (2008 : S\$4,847,000).

Other segment information

	<u>Depreciation</u>		<u>Additions to property, plant and equipment</u>	
	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Audited) December 31, 2008 <u>S\$'000</u>	(Unaudited) June 30, 2009 <u>S\$'000</u>	(Audited) December 31, 2008 <u>S\$'000</u>
Construction	194	357	251	215
Marine logistics	193	397	1,373	373
Land-based rental	<u>298</u>	<u>481</u>	<u>1,041</u>	<u>1,811</u>
	<u>685</u>	<u>1,235</u>	<u>2,665</u>	<u>2,399</u>

Geographical information

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

Information about major customers

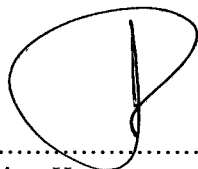
Included in revenues arising from construction projects are S\$20,555,000 (2008 : S\$43,903,000) which arose from sales to the Group's largest customer.

**KOON HOLDINGS LIMITED
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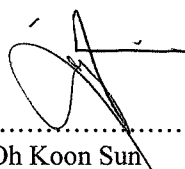
CONFIRMATION BY THE BOARD OF DIRECTORS

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, 2009 to be false or misleading.

ON BEHALF OF THE DIRECTORS



.....
Tan Thiam Hee



.....
Oh Koon Sun

August 26, 2009