

**Koon Holdings Limited**

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**MEDIA RELEASE – FOR IMMEDIATE RELEASE**

# Koon achieves highest net profit in its corporate history

- Revenues rise by 10.6%
- Rationalisation and streamlining results in Net Profit up 441%
- Net cash rises to S\$20.6 million (A\$16.4 million)
- Final and special dividends of 1.5 Singapore cents per share
- Poised for regional expansion

**Australia and Singapore, 27 January 2010** –Koon Holdings Limited, (“Koon”, “崑控股有限公司” or the “Group”), one of Singapore’s largest civil engineering, reclamation and shore protection specialists, is pleased to announce a net profit of S\$10.7 million (A\$9.3 million<sup>1</sup>) for the financial year ended 31 December 2009 (“FY2009”) a 441% rise in net profit or S\$2.0 million (A\$1.7 million) in FY2008.

**Financial Highlights**

<b>(S\$'000)</b>	<b>FY2009</b>	<b>FY2008</b>	<b>% Change</b>
Revenue	135,305	122,286	10.6%
Gross Profit	16,916	3,785	346.9%
Gross Profit Margin (%)	12.5%	3.1%	-
Profit Attributable to Shareholders	10,665	1,971	441.1%
Net Profit Margin (%)	7.9%	1.6%	-
Earnings per share <sup>2</sup> (Singapore cents)	13.13	2.43	440.3%
NM: not meaningful			

**Rationalisation and Streamlining exercise continues to bear fruit**

<sup>1</sup> Exchange calculated from average 12 month rate from January to December 2009: 1 Singapore dollar to 0.8716 Australian dollar

<sup>2</sup> Calculated from the 81,994,000 ordinary shares

The Group has benefited from the rationalisation and streamlining exercise initiated in the second half of 2008. By successfully containing costs and better allocating resources, Koon was able to sharply improve gross profit margins from 3.1% to 12.5% in FY2009.

The strong demand from the construction division also had a positive effect on the Group's land based rental division. This division recorded revenues of S\$6.7 million (A\$5.9 million) in FY2009, a 59.4% increase from S\$4.2 million (A\$3.7 million) in FY2008. This division was able to offset the decline in turnover from the marine logistics division, which was impacted by an industry wide slowdown in demand for marine transportation services. Revenue for the marine logistics division decreased by 24.0% to S\$7.6 million (A\$6.6 million) in FY2009.

As announced on 13 October 2009, the Group has embarked on plans to transform its Pandan yard into a mini marine logistics hub by leveraging on the yard's seafront location and deep berth. This new venture will allow the Group to expand its range of marine logistics related businesses, as well as diversify into other value added services such as warehousing and small scale ship repair.

"In view of another sterling set of results, the Board of Directors intends to reward our shareholders by recommending a final dividend of S\$0.01 per share and a special dividend of S\$0.005 per share. Along with our interim dividend paid of S\$0.01 per share during the year, we will be paying out total dividends of S\$0.025 per share or a yield of 6.9% based on the closing price of S\$0.36 as at 31 December 2009."

- Mr Tan Thiam Hee ( "陈添喜" ), CEO of Koon Holdings

### **Strengthened Balance Sheet**

The year's strong operational performance had a beneficial effect on Koon's balance sheet. The Group's net cash<sup>3</sup> position increased by S\$9.5 million (A\$8.3 million), from S\$11.1 million (A\$9.7 million) as at 31 December 2008 to S\$20.6 million (A\$17.9 million) as at 31 December 2009. A further paring down of finance leases during the period also resulted in improvements in gross gearing which fell from 16.6% to 9.7% in FY2009, net gearing remains at zero.

### **Public sector driven construction demand in 2010**

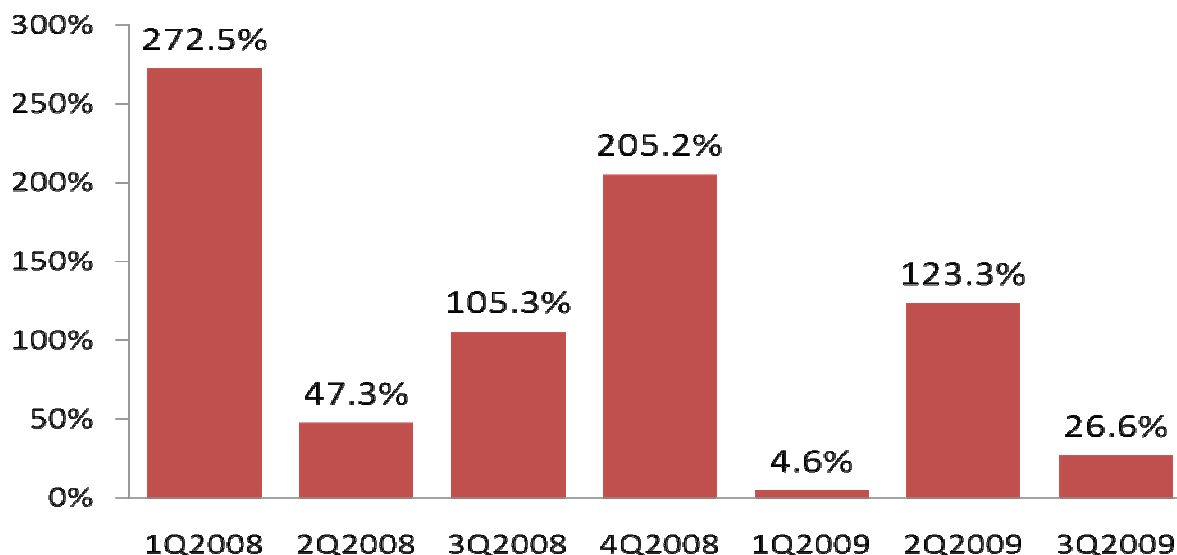
According to figures released by the Building and Construction Authority ("BCA") of Singapore, total construction output (payment made for work done) in 2009 is estimated to have reached a record high of about S\$30 billion (A\$26.2 billion) supported by the high level of contracts awarded

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<sup>3</sup> Net cash calculation (Cash & bank balances + Fixed deposits – Bank loans – Finance leases)

in 2008. The growth of public contracts awarded should result in continued growth of civil engineering activity into 2010. BCA's construction demand forecast (2010 to 2012) puts public sector spending at between S\$21 billion and S\$27 billion (A\$16.7 billion and A\$21.5 billion), of which 32% to 36% has been earmarked for civil engineering projects. Thus demand for the Group's core specialty of civil engineering works is set to remain buoyant in the near term.

### Public contracts awarded (yoy change)



Source: Economic Survey of Singapore 3<sup>rd</sup> Quarter 2009

However, as noted in the Group's detailed Financial Results announcement, challenges remain. On very large projects, the risk profile for the Group is high. For smaller projects, margins will remain tight. The Group expects the number of medium sized projects to decline. As such the Group is evaluating projects beyond the shores of Singapore.

Koon currently has a total outstanding construction order book of S\$55.0 million (A\$47.9 million) as at 31 December 2009.

"The Group will be seeking to extend its track record of success significantly in the next 12 months.

1) Having met all the necessary listing requirements, we have formally lodged our application to the Singapore Exchange Securities Trading Limited for an upgrade to the Mainboard. If approved by SGX the move will allow the Group to reach out to a broader spectrum of investors and institutional funds, increasing the profile of our shares.

2) The restructuring and streamlining exercise has laid a firm foundation for us to take the next step in our growth; venturing into the ASEAN region. The expertise learnt from our long

history of civil engineering works in Singapore will serve as a springboard into these regional markets. Indeed, with new developments in neighbouring countries the potential for significant infrastructural development is likely to result in unprecedented demand for civil engineering projects from the region.”

**- Mr Tan Thiam Hee (“陈添喜” ), CEO of Koon Holdings**

---- The End ----

### **About Koon Holdings Limited (“Koon”)**

Listed on the ASX and SGX Catalist in 2003, Koon Holdings Limited is one of Singapore’s largest civil engineering, reclamation and shore protection specialists. Having an established track record of over 30 years, it has successfully enhanced its capabilities along the value chain transforming from a transporter of rocks and stones to a main contractor in numerous iconic projects across the island.

By partnering with internationally renowned marine engineering companies, Koon has played a part in various large-scale infrastructure and reclamation projects, including Ulu Pandan Water Reclamation Plant, Pang Sua Canal and expanding Jurong Island. The synergistic nature of Koon’s construction and marine logistics divisions has opened doors to the burgeoning coastal engineering sector.

Koon is registered under the A1 category in civil engineering with the Building and Construction Authority. It is also certified in Integrated Management Systems covering Quality Management System (ISO 9001:2000), Environmental Management System (ISO 14001:2004) and Occupational Health and Safety Management System (OHSAS 18001:2007). More recently, the Group has been awarded the Green and Gracious Builder Award (Merit) for its environmental consciousness and professionalism.

For more information, please refer to the corporate website: <http://www.koon.com.sg>

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**Issued for and on behalf of Koon Holdings Limited**

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