KOON HOLDINGS LIMITED (KNH)

Full Year Financial Statements and Dividend Announcement

Full year financial statements on consolidated results for the period ended 31 December 2010
(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 2010
(Previous corresponding period:
31 December 2009)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracts from this report for announcement to the market

APPENDIX 4E

	Group S$'000	Up/Down	Movement %
Revenues from ordinary activities	79,381	Down	(41.3)
Profit from ordinary activities after tax attributable to members	13,032	Up	22.2
Net profit for the period attributable to members	13,032	Up	22.2

Dividends (distribution)	Amount per share Singapore cents	Franked amount per share Singapore cents
Final dividend	1.00	NA
Previous corresponding period Final dividend	1.50	NA
Date the dividend (distribution) is payable	to be announced	
Record date to determine entitlements to the dividend (distribution)	to be announced	

Any other disclosures in relation to dividends

Nil

		Group	
		31/12/2010	31/12/2009
Net tangible assets per ordinary share (Singapore cents)	Note A	30.36 cents	22.38 cents

Note A : The number of ordinary shares as at 31 December 2009 are adjusted for the bonus issue in December 2010.

Additional Appendix 4E disclosure requirements can be found in the notes to the full year financial statements attached thereto.

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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) Consolidated Statement of Comprehensive Income for the period ended 31 December 2010

	Note	Group Full Year ended 31 December 2010 S$'000	 2009 S$'000	 % Increase/ (Decrease)
Continuing operations				
Revenue		74,818	128,556	(41.8)
Cost of sales		(59,205)	(114,978)	(48.5)
Gross profit		15,613	13,578	15.0
Gain from a bargain purchase arising from acquisition of subsidiaries	1(a)(i)	1,678	-	NA
Dividend income		1,500	-	NA
Other income		4,125	2,277	81.2
Administrative expenses		(8,843)	(5,673)	55.9
Distribution costs		(277)	-	NA
Finance cost		(130)	(112)	16.1
Share of loss results of associate		(154)	-	
Profit from continuing operations before income tax		13,512	10,070	34.2
Income tax expense		(1,885)	(1,216)	55.0
Profit from continuing operations		11,627	8,854	31.3
Profit from discontinued operation (net of tax)	1(a)(iii)	1,171	1,812	(35.4)
PROFIT FOR THE YEAR		12,798	10,666	20.0
Other comprehensive income				
Translation difference		(10)	-	NA
Other comprehensive income for the year, net of tax		(10)	-	NA
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,788	10,666	19.9
Profit attributable to :				
Owners of the Company		13,032	10,666	22.2
Non-controlling interests		(234)	-	NA
		12,798	10,666	20.0
Total comprehensive income attributable to:				
Owners of the Company		13,022	10,666	22.1
Non-controlling interests		(234)	-	NA
		12,788	10,666	19.9
Earnings per share (Singapore cents)				
From continuing and discontinued operations:				
Basic	N	7.95	6.57	21.0
Diluted	N	7.93	6.57	20.8
From continuing operations:				
Basic	N	7.23	5.45	32.7
Diluted	N	7.22	5.45	32.4

Note N During FY2010, the Group issue 81,994,000 bonus shares on the basis of one bonus share for every one ordinary share in the capital of the company held by shareholders. The calculation of earnings per share at year end was based on profit attributable to ordinary shareholders and weighted average number of ordinary shares. For comparative purposes, the weighted average number of ordinary shares for the financial year ended 31 December 2009 are adjusted for the bonus issue in December 2010. The company's basic weighted average number of ordinary shares for the period ended 31 December 2010 was 163,988,000 shares (2009: 162,430,280). The company's diluted weighted number of ordinary shares for the period ended 31 December 2010 was 164,318,000 (2009: 162,430,280).

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1(a)(i) On 25 March 2010, the Group acquired 75% of the issued share capital of Econ Precast Pte Ltd ("Econ")(formerly known as ECI Corporation Pte Ltd) for cash consideration of S$3,750,000. This transaction has been accounted for by the purchase method of accounting.
The net assets acquired in the transaction, and the gain from a bargain purchase arising, are as follows:

	Acquiree's carrying amount before combination S$'000	Fair value adjustment S$'000	Fair value S$'000
Property, plant and equipment	3,236	1,565	4,801
Trade and other receivables	2,622	-	2,622
Allowance for doubtful trade receivables	(9)		(9)
Bank and cash balances	350	-	350
Inventories	5,580	-	5,580
Trade and other payables	(4,666)	-	(4,666)
Bank loan	(310)	-	(310)
Income tax payable	(348)	-	(348)
Finance lease	(406)	-	(406)
Deferred tax liability	(76)	(301)	(377)
Net assets acquired	5,973	1,264	7,237
Less: Non-controlling interest			(1,809)
Gain from a bargain purchase			(1,678)
Total consideration paid			3,750

On 27 August 2010, the Group's subsidiary Econ acquired the entire issued share capital of Construction Technology Pte Ltd ("Contech") for cash consideration of S$1,780,000. This transaction has been accounted for by the purchase method of accounting.

	Acquiree's carrying amount before combination S$'000	Fair value adjustment S$'000	Fair value S$'000
Property, plant and equipment	766	1,122	1,888
Deferred tax liability	-	(191)	(191)
Net assets acquired	766	931	1,697
Non-controlling interest			21
Goodwill			62
Total consideration paid			1,780

The goodwill from the acquisition of Contech was fully impaired in FY2010.

1(a)(ii)

	S$'000
Net cash outflow from acquisition:	
Cash consideration paid for acquisiton of Econ Precast Pte Ltd	(3,750)
Cash and bank balances acquired for acquisition of Econ Precast Pte Ltd	350
Cash consideration paid for acquisiton of Construction Technology Pte Ltd	(1,780)
	(5,180)

1(a)(iii) The profit and loss from the discontinued operation is analysed as follows:

	2010 S$'000	2009 S$'000
(Loss)/Profit of Marine Logistics operation for the year	(122)	1,812
Gain on disposal of Marine Logistics operation	1,293	-
	1,171	1,812

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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

The comparative results of Marine Logistics operation for the financial year ended 31 December 2010 and 31 December 2009 are as follows:

	2010 S$'000	2009 S$'000
Revenue	4,563	6,749
Cost of sales	(4,076)	(3,906)
Gross Profit	487	2,843
Other income	263	177
Administrative expenses	(603)	(928)
Finance cost	(55)	(35)
Profit before income tax	92	2,057
Income tax expense	(214)	(245)
(Loss)/Profit for the period	(122)	1,812

Consolidated Statement of Comprehensive Income

Revenue:
The Group's revenue for the year ended 31 December 2010 ("FY2010") decreased by 41.8% to S$74.8 million compared to the previous financial year ("FY2009") due mainly to changes in project completions and timing.

1) Project Completion: Completion of major projects such as Punggol Serangoon Reservoir, Gardens by the Bay, BCA Construction Industries Park, Wetlands project and Jurong Island meant that these projects contributed significantly to FY2009 revenues but only partly to FY2010 revenues.

2) Timing: We only book revenues after a project is 20% or more complete. We have fewer new projects reaching this threshold in FY2010 as compared to FY2009.

Precast Division - We acquired Econ on 25 March 2010 and Contech on 27 August 2010. The Precast division contributed a maiden S$8.8 million revenue for FY2010.

Gross profit:
Despite the reduction in revenue, the Group saw an increase in gross profit. The Group had achieved a better gross margin from 10.6% to 19.6% in FY2010. This was mainly derived from the Construction division's reversal of provision for foreseeable loss of S$1.3 million. The reversal is the result of a concerted effort by the project team to monitor and implement various cost control measures. These include centralized sourcing & procurement, standardization of procurement requirements and increasing the pool of subcontractors and suppliers as well as more "innovative" and "creative" ways toward resolving project or cost issues. Gross profit margin excluding the write back was a healthy 19.0%.

The decrease in gross profit margin from the Plant and Equipment Rental division was attributable to an overall decline in market rates and higher utilisation of third parties equipment which led to an overall increase in operating expenditure.

Gain from a bargain purchase arising from acquisition of subsidiaries:
Gain from a bargain purchase arising from acquisition of subsidiaries of approximately S$1.7 million arose from the acquisition of the Precast division (refer to Note 1(a)(i)).

Dividend income:
Dividend income of S$1.5 million came from Koon Zinkcon, a 50% joint venture with Boskalis International (S) Pte Ltd.

Other income:
Increase in other income was mainly due to net gain of approximately S$0.8 million from the valuation of the Group's option in Tesla Holdings Pty Ltd ("Tesla"), gain from disposal of 2 crawler cranes and additional rental income from the precast yard. The gain in Tesla's option is the fair value that arises from its revaluation and in accordance with Financial Reporting Standard ("FRS") 39. The option relates to the conditional options granted to and from Koon with respect to 2,400,000 preference shares.

Administrative expenses:
Administrative expenses increased by 39.2% from S$4.9 million to S$7.9 million in FY2010 mainly due to the acquisition of Econ & Contech and higher manpower cost resulting from an increase in headcount, consultancy expenses from project tender exercises, professional fees incurred on the acquisition exercises and partially offset by the write back of provision for stocks.

Distribution costs:
Distribution costs are costs arising from the sale of goods by the Precast division. This is a maiden cost.

Share of loss of associate:
Share of loss of an associate arose from the ownership of approximately 49% of Tesla. In 30 July 2010 we acquired Tesla, an Australian energy infrastructure company has began construction of a 9.9MW diesel power plant in Western Australia.

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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

Profit from discontinued operation:
Profit from discontinued operation arises from the Marine Logistics division that has been disposed. As previously noted, one of the reasons for the disposal is that there has been a slowdown in demand for marine transportation resulting in a more competitive environment for the Marine Logistics business. The decline in gross margin is due to lower charter and utilization rates for tugboats and barges.

Profit for the year:
The Group recorded profit for the year (PAT) of approximately S$12.8 million in FY2010, an increase of 20.0% as compared with last year. The increase in PAT came mainly from better gross margins from continuing operations, gain from the purchase of the Precast division, dividend income of S$1.5 million and gain of S$0.8 million from the valuation of the Tesla option partially offsetted by higher administrative and distribution costs due to an increase in operating expenses and acquisition of subsidiaries and an associate.

Dividend:
The Group is pleased to announce a 1 Singapore cent dividend (equivalent to 2 Singapore cent before the bonus issue) per ordinary share. This is in addition to the interim dividend of 1 Singapore cent (pre-bonus) per ordinary share.

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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(b) Consolidated Statement of Financial Position as at 31 December 2010

Group	Note	As at 31/12/2010 S$'000	As shown in in last annual report As at 31/12/2009 S$'000
ASSETS			
Current assets			
Cash and cash equivalents		22,518	20,844
Pledged fixed deposits		52	3,286
Trade receivables		21,774	21,379
Other receivables		7,502	786
Derivative financial instruments	1(c)(i)	1,057	-
Inventories		4,727	5,059
Contract work-in-progress		12,693	15,419
Held for trading investments		49	42
Available for sale investment		500	500
Non-current assets classified as held for sale		1,898	-
Total current assets		72,770	67,315
Non-current assets			
Associates		3,652	*
Property, plant and equipment		22,042	14,296
Deferred income tax		234	1,190
Total non-current assets		25,928	15,486
Total assets		**98,698**	**82,801**
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of long-term bank loans		1,358	913
Derivative financial instruments	1(c)(i)	254	-
Trade payables		27,754	32,605
Other payables and accruals		11,652	5,269
Contract work-in-progress		1,556	1,421
Current portion of finance leases		1,300	1,087
Income tax payable		1,698	2,317
Total current liabilities		45,572	43,612
Non-current liabilities			
Long-term bank loans		-	944
Finance leases		2,058	609
Deferred income tax		1,288	932
Total non-current liabilities		3,346	2,485
Total liabilities		**48,918**	**46,097**
Capital and Reserves			
Share capital		6,998	6,998
Capital reserve		13,006	13,006
Translation reserve		(10)	-
Accumulated profits		27,683	16,700
Equity attributable to owners of the Company		47,677	36,704
Non-controlling interests		2,103	-
Total equity		**49,780**	**36,704**
Total liabilities and equity		**98,698**	**82,801**

* 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 2010

	Note	Group Full Year ended 31 December 2010 S$'000	 2009 S$'000
Operating activities			
Profit before income tax		14,898	12,127
Adjustments for:			
Allowance for doubtful trade receivable		9	-
Depreciation expense		3,347	1,553
Dividend income from held for trading investment		*	-
Dividend income from available for sale investment		(1,500)	-
Gain on disposal of property, plant and equipment		(615)	(127)
Gain on disposal of discontinued operation		(1,293)	-
Interest expense		182	146
Interest Income		(199)	(61)
Impairment of goodwill		62	
Credit to profit or loss on held for trading investments		(8)	(6)
(Reversal) provision for foreseeable loss on contract work-in-progress		(1,325)	3,990
Gain from a bargain purchase arising from acquisition of subsidiaries	1(c)(i)	(1,678)	-
Gain on valuation of option		(802)	-
Share of loss from associate		154	-
Share based payment expense		106	338
Operating cash flows before movements in working capital		11,338	17,960
Contract work-in-progress (net)		4,185	(11,484)
Trade receivables		2,096	10,233
Inventories		2,015	-
Other receivables		(4,098)	220
Trade payables		(5,978)	(5,170)
Other payables and accruals		4,518	2,741
Cash generated from operations		14,076	14,500
Income tax paid		(2,321)	(1)
Net cash from operating activities		**11,755**	**14,499**
Investing activities			
Acquisition of subsidiaries	1(a)(ii)	(5,180)	-
Acquisition of interest in associate		(3,816)	
Purchase of property, plant and equipment		(6,017)	(4,109)
Proceeds on disposal of property, plant and equipment		5,149	214
Dividend received from held for trading investment		*	-
Dividend received from available for sale investment		1,500	-
Interest received		199	61
Net cash used in investing activities		**(8,165)**	**(3,834)**
Financing activities			
Decrease in pledged fixed deposits		3,234	2,219
Dividends paid		(2,049)	(810)
Interest paid		(182)	(146)
Increase in bank loan		-	1,127
Repayment of obligations under finance lease		(1,482)	(1,622)
Repayment of bank loans		(1,984)	(593)
Capital contribution from non-controlling interests		547	-
Net cash (used in) from financing activities		**(1,916)**	**175**
Net increase in cash and cash equivalents		1,674	10,840
Cash and cash equivalents at January 1		20,844	10,004
Cash and cash equivalents at December 31		**22,518**	**20,844**

* Amount less than S$1,000

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1(c)(i) On 29 July 2010 ("Completion date"), Koon entered into an Investment Agreement with Tesla. According to the terms of the Investment Agreement, a put option was granted to Tesla in which Tesla has the right to require Koon to subscribe for 2,400,000 preference shares in the issued and paid up capital of Tesla within 6 months from the date certain conditions are met. At the same time, a call option was also granted to Koon in which Koon has the right to subscribe for 2,400,000 preference shares at any time following the date of the Investment Agreement. If the put or call option is exercised, all other things being equal, Koon will increase its stake in Tesla to approximately 68% for a consideration of another AUD$3.6 million. The preference shares are convertible into ordinary shares.

FRS 39 identifies such an option as a derivative financial instrument and requires that it be accounted for in the statement of financial position at fair value, irrespective of whether they are used as part of a hedging relationship.

Changes in fair value are recognised in profit or loss unless the contract is part of an effective cash flow or net investment hedging relationship.

<u>The discussion that follows compares the Consolidated Statement of Financial Position as at 31 December 2010 with that of 31 December 2009.</u>

Pledge fixed deposits:
As at 31 December 2010, pledged fixed deposits as bank security for the financing of a project had been released. This has resulted in a significant decrease in the balance of pledged fixed deposits as compared to last year.

Trade receivables:
It did not fall due to a back to back amount receivable from a joint venture partner.

Other receivables:
The increase was mainly attributable from the sale of certain tugboats and barges of Gems Marine Pte Ltd and deposits placed with the Independent Market Operator and Western Power under the arrangement with Tesla to build four 9.9MW power plant in Western Australia.

Non-current assets classified as held for sale:
It was pertained to leasehold property held for sale to ASL Shipyard Pte Ltd. The transactions was approved at the Extraordinary General Meeting held on 6 December 2010 and it was completed in January 2011.

Inventories:
Inventories in 2009 primarily comprise of steel sheet piles. Inventories in 2010 primarily arose from the acquisition of Econ.

Associates:
Associates of S$3.6 million arose mainly due to the Group's 49% interest in Tesla Holdings Pty Ltd ("Tesla").

Property, plant and equipment:
Increased mainly came from the addition of the Precast division amounting to approximately S$8.0 million, and the acquisition of 2 dredgers, several excavators, motor vehicles and storage racking systems and steel sheet piles.

Deferred income tax(assets):
Decreased due to write-back of provision for foreseeable loss.

Bank loans:
Decreased due to early repayment of bank loans for vessels prior to the sale to Capitol Shipping Pte Ltd.

Other payables and accruals:
Increased mainly due to an advance of S$7 million received from Koon Zinkcon Pte Ltd ("KZ"), a 50% joint venture with Boskalis International (S) Pte Ltd. This amount was received from the excess cash reserve in KZ and distributed to the two shareholders.

Finance lease:
Increased mainly due to the hire purchase for 5 new gantry cranes in the Precast division.

Income tax payable:
Decreased mainly due to tax paid during the period.

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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 2010 with that of 31 December 2009.

The cash and cash equivalents of the Group increased by S$1.76 million to S$22.5 million, mainly due to a decrease in pledged fixed deposits and strong net cash generated from operations which were partially offset by net cash outlay for acquisition of subsidiaries, Econ Precast Pte Ltd and Econ Precast Sdn Bhd in April 2010 and Construction Technology Pte Ltd in August 2010. In addition, the Group also acquired a 49% interest in Tesla in July 2010.

Reversal of provision for foreseeable loss on construction projects mainly resulted from the tight cost control measures, higher resale value of steel sheet piles used in a major project and the safety bonus received of a approximately S$0.6 million.

Decrease in pledged fixed deposits was due to the release of fixed deposits pledged with a bank in relation to project financing facility granted for a major project which was substantially completed in 1H FY2010.

Capital contribution from non-controlling interests arose due to incorporation of the Koon-Top Pave Joint Venture.

1(d)(i) Consolidated Statements of changes in equity for the period ended 31 December 2010

Group	Share capital S$'000	Capital reserve S$'000	Accumulated profits S$'000	Translation reserve S$'000	Attributable to owners of the Company S$'000	Non-controlling interests S$'000	Total S$'000
Balance at January 1, 2009	6,660	13,006	6,844	-	26,510	-	26,510
Issue of share capital	338	-	-	-	338	-	338
Dividends	-	-	(810)	-	(810)	-	(810)
Total comprehensive income for the period from Jan 1, 2009 to December 31, 2009	-	-	10,666	-	10,666	-	10,666
Balance at December 31, 2009	6,998	13,006	16,700	-	36,704	-	36,704
Issue of share capital pursuant to bonus issue	-	-	-	-	-	-	-
Dividends	-	-	(2,049)	-	(2,049)	-	(2,049)
Acquisition of subsidiaries (Note 1(a)(i))	-	-	-	-	-	1,790	1,790
Incorporation of a subsidiary	-	-	-	-	-	547	547
Total comprehensive income for the period from January 1, 2010 to December 31, 2010	-	-	13,032	(10)	13,022	(234)	12,788
Balance at December 31, 2010	6,998	13,006	27,683	(10)	47,677	2,103	49,780

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 held as shares that may be issued on conversion of all the outstanding convertibles, as well as the treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

There were no changes in the Company's issued share capital since the end of the previous year reported on.

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
The Company's issued and paid up capital:	
Balance as at 31 December 2009	81,994,000
Bonus Issue during the financial year	81,994,000
Balance as at 31 December 2010	163,988,000

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 are no treasury shares.

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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

2. Whether the figures have been audited, or reviewed and in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The comparison figures relating to the previous corresponding period are audited by the auditor.

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.

None.

4(b). Details of any dividend or distribution reinvestment plains 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 disclosures for the previous corresponding period.

There are no associates and joint venture entities which are material to an understanding of the report.

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 2009.

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.

Improvements to FRS applicable from 1 January 2010

FRS 103 (2009) Business Combinations
FRS 103(2009) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The main impact of the adoption of FRS 103(2009) Business Combinations on the Group has been:

• to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. In the current period, when accounting for the acquisition of Huiji Electronic Systems (China) Limited, the Group has elected to measure the non-controlling interests at fair value at the date of acquisition. Consequently, the goodwill recognised in respect of that acquisition includes the impact of the difference between the fair value of the non-controlling interests and their share of the fair value of the identifiable net assets of the acquiree;

• to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

• where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and
• to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The Group has adopted various revised or new FRS and INT FRS applicable from 1 January 2010. 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 Full Year ended 31 December 2010	 2009
Earnings per ordinary share for the period (Singapore cents):		
From continuing and discontinued operations		
(a) Based on the weighted average number of ordinary shares on issue	7.95 cents	6.57 cents
(b) Based on a fully diluted basis	7.93 cents	6.57 cents
From continuing operations		
(a) Based on the weighted average number of ordinary shares on issue	7.23 cents	5.45 cents
(b) Based on a fully diluted basis	7.22 cents	5.45 cents

The calculation of diluted earnings per share for continuing and discontinued operations at at 31 December 2010 was based on profit attributable to ordinary shareholders of S$13,219 million (2009: S$10.666 million) and for continuing operations S$12.048 million (2009: S$8.854 million).

The weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 164,318,000 (2009: 162,430,280) calculated as follows:

	2010	2009
	No. of shares	
Weighted average number of ordinary shares (basic)*	163,988,000	162,430,280
Potential share issue under employee performance share plan	330,000	-
Weighted average number of ordinary shares (diluted) as at 31 December	164,318,000	162,430,280

* For comparative purposes, the weighted average number of ordinary shares for the financial year ended 31 December 2009 are adjusted for the bonus issue in December 2010.

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 31/12/2010	 31/12/2009
Net tangible value per ordinary share based on issued share capital as at the end of the reporting period (Singapore cents)	Note N	30.36 cents	22.38 cents

The number of ordinary shares as at 31 December 2009 are adjusted for the bonus issue in December 2010.

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

In our interim results for the half year ended 30 June 2010 announced on 10 August 2010, we stated that "the Building and Construction Authority ("BCA") forecasted that 2010 will be a better year for the construction projects to be awarded. If these estimates by the BCA prove accurate the Group can expect continued and good growth in its core civil engineering business in 2010." As can be seen from the current results the Group has recorded profits.

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INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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.

On 17 February 2011, the Ministry of Trade and Industry ("MTI") announced that the Singapore economy grew by 14.5% for the whole of 2010, reversing the decline of 0.8% experienced for the whole of 2009. MTI's growth forecast for 2011 remains between 4.0% to 6.0%.

The construction sector contracted by 2.0% in the final quarter of 2010, reversing the 6.7% growth in the preceding quarter. For the whole of 2010, the construction sector expanded 6.1%, down from 17% in 2009. Construction demand from the private sector doubled from 2009's levels, offsetting the 42% contraction from the public sector. However, as most civil engineering work is from the public sector, our segment of the market fared poorly.

On 27 August 2010, the Group's 75% owned subsidiary, Econ Precast Pte. Ltd. acquired 100% of Construction Technology Pte. Ltd.("Contech"). Contech is registered with the Building and Construction Authority ("BCA") and has a L6 grading, the highest BCA grading. This grading pre-qualified Contech to tender for public projects with respect to the supply of Precast Concrete Products for an unlimited value.

The acquisition will strengthen the Group's precast business and broaden the Company's earnings base.

As at the date of this announcement, the Construction division has secured the following additional projects thereby bringing the outstanding order book for the Construction division to approximately S$60.3 million (excluding the Vietnam project amounting to S$225 million which was announced earlier in 2010) :-

Project Title	Contract Value	Contract Duration	Owner/Main Contractor
Term contract for maintenance of foreshore structures and physical barriers	S$8.3 million	3 years	Two statutory boards

The Precast division has an outstanding order book of approximately S$31 million.

Barring any unforeseen circumstances, the Group expects to remain profitable in FY2011.

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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 annual financial statements, with comparative information for the immediately preceding year

	Revenue		Earnings	
	Full Year ended 31 Dec		Full Year ended 31 Dec	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Continuing Operations				
Construction Division	66,111	127,740	10,300	7,898
Plant and Equipment Rental Division	7,289	6,708	1,192	2,279
Precast Division	8,882	-	(441)	-
	82,282	134,448	11,051	10,177
Elimination	(7,464)	(5,892)	(4,558)	(1,777)
	74,818	128,556	6,493	8,400
Unallocated corporate income (expenses)			5,625	1,782
Share of loss of associate			(154)	
Gain from a bargain purchase arising from acquisition of subsidiaries (Note 1(a)(i))			1,678	-
Finance costs			(130)	(112)
Profit before income tax			13,512	10,070
Income tax expense			(1,885)	(1,216)
Profit for the period			11,627	8,854
Discontinuing Operation				
Marine Logistics Division	6,112	7,555	1,931	2,056
Elimination	(1,549)	(806)	(2,047)	(141)
	4,563	6,749	(116)	1,915
Unallocated corporate income (expenses)			1,556	177
Finance costs			(55)	(35)
Profit before income tax			1,385	2,057
Income tax expense			(214)	(245)
Profit for the period			1,171	1,812
Consolidated revenue and profit for the year	79,381	135,305	12,798	10,666

Segment Assets

	2010	2009
	S$'000	S$'000
Continuing Operations		
Construction Division	66,673	67,056
Plant and Equipment Rental Division	15,605	12,041
Precast Division	22,880	-
	105,158	79,097
Discontinuing Operation		
Marine Logistics Division	11,920	6,735
	117,078	85,832
Elimination	(28,548)	(6,335)
Total segment assets	88,530	79,497
Unallocated corporate assets	10,167	3,304
Total assets	98,697	82,801

Other segment information

	Depreciation		Additions to property, plant and equipment	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Continuing Operations				
Construction Division	407	418	759	570
Plant and Equipment Rental Division	1,324	674	9,031	1,599
Precast Division	966	-	8,048	-
	2,697	1,092	17,838	2,169
Discontinuing Operation				
Marine Logistics Division	650	461	1,503	2,181
	3,347	1,553	19,341	4,350

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 : -

Continuing Operations

Turnover - Construction
Construction division revenue has declined by approximately S$61.6 million to S$66.1 million in FY2010 mainly due to changes in project completions and timing.

1) Project Completion: Completion of major projects such as Punggol Serangoon Reservoir, Gardens by the Bay, BCA Construction Industries Park, Wetlands project and Jurong Island meant that these projects contributed significantly to FY2009 revenues but only partly to FY2010 revenues.

2) Timing: We only book revenues until a project is 20% or more complete. We have fewer new projects reaching this threshold in FY2010 as compared to FY2009.

Turnover - Plant and Equipment Rental
Plant and Equipment Rental division has contributed S$0.6 million increase in revenue to S$7.2 million in FY2010. The increase in revenue is mainly due to the increase demand of Machinery & Equipment in 1H FY2010 for two of our projects.

Turnover - Precast
Precast division, a newly acquired division consist of Econ Precast Pte Ltd, Econ Precast Sdn Bhd and Construction Technology Pte Ltd, has contributed S$8.8 million in revenue. The total revenue came from the sales of reinforced concrete piles and and precast concrete products.

Earnings - Construction
Despite of the decrease in revenue, Construction division profit before tax increased mainly attributed to the reversal of provision for foreseeable loss of S$1.3 million. The reversal arises from the general decline in market rates as well as the various cost control measures which have been implemented.

Earnings - Plant and Equipment Rental
Plant and Equipment Rental profit before tax has reduced from 34.0% to 16.3% mainly due to the need to rent more third party equipment, higher fuel costs and increase in depreciation expenses with the addition of new equipment.

Earnings - Precast
The Precast division incurred a loss of S$0.4 million mainly due to the new start up cost for Construction Technology Pte Ltd.

Discontinuing Operation

Turnover - Marine Logistics
Marine Logistic division revenue has declined by approximately S$1.4 million which is mainly due to the slowdown in demand for the marine transportation.

Earnings - Marine Logistics
Marine logistics division profit before tax fell mainly to lower gross margin from the lower charter and utilization rates for tugboats and barges. This was partially offsetted by the gain on the disposal of vessels of S$1.3 million.

KOON HOLDINGS LIMITED (KNH)

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

	Full Year ended 31 December	
	2010	2009
	S$'000	S$'000
Ordinary	2,049	810

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
25 February 2011

KOON HOLDINGS LIMITED (KNH)

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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 2010 to be false or misleading.

On behalf of the board of directors,

Mr. Tan Thiam Hee	Mr. Oh Koon Sun
Managing Director and Chief Executive Officer	Executive Director

Singapore
25 February 2011