



Press Release - For Immediate Release

KOON POSTS NET PROFIT OF S\$6.3 MILLION IN 1H2011; DECLARES INTERIM DIVIDEND OF HALF SINGAPORE CENT PER SHARE

- ▶ Increased revenue contribution from the Precast division
- ▶ Order book of the Construction division and Precast division stood at S\$88.2 million and S\$68.8 million respectively
- ▶ Tesla has commenced operations of its first power plant
- ▶ Healthy balance sheet with net cash position
- ▶ Dividend payout ratio⁽¹⁾ of 13.0%

(S\$'000)	1H2011	1H2010	Change (%)
Revenue	35,662	37,028	(3.7)
Gross Profit	3,013	7,884	(61.8)
Other Income	9,597	770	1,146.4
Profit Attributable to Shareholders	6,318	6,029	4.8
Earnings per Share ⁽²⁾ (Singapore Cents)	3.85	3.68	4.6

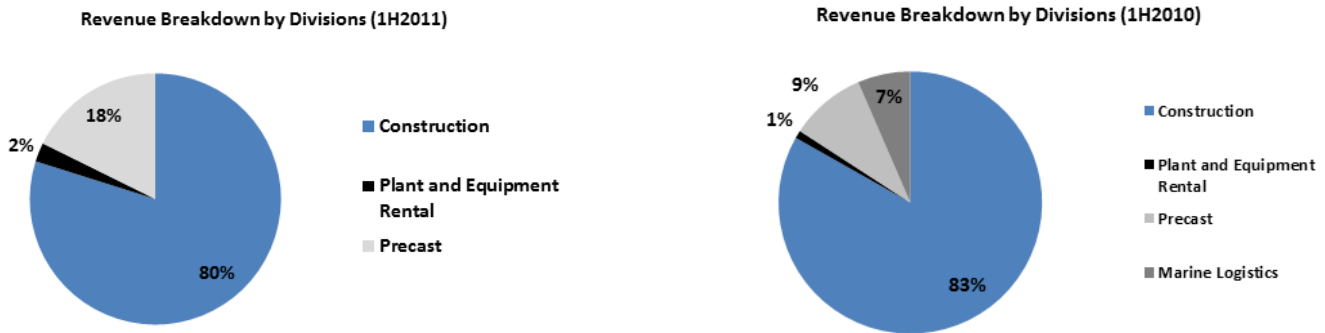
(S\$'000)	As at 30 June 2011	As at 30 June 2010	Change (%)
Net Tangible Asset Per Share ⁽²⁾ (Singapore Cents)	31.77	25.31	25.5
Cash & Cash Equivalents	22,979	31,472	(27.0)

(1) Dividend payout ratio equals to dividend per share divided by earnings per share

(2) Basic weighted average number of ordinary shares for the period ended 30 June 2011 was 164,098,000 shares
(30 June 2010: 163,988,000 shares)

Singapore and Australia, 26 August 2011 - Koon Holdings Limited, (“Koon”, “崑控股有限公司” or the “Group”), one of Singapore’s leading land reclamation and precast specialists, today reported its profit attributable to shareholders rose marginally to S\$6.3 million for its first half year ended 30 June 2011 (“1H2011”).

Higher Revenue Contribution from the Precast Division



For the period under review, the Group recorded lower revenue of S\$35.7 million, down 3.7% from the previous corresponding period. Revenue from the Construction division declined but was partially mitigated by an increase in revenue contribution from the Precast division which grew 71.0% to S\$6.3 million.

Revenue from the Construction division declined by 13.6% to S\$28.5 million in 1H2011, which was mainly due to changes in the timing of revenue recognition and project completions. The Group only recognizes revenue when a project is 20% or more complete.

Substantial completion of major projects such as Punggol-Serangoon Reservoir, Gardens by the Bay at Marina South, Jurong Island projects, PUB Wetland contributed significantly to the Group's revenue in 1H2010 and as a result, there was lower revenue recognition in 1H2011 from these projects.

To date, the Construction and Precast division has an outstanding order book of approximately S\$88.2 million and S\$68.8 million respectively. The order book of the Construction division excludes the Vietnam port project amounting to US\$160 million which was announced last year. The outstanding order books for both the Construction and Precast divisions are expected to contribute to the Group's revenue progressively over the next 2 years.

Gross profit decreased from S\$7.9 million to S\$3.0 million in 1H2011. As compared to 1H2010, the higher gross margin in 1H2010 was mainly contributed by projects which commanded better gross margin such as Gardens by the Bay at Marina South and Jurong Island projects and the write back of provision for anticipated losses and liquidated damages for certain projects in 1H2010.

In addition, the Precast division recorded a lower gross profit margin due to the preliminary setup, technical design and production-related costs that were incurred in relation to the newly secured precast contracts.

In line with the Group's ongoing expansion plans and recent acquisitions, administrative expenses and distribution expenses increased by 98.4% and 171% to S\$6.4 million and S\$0.3 million respectively.

Net profit attributable to shareholders rose 4.8% to S\$6.3 million, this was mainly attributed to the gain on disposal of leasehold property and dividend income received from Koon Zinkcon of S\$5.6 million and S\$3.0 million respectively. Koon Zinkcon is the Group's 50% joint venture with Boskalis International (S) Pte Ltd, a major international dredging and offshore engineering firm.

Commenting on the results for 1H2011, Mr Tan Thiam Hee (“陈添喜”), Managing Director and Chief Executive Officer of Koon, said: “While earnings contribution from the gain of disposal of leasehold property and

dividend income has buffered our financial performance in our first half, our order book for both the Construction and Precast divisions remain healthy and will drive our growth momentum in the second half of the year.

Particularly, revenue contribution from the Precast division grew significantly which attests to our calibrated strategy to penetrate upstream into the housing market. Benefiting from economies of scale in higher volume of production, we remain confident on the earnings momentum from the Precast division.

To reward our shareholders for their continuous support, we have decided to declare an interim dividend of half Singapore cent per share, representing a dividend payout ratio of approximately 13.0% for 1H2011. This would have been equivalent to 1 Singapore cent per ordinary share last year before the bonus issue. ”

Healthy Balance Sheet with Net Cash Position

The Group’s financial position remains healthy with total assets of S\$105.7 million and total liabilities of S\$52.6 million. Net tangible asset per share grew from 25.31 Singapore cents to 31.77 Singapore cents, representing a growth of 25.5% over the same corresponding period.

As at end June 2011, the Group’s cash and cash equivalents stood at approximately S\$23.0 million.

Tesla has commenced operations of its First Power Plant

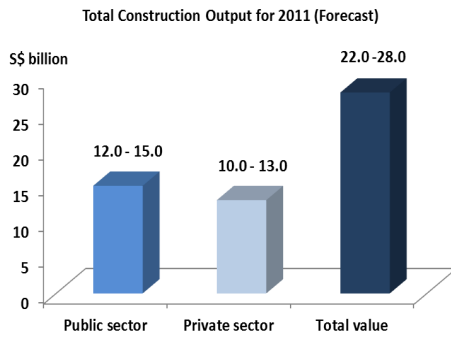
Based in Australia, Tesla is an energy infrastructure company with core capabilities to build and operate power stations that provide peak power to the State of Western Australia based on a two-tier revenue matrix (standby fee and actual usage fee).

To date, the Group owns approximately 67.8% stake in Tesla, comprising 48.9% ordinary shares and 18.9% preference shares. Tesla’s first 9.9MW diesel power plant in Western Australia has commenced its operations.

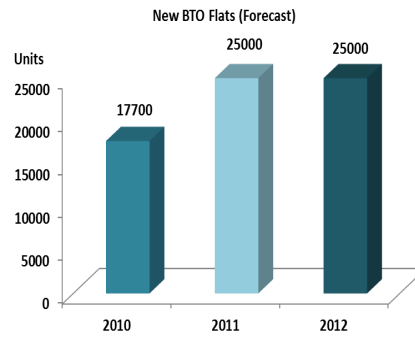
Outlook

According to the Building and Construction Authority of Singapore (BCA), public sector demand for construction works is likely to strengthen to between S\$12 billion and S\$15 billion, contributing about 55% to the overall construction demand of S\$22 billion to S\$28 billion.

In its latest forecast in August 2011, the Housing and Development Board (HDB) of Singapore expects new Build-To-Order (BTO) flat launch to reach 25,000 units per year in 2011 and 2012. The combined BTO supply totaling of 50,000 units across various parts of Singapore will add to the already strong demand for precast products.



Source: BCA



Source: URA

Commenting on the outlook for second half of 2011, Mr Tan said: “Amid the uncertainties in the western economies, the Singapore economy is expected to grow at a moderate pace in the second half of 2011.

While business opportunities exist in the infrastructure construction and housing market, there are also considerable cost pressures affecting labour and raw materials. The tight labour market is also a concern.

However, given our prudent financial approach, the Group’s transformed business model remains on track to diversify our revenue base and build more recurring revenue.

Going forward, we intend to focus on more value added products and solutions to offer to customers. In particular products and solutions that tie in our complementary business units (Infrastructure Construction, Plant and Equipment Rental, Precast, Real Estate Agency and Energy Infrastructure). This strategy is aligned with our commitment to maximizing shareholders’ value over time.”

- END -

This document is to be read in conjunction with Koon’s exchange filings on 26 August 2011, which can be downloaded via www.sgx.com and www.asx.com.au.

Issued on behalf of Koon Holdings Limited by ShareInvestor Pte Ltd

Media & Investor Contact

ShareInvestor Pte Ltd

Mr Alex Tan
 Direct Line: +65 6517 8771
 Mobile: +65 9451 5252

Email: alex.tan@shareinvestor.com

Koon Holdings Limited

Mr Ben Teo
 Chief Financial Officer
 Tel: +65 6261 5788
 Fax: +65 6266 0117

Email: ir@koon.com.sg

Website: www.koon.com.sg

About Koon Holdings Limited

Listed on the Mainboard of Australian Securities Exchange Limited and Singapore Exchange and Securities Trading Limited, Koon is one of Singapore's leading infrastructure construction and civil engineering group with an established track record of over 30 years. Continuously enhancing its capabilities along the value chain, Koon has gone from a transporter of rocks and stones to a main contractor in numerous iconic infrastructure and reclamation projects in Singapore (such as the Ulu Pandan Water Reclamation Plant, Pang Sua Canal, expanding Jurong Island and etc).

Registered with the Building and Construction Authority (BCA) under the A1 category, Koon is able to tender for civil engineering projects of unlimited value in Singapore. And testament to its niche expertise and capabilities in the infrastructure construction and civil engineering space, Koon has forged successful partnerships with other renowned infrastructure and construction companies to secure infrastructure construction and civil engineering projects domestically and regionally.

Koon's infrastructure construction business activities are further enhanced by its plant and equipment rental division, which centralise the procurement of plant and construction equipment to generate cost efficiencies and ensure that its wide range of marine and land-based construction machinery and equipment is efficiently utilised.

Demonstrating its quality management, environmental protection and safety management capabilities, Koon is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified. The Group has also taken structured approaches towards continuous improvements of its capabilities, quality service and product solutions. Testament to its commitment to environmental protection and green awareness, Koon has been awarded with the BCA Green & Gracious Builder Award. In addition, Koon also obtained the Bizsafe Partner Certification in 2009.

Recognising the increasing use of precast concrete products to shorten construction time with better quality control and productivity, Koon moved into the upstream precast industry through the acquisitions of Econ Precast and Contech Precast in 2010. With a combined track record of more than 30 years, both Econ Precast and Contech Precast are approved precast works suppliers to Housing and Development Board projects with the highest grading (L6) from the BCA, enabling them to tender for precast works of unlimited value. This has successfully broadened the Group's product offerings and customer base with the cross-marketing of its products and integrated service solutions to a wider group of customers.

Investments are part of Koon's business strategy to generate diversified streams of recurring revenue, profit and cashflow. Besides quantitative requirements, the business fundamentals of each investment must be aligned with the Group's objective to deliver long term sustainable shareholder value. The investment in Tesla, an energy infrastructure company, provides a direct channel into the growing energy market in Australia. Aided by Tesla's expertise, Koon is in the midst of constructing a 9.9MW power plant in Western Australia, with 3 more set to follow in the next year.

In addition, the Group acquired a majority stake in GPS Alliance Holdings Pte. Ltd. ("GPS Alliance") that owns premier real estate agency, Global Property Strategic Alliance Pte. Ltd., which is involved in a wide spectrum of real estate services that includes Corporate Leasing services; Investment Sales; En-bloc Sales; Full-time Sales; Domestic and International Project Sales; Property Valuation and Advisory Services. Since its establishment, GPS Alliance has made significant progress in expanding its business network via regional strategic alliances.