



KSH Holdings Limited

(Company Registration Number: 200603337G)
(Incorporated in the Republic of Singapore on 9 March 2006)

UNAUDITED HALF YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30th SEPTEMBER 2008

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

1 (a) A income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement	The Group		
	Period ended 30.09.2008	Period ended 30.09.2007	% increase/ (decrease)
	S\$'000	S\$'000	
REVENUES			
Project revenue	177,877	77,932	128
Rental income from completed properties held for sale	1,631	1,742	(6)
	179,508	79,674	125
Other income	5,874	1,067	451
Cost of construction	(161,424)	(71,979)	124
Personnel expenses	(4,401)	(2,686)	64
Depreciation of property, plant and equipment	(718)	(257)	179
Finance costs	(2,633)	(913)	188
Other operating expenses	(1,835)	(1,069)	72
	(171,011)	(76,904)	122
Profit from operations before share of results of associates and a joint venture	14,371	3,837	275
Share of results of associates	(105)	(12)	775
Share of results of a joint venture	83	-	nm
Profit before taxation	14,349	3,825	275
Tax expense	(2,264)	(790)	187
Profit for the period	12,085	3,035	298
Attributable to:			
Equity holders of the Company	12,033	2,867	320
Minority interests	52	168	(69)
	12,085	3,035	298

Notes

The Group's profit before taxation is arrived at after (charging)/crediting the following :-

	The Group		
	Period ended 30.09.2008	Period ended 30.09.2007	% increase/ (decrease)
	S\$'000	S\$'000	
Interest income	1,329	155	757
Loss from fair value adjustment of investment properties	(500)	-	nm
Fair value gain on embedded derivative	3,950	-	nm
Amortisation of club membership	(1)	-	nm
Amortisation of convertible notes issuance expenses	(103)	-	nm
Fair value gain on structured deposits	53	-	nm
Net gain on sale of an investment property and property, plant and equipment (Note A)	30	405	(93)
Foreign exchange (loss)/gain, net	(4)	280	(102)
Interest expense	(2,600)	(905)	187
Profit after taxation but before minority interests as a percentage of turnover	6.73%	3.81%	77
Profit after taxation attributable to equity holders of the Company as a percentage of the Group's Issued Capital and Reserves before Minority interests at 30 September 2008 and 30 September 2007	13.75%	6.23%	121

nm : Not meaningful

Note A : Net gain on sale of investment property and property, plant and equipment

	Period ended 30.09.2008	Period ended 30.09.2007
	S\$'000	S\$'000
Net gain on sale of property, plant and equipment	1	447
Net gain/(loss) on sale of an investment property	29	(42)
	30	405

BALANCE SHEET AS AT 30 SEPTEMBER 2008

1(b)(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	30.09.2008 S\$'000	31.03.2008 S\$'000	30.09.2008 S\$'000	31.03.2008 S\$'000
Non-current assets				
Property, plant and equipment	12,213	11,487	-	-
Investment in subsidiaries	-	-	57,516	57,516
Investment in associates	5,472	4,655	-	-
Investment in a joint venture	330	247	-	-
Investment properties	99,128	94,187	-	-
Properties held for development	-	15,607	-	-
Loan due from a joint venture (non-trade)	19,975	16,925	-	-
Loan due from an associate (non-trade)	6,685	-	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,306	2,172	-	-
Amount due from subsidiaries (non-trade)	-	-	2,250	1,263
Trade receivables	11,014	4,091	-	-
Club membership	57	59	-	-
Other investments - quoted equity shares	1	1	-	-
Structured deposits	1,820	1,767	-	-
	159,001	151,198	59,766	58,779
Current assets				
Consumable stock	-	3	-	-
Trade receivables	31,035	25,854	-	-
Other receivables and deposits	4,189	4,222	43	43
Prepayments	1,109	1,208	700	783
Amount due from subsidiaries (non-trade)	-	-	184	312
Amount due from a joint venture	1,278	2,000	-	-
Amount due from an associate	15	-	-	-
Construction work-in-progress in excess of progress billings	11,548	13,883	-	-
Fixed deposits	13,267	12,222	1,717	4,564
Cash and bank balances	52,377	18,361	901	192
	114,818	77,753	3,545	5,894
Current liabilities				
Trade payables	18,185	11,490	-	-
Other payables and accruals	52,568	39,042	813	1,397
Amount due to a director of a subsidiary	315	293	-	-
Amount due to subsidiaries (non-trade)	-	-	1	1,002
Finance lease obligations (current portion)	1,445	1,206	-	-
Provision for income tax	3,246	1,685	-	-
Progress billings in excess of construction work-in-progress	7,145	755	-	-
Bank term loans (current portion), secured	931	895	-	-
Bank overdrafts, secured	-	770	-	-
Bills payable to banks, secured	24,599	12,876	-	-
Convertible noted - embedded derivative component	1,450	5,400	1,450	5,400
	109,884	74,412	2,264	7,799
Net current assets / (liabilities)	4,934	3,341	1,281	(1,905)
Non-current liabilities				
Other payables and accruals	130	10,256	-	-
Trade payables	7,680	2,891	-	-
Amount due to subsidiaries (non-trade)	-	-	8,444	5,537
Finance lease obligations (non-current portion)	3,997	4,146	-	-
Bank term loans (non-current portion), secured	13,317	14,912	-	-
Convertible notes - liability component	17,914	16,599	17,914	16,599
Deferred tax liabilities	13,685	12,910	-	-
	56,723	61,714	26,358	22,136
NET ASSETS	107,212	92,825	34,689	34,738
Equity attributable to equity holders of the Company				
Share capital	21,956	21,956	21,956	21,956
Translation reserve	2,650	(511)	-	-
Accumulated profits	62,893	52,799	12,733	12,782
Other reserves	11	11	-	-
	87,510	74,255	34,689	34,738
Minority interests	19,702	18,570	-	-
Total equity	107,212	92,825	34,689	34,738

BORROWINGS AND DEBT SECURITIES**1(b)(ii) Aggregate amount of Group's borrowings and debt securities**

Amount repayable in one year or less, or on demand			
As at 30.09.08		As at 31.03.2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
26,975	-	15,747	-

Amount repayable after one year			
As at 30.09.08		As at 31.03.2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
17,314	17,914	19,058	16,599

Details of any collateral :

The Group's borrowings are secured by way of :

- 1) Assignment of progress payments from the developer for certain on-going construction projects ;
- 2) Letters of assignment of certain progress payments and retention monies due to the Group ;
- 3) Joint and several personal guarantees of the directors of the Company ;
- 4) Corporate guarantees issued by the Company and a subsidiary ;
- 5) First legal mortgage on the Group's investment properties and leasehold factory building ;
- 6) Charge on fixed deposits and structured deposits ; and
- 7) First charge over the contract proceeds/project account arising from the construction project financed.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Cash Flow Statement

	The Group	
	30.09.2008	30.09.2007
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before taxation	14,349	3,825
Adjustments for :		
Depreciation of property, plant and equipment	718	257
Amortisation of club membership	1	-
Amortisation of issuance costs on convertible notes	103	-
Gain on sale of property, plant and equipment	(1)	(447)
Gain on sale of investment property	(29)	42
Loss from fair value adjustment of investment property	500	-
Fair value gain on embedded derivative	(3,950)	-
Fair value gain on structured deposits	(53)	-
Interest expense	2,600	905
Interest income	(1,329)	(155)
Share of results of associates	105	12
Share of results of a joint venture	(83)	-
Operating profit before working capital changes	<u>12,931</u>	<u>4,439</u>
Decrease (increase) in :		
Consumable stock	3	(1)
Trade and other receivables, deposits and prepayments	(3,950)	(7,763)
Work-in-progress, net	8,725	(6,472)
Increase (decrease) in :		
Trade and other payables	20,243	9,724
Cash flows generated from/(used in) operations	<u>37,952</u>	<u>(73)</u>
Income taxes paid	647	(604)
Interest income received	85	155
Exchange differences	(2,002)	(133)
Net cash flows generated from/(used in) operating activities	<u>36,682</u>	<u>(655)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(695)	(795)
Proceeds from sale of property, plant and equipment	1	998
Proceeds from sale of investment property	-	1,858
Decrease in amount due from an associate	8,907	-
Increase in amount due from a joint venture	(2,328)	(5,825)
Investment in associates	(764)	-
Investment in a joint venture	-	(250)
Net cash flows generated from/(used in) investing activities	<u>5,121</u>	<u>(4,014)</u>
Cash flows from financing activities		
Dividends paid	(1,939)	(2,203)
Proceeds from bank term loans	-	9,875
Repayment of bank term loans	(1,559)	(2,047)
Repayment of short-term bank loan	-	(67)
Proceeds from bills payable to banks	11,723	4,655
Interest paid	(1,157)	(905)
Repayment of lease obligations	(654)	(102)
Increase in fixed deposits (pledged)	(3,890)	(3,182)
Increase in long term receivables	(6,923)	-
Decrease in long term payables	(5,465)	-
Net cash flows (used in)/generated from financing activities	<u>(9,864)</u>	<u>6,024</u>
Net increase in cash and cash equivalents	31,939	1,355
Cash and cash equivalents at beginning of financial year	22,155	16,577
Cash and cash equivalents at end of period (Note A)	<u>54,094</u>	<u>17,932</u>

Note A : Cash and cash equivalents at end of period comprise :

	30.09.2008	30.09.2007
	S\$'000	S\$'000
Cash and bank balances	52,377	19,697
Fixed deposits	13,267	7,533
Bank overdrafts, secured	-	(1,765)
	<u>65,644</u>	<u>25,465</u>
Less : Pledged fixed deposits	(11,550)	(7,533)
Cash and cash equivalents	<u>54,094</u>	<u>17,932</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2008

1(d)(i)

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

THE GROUP	Attributable to equity holders of the Company				Minority interests	Total equity
	Share capital S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	S\$'000	S\$'000
As at 1 April 2007	21,956	(312)	23,616	-	8,273	53,533
Currency translation difference	-	103	-	-	(2)	101
Net income recognised directly in equity	-	103	-	-	(2)	101
Net profit for the period	-	-	2,867	-	168	3,035
Total recognised income and the expenses for the period	-	103	2,867	-	166	3,136
First and final tax-exempt dividends on ordinary shares	-	-	(2,203)	-	-	(2,203)
As at 30 September 2007	21,956	(209)	24,280	-	8,439	54,466
As at 1 April 2008	21,956	(511)	52,799	11	18,570	92,825
Currency translation difference	-	3,161	-	-	1,080	4,241
Net income and expenses recognised directly in equity	-	3,161	-	-	1,080	4,241
Net profit for the period	-	-	12,033	-	52	12,085
Total recognised income and the expenses for the period	-	3,161	12,033	-	1,132	16,326
First and final tax-exempt dividends on ordinary shares	-	-	(1,939)	-	-	(1,939)
As at 30 September 2008	21,956	2,650	62,893	11	19,702	107,212
THE COMPANY						
As at 1 April 2007	21,956	-	10,544	-	-	32,500
Net loss for the period	-	-	(519)	-	-	(519)
Total recognised income and expenses for the period	-	-	(519)	-	-	(519)
First and final tax-exempt dividends on ordinary shares	-	-	(2,203)	-	-	(2,203)
As at 30 September 2007	21,956	-	7,822	-	-	29,778
As at 1 April 2008	21,956	-	12,782	-	-	34,738
Net profit for the period	-	-	1,890	-	-	1,890
Total recognised income and expenses for the period	-	-	1,890	-	-	1,890
First and final tax-exempt dividends on ordinary shares	-	-	(1,939)	-	-	(1,939)
As at 30 September 2008	21,956	-	12,733	-	-	34,689

SHARE CAPITAL

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issues, 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 that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as 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 share capital during the financial period ended 30 September 2008.

During the previous financial year, the Company issued S\$25,000,000 of 1% coupon Unconditional Unsubordinated Unsecured Convertible Notes due 2011 (the "Notes"). The Notes are convertible into ordinary shares of the Company and the conversion price was originally set at \$1.50 and subsequently adjusted to \$0.75 (the "Adjusted Conversion Price"), following the sub-division of ordinary shares. The Adjusted Conversion Price may be reset if the average of the closing price of the ordinary shares of the Company for the 20 consecutive market days ending 12 months after the issue of the Notes is less than the Adjusted Conversion Price, subject to the reset Adjusted Conversion Price not being less than \$0.595. Based on the Adjusted Conversion Price of \$0.75, the number of shares that may be issued upon conversion of the Notes is 33,333,333 ordinary shares. None of the Notes have been converted into ordinary shares of the Company as at the balance sheet date.

The Company does not hold any treasury shares up to the date of this announcement.

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.

	Period ended 30.09.2008	Year ended 31.03.2008
The total number of issued shares	176,245,000	176,245,000

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 on.

Not applicable.

AUDIT

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

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

ACCOUNTING POLICIES

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statement have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial reporting period with the audited financial statements as at 31 March 2008.

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.

Not applicable.

EARNINGS PER SHARE

- 6 Earnings per ordinary shares of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends :-

	The Group	
	Period ended 30.09.2008	Period ended 30.09.2007
a) Basic (cents)	6.83	3.25
b) Diluted (cents)	6.17	3.25
	S\$'000	S\$'000
Group's profit for the financial period attributable to the shareholders of the Company used for the computation of basic EPS	12,033	2,867
Group's adjusted profit for the financial period attributable to the shareholders of the Company used for the computation of diluted EPS	13,475	2,867
Weighted average number of ordinary shares in issue used for the calculation of basic EPS	176,245,000	88,122,500
Adjustment for outstanding convertible notes, based on reset Adjusted Conversion Price of \$0.595.	42,016,807	-
Adjusted weighted average number of ordinary shares used for the calculation of diluted EPS	218,261,807	88,122,500

Basic earnings per share ("EPS") is calculated based on the Group's profit for the financial period attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the financial period.

Diluted EPS is calculated based on the Group's profit for the financial period attributable to the shareholders of the Company adjusted for interest expense on the convertible notes divided by the weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares, being the outstanding convertible notes.

NET ASSET VALUE PER SHARE

- 7 Net asset 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) immediately preceding financial year.

	The Group		The Company	
	as at 30.09.2008	as at 31.03.2008	as at 30.09.2008	as at 31.03.2008
Net asset value per ordinary share (cents)	49.65	42.13	19.68	19.71
Issue share capital at the end of the period	176,245,000	176,245,000	176,245,000	176,245,000

REVIEW OF THE PERFORMANCE OF THE GROUP

- 8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following :-
- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factor ; and
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current period reported on.

Revenues

The Group had recorded revenue S\$179.5 million in the half year ended 30 September 2008, increased by 125.3% comparing to the corresponding period in 2007 of S\$79.7 million. The significant increase in revenue was due to the strong contribution from construction business in Singapore. 99.1% of the Group's revenue was contributed from construction business in Singapore and 0.9% was contributed from rental income of completed properties held for sale in China.

Profit before tax

In tandem with the strong increase in the Group's revenue, the Group's profit before tax had increased by 275.2% from S\$3.8 million to S\$14.4 million for the period ended 30 September 2008.

Construction business

Construction business contributed S\$12.1 million to the Group's profit before tax in the period ended 30 September 2008 as compared to S\$4.4 million reported for the same period last year. With the completion of lower margin projects before the beginning of the current reporting period, the gross margin of construction business has improved to 9.2% from 7.6%.

Loss from fair value adjustment of investment properties

The loss from fair value adjustment of S\$0.5 million pertains to the Group's investment property in Singapore.

Accounting for issuance of S\$25 million Convertible Notes

The Group has issued S\$25 million convertible notes on 18 October 2007. In accordance with FRS 39.11, the fair value of the embedded derivative was deducted from the fair value of the convertible notes and the residual is allocated to the host debt instrument of the convertible notes. As at 30 September 2008, the fair value of the embedded derivative was determined and a gain of S\$3.95 million was recognized contributing to the Group's profit before tax. The fair value of the embedded derivative as at 30 September 2008 was S\$1.4 million. The fair values were determined based on valuation done by professional valuation firm engaged by the Group.

In accordance with FRS 39 and FRS 32, an imputed interest expense of S\$1.3 million was recognized for the host debt instrument.

Interest Expenses

Interest Expenses increased by S\$1.7 million as compared to the corresponding period in last year. S\$1.3 million of the increase was due to an imputed interest expense recognised for the host debt instrument of the above mentioned convertible notes during the half year ended 30 September 2008. The remaining increase was mainly due to in use of banking facilities to finance the increase of the construction business in Singapore.

Interest Income

S\$1.2 million of the interest income was the interest charged to a joint venture.

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

There was no forecast or any prospect statement previously disclosed to shareholders.

10 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.

In view of the current global economic crisis and the technical recession in Singapore, the outlook has become widely uncertain for the construction and property development industry in Singapore and China where the Group has business operation.

While the domestic construction demand this year is estimated to reach between S\$27 billion and S\$32 billion as announced by BCA earlier, it is expected to decline moving forward.

The Group has currently a construction order book of more than S\$565 million in Singapore. Nevertheless, the Group remains cautious on the possible impacts that the economic conditions may have on the performance of the Group for the next 12 months.

DIVIDENDS

11 (a) Current financial period reported on

Any dividend declared for the current financial period reported on ?

Name of dividend : Interim
Dividend Type : Tax Exempt (1-tier) Dividend
Dividend rate : 1.50 cents per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year ?

None.

(c) Date payable

The interim dividend will be payable on 11 December 2008.

(d) Books closure date

Notice is hereby given that, the Transfer Books and the Register of Members of the Company will be closed on 28 November 2008 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street #08-01 Samsung Hub Singapore 049483 up to 5.00 pm on 27 November 2008 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00pm on 27 November 2008 will be entitled to the interim dividend.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable

SEGMENT INFORMATION

- 13 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most**
Not applicable.
- 14 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**
Not applicable.
- 15 **A breakdown of sales as follows:-**
Not applicable.
- 16 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous year as follows :**
Not applicable.

NEGATIVE ASSURANCE

- 17 **Negative assurance confirmation on the half year financial results pursuant to Rule 705(4) of the Listing Manual of SGX-ST.**

On behalf of the Board of Directors of the Company, we, the undersigned, do 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 unaudited financial statement of the Group and Company for the period ended 30 September 2008 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

Choo Chee Onn
Executive Chairman and Managing Director

Lim Kee Seng
Executive Director

10 November 2008

The initial public offering of the share of KSH Holdings Limited was sponsored by Westcomb Capital Pte Ltd