



KSH Holdings Limited

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

NEWS RELEASE

KSH HOLDINGS REPORTS 17% RISE IN NET PROFIT TO S\$2.7 MILLION FOR 1QFY2010

- Increase in profit despite 30% decline in revenue
- Net profit margin up 1.8 percentage points with improvement in average gross margin
- Strong order book of approximately S\$439 million
 - Substantial portion to be completed by end FY2010
- Healthy balance sheet with cash and fixed deposits of S\$54.5 million

	1QFY2009	1QFY2010	% Change
Revenue (S\$m)	84.29	58.65	-30
Profit before tax (S\$m)	3.08	3.58	+16
Net Profit (Before MI) (S\$m)	2.34	2.74	+17
Net Profit Margin (%)	2.75	4.57	+1.8 percentage points
EPS (Basic)(Singapore cents)*	1.33	1.37	
	FY2009	1QFY2010	
NAV per share (Singapore cents) **	51.38	47.35	

* EPS per share was computed based on the weighted average number of shares of 205,633,805 for 1QFY2009 and 200,287,452 for 1QFY2010

** Number of shares used for NAV per share computation was 176,245,000 for FY2009 and 200,287,452 for 1QFY2010

Singapore, August 5, 2009 – KSH Holdings Limited (“KSH Holdings” or the “Group”) (“KSH控股有限公司”), a well-established Construction, Property Development and Property Management group, today announced a 17% rise in net profit to S\$2.7 million for the three months period ended June 30, 2009 (“1QFY2010”). This was despite a 30% decline in revenue to S\$58.7 million in 1QFY2010 from S\$84.3 million in 1QFY2009. The revenue decline was mainly due to the completion of four construction projects, which more than offset the increase in revenue from ongoing projects during the period under review.

With lower cost of construction and an improvement in average gross margin, the Group also achieved an improvement of net profit margin by 1.8 percentage points, from 2.8 % in 1QFY2009 to 4.6% in 1QFY2010.

Commented Mr Choo Chee Onn (“朱峙安”), Executive Chairman and Managing Director of KSH Holdings, “While we recorded lower revenue for the first quarter, we are pleased that our continued prudence and lower cost of construction have improved our net profit and margin. As we continue to face the current economic slowdown, prudence remains as our key strategy. With our strong order book of S\$439 million as at June 30, 2009 as well as a healthy cash position, we are confident of weathering the downturn and emerging stronger when the economy recovers.”

Performance Review

During the financial year in review, the Group continued to focus on its core Construction business. This business segment remains as KSH’s strongest revenue contributor in 1QFY2010, contributing 97.8% to total Group revenue at S\$58.7 million.

Revenue from the Group’s other business division, the Property Development and Management segment, made up 2.2% of total revenue in 1QFY2010 at S\$1.3 million.

The decline in revenue from the Group's construction business was mainly due to the completion of four projects, which more than offset the increase in revenue from ongoing projects. With the completion of the 5-storey shopping complex - Tampines 1; and two other industrial developments - Forte at New Industrial Road and Platinum 28 at Genting Lane in FY2009; as well as the residential project - The Coast at Sentosa Cove in May 2009, revenue contributed from these projects decreased by S\$40.9 million in 1QFY2010 as compared to 1QFY2009. The decrease is offset by ongoing projects on hand that are progressing into more advanced stages of construction and have contributed S\$15.3 million more of revenue in 1QFY2010 as compared to 1QFY2009.

Mr Choo added, "With the progress of our ongoing projects into later stages of construction, a higher percentage of revenue will be recognised in the next 3 quarters of FY2010. Moreover, work on new projects like the S\$83.4 million NUS contract for the construction of residential colleges and facilities have commenced and will start to contribute to our turnover in 2QFY2010."

In line with the completion of projects, cost of construction decreased by S\$26.3 million or 33.8%, from S\$77.9 million in 1QFY2009 to S\$51.5 million in 1QFY2010. Average gross margin of construction business improved from 7.6% in 1QFY2009 to 12.2% in 1QFY2010 largely due to cost control management. With the improvement in average gross margin, the Group's construction business experienced an increase of S\$0.7 million in margin contribution to profit from operations, from S\$6.4 million in 1QFY2009 to S\$7.1 million in 1QFY2010, despite a decline in revenue.

As at June 30, 2009, the Group maintained a healthy balance sheet with cash and fixed deposits of S\$54.5 million. Net cash flows generated from operating activities amounted to S\$8.2 million for the 3 months period.

The Group's EPS and net asset value per share stood at 1.37 and 47.35 Singapore cents respectively, as at June 30, 2009.

Outlook

Moving ahead, the Group is cautiously optimistic on the outlook of its Construction business. Singapore's Construction sector continues to demonstrate resilience with strong forecasted demand in construction services.

The Group has also noted an upward revision in Singapore's GDP forecast, from a contraction of 6.0 - 9.0% to 4.0 - 6.0%, according to the Ministry of Trade and Industry, although any recovery would be weak due to the fragile global economy.

On the Property front, the Group noted the recent strong sentiments of the residential property market in Singapore. URA statistics show that developers sold 1,825 units of new homes in June this year, up from 1,673 units in May, with monthly take-up rate surpassing the boom-time high of 1,731 units recorded in August 2007.

Added Mr Choo, "Construction remains our key focus, in particular the Public sector. Our track record and core competency in this sector, together with our A1 Contractor status registered with the Building and Construction Authority ("BCA"), will enable us to compete effectively in this space. Furthermore, our impressive track record in Public sector construction projects, which include the Singapore Air Traffic Control Centre at Biggin Hill, Choa Chu Kang Sports Complex, Jalan Bahar SCDF Rescue Training Centre, Nanyang Polytechnic, and Tanah Merah Ferry Terminal, will put us in a good position in securing more Public sector projects in the future. For the Private sector, the recent positive sentiments of the residential property market will augur well for us."

Barring unforeseen circumstances, the Group expects to remain profitable in FY2010.

About KSH Holdings Limited

KSH is a well-established Construction, Property Development and Property Management group. Incorporated in 1979, the Group has 29 years of experience in the Singapore construction industry and is backed by an impressive track record, both in Public and Private Sector construction projects. The Group is registered with the Building and Construction Authority (“BCA”) with an A1 grading under the category CW01 for general building, which is currently the highest grade for contractors’ registration in this category, and allows the Group to tender for Public Sector construction projects of unlimited value. The most recent contract secured by the Group was a S\$83.4 million contract from the National University of Singapore (“NUS”) for the construction of two blocks of residential colleges and five blocks of common facility buildings for the NUS University Town.

Besides acting as main contractor for both the Public and Private Construction sectors in Singapore, and for the Private sector in Malaysia, KSH is also involved in Property Development and Property Management in the PRC as well as in Singapore (via a joint venture). The Group currently has completed two property developments in the PRC – Tianxing Riverfront Square in Tianjin (currently held as an investment property), and Liang Jing Ming Ju in Beijing, which are developed by its associated company, JHTD. The Group also has a property management arm, TTX Property Management, which manages Tianxing Riverfront Square.

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