



KING WAN CORPORATION LIMITED
(Company Registration No. 200001034R)

Half Year Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

KING WAN CORPORATION LIMITED
CONSOLIDATED PROFIT & LOSS STATEMENT
FINANCIAL PERIOD ENDED 30TH SEPTEMBER 2006

	Note	30.9.2006	30.9.2005	Increase/ (Decrease)
		S\$	S\$	
Revenue		17,829,502	21,921,519	-19%
Cost of Sales		(15,250,324)	(18,490,648)	-18%
Gross Profit		2,579,178	3,430,871	-25%
Other Operating Income				
Rental Income		324,193	370,875	-13%
Sundry Income	i	110,493	12,826	761%
Interest Income		16,405	28,115	-42%
Dividend Income		2,113	800	164%
Exchange (Loss) / Gain		(2,410)	4,264	-156%
Change in Fair Value of Investments Held for Trading		10,065	(15,888)	-163%
Gain / (Loss) on Disposal of Plant & Equipment		28,073	(1,966)	-1528%
		488,932	399,026	23%
Administrative Expenses	ii	(2,646,001)	(2,819,906)	-6%
Distribution Costs		(55,844)	(147,695)	-62%
Finance Costs		(148,080)	(105,734)	40%
Share of Associates' Results		72,563	(20,563)	-453%
Profit Before Income Tax		290,748	735,999	-60%
Income Tax Expense		(75,000)	(128,555)	-42%
Profit For The Period		215,748	607,444	-64%

Notes

- i. **Included in sundry income are proceeds from the sale of scrap materials amounting to S\$73,000. There were no such disposals in the previous corresponding period. Also included was management fees charged to an associate of S\$30,000. There were no similar charges in the previous corresponding period.**
- ii. **Included in administrative expenses are the following:**

	Note	30.9.2006 S\$	30.9.2005 S\$	Increase / (Decrease) S\$
Depreciation of Property, Plant and Equipment (Write-back) / Allowance for Doubtful Debts	a	554,240 (136,818)	554,795 44,857	(556) (181,675)
Loss on sale of Investments Held for Trading		-	5,350	(5,350)
Goodwill Written Off		-	71,056	(71,056)
Allowance for Inventories		19,394	-	19,394

Note a		30.9.2006 S\$	30.9.2005 S\$	Increase / (Decrease) S\$
Depreciation charged to administrative expense		554,240	554,795	(555)
Depreciation charged to construction-in-progress		9,860	9,723	137
Total depreciation charged for the period		564,100	564,518	(418)

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

KING WAN CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2006

	30.9.2006	31.3.2006
	S\$	S\$
<u>ASSETS</u>		
Current Assets:		
Cash	1,086,866	1,266,872
Trade Receivables	9,789,269	10,106,086
Due from Related Party (Non Trade)	46	-
Due from Associates (Non Trade)	5,058,600	4,469,790
Other Receivables and Prepaid Expenses	384,456	215,449
Construction Work-in-Progress	8,136,039	7,759,332
Inventories	2,202,715	1,849,524
Investments Held for Trading	223,325	145,262
Total Current Assets	26,881,316	25,812,315
Non-Current Assets		
Property, Plant and Equipment	14,270,042	14,689,509
Investments in Associates	16,501,788	16,429,225
Total Non-Current Assets	30,771,830	31,118,734
Total Assets	57,653,146	56,931,049
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities		
Bank Borrowings	8,268,135	3,998,106
Trade Payables	5,157,313	8,266,065
Other Payables	1,212,645	827,492
Due to Related Party (Trade)	239,035	224,284
Due to Related Party (Non Trade)	3,600	3,600
Due to Associates (Trade)	26,764	1,504
Due to Associates (Non Trade)	-	25,260
Construction Work-in-Progress	225,203	877,779
Income Tax Payable	688,202	807,742
Current Portion of Finance Leases	56,503	59,836
Total Current Liabilities	15,877,400	15,091,668
Non-Current Liabilities		
Long-Term Portion of Finance Leases	113,416	141,668
Total Non-Current Liabilities	113,416	141,668
Capital and Reserve		
Issued Capital	40,089,296	40,089,296
Accumulated Profits	1,742,523	1,770,658
Translation Reserves	(169,489)	(162,241)
Total Equity	41,662,330	41,697,713
Total Liabilities and Equity	57,653,146	56,931,049

KING WAN CORPORATION LIMITED
COMPANY'S BALANCE SHEET
AS AT 30TH SEPTEMBER 2006

	30.9.2006	31.3.2006
	S\$	S\$
<u>ASSETS</u>		
Current Assets:		
Cash	125,649	177,743
Due from Subsidiaries	14,209,395	14,572,854
Due from Associated Co (Non-Trade)	93,634	50,453
Other Receivables And Prepaid Expenses	10,929	6,966
Total Current Assets	14,439,607	14,808,016
Non-current assets:		
Interest in Subsidiaries	17,730,189	17,730,189
Investment in Associates	10,441,334	10,441,334
Total Non-Current Assets	28,171,523	28,171,523
Total Assets	42,611,130	42,979,539
<u>LIABILITIES & EQUITY</u>		
Current liabilities:		
Other Payables	118,803	171,114
Total Current Liabilities	118,803	171,114
Capital and Reserves:		
Issued capital	40,089,296	40,089,296
Accumulated Profits	2,403,031	2,719,129
	42,492,327	42,808,425
Total Liabilities and Equity	42,611,130	42,979,539

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/09/2006		As at 31/03/2006	
Secured	Unsecured	Secured	Unsecured
\$56,503	\$8,268,135	\$59,836	\$6,081,228

Amount repayable after one year

As at 30/09/2006		As at 31/03/2006	
Secured	Unsecured	Secured	Unsecured
\$113,416	-	\$141,668	-

Details of any collateral

Secured liabilities refer to assets purchased under finance lease agreements.

Unsecured liabilities refer to banking facilities guaranteed by the Company.

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

KING WAN CORPORATION LIMITED CONSOLIDATED CASHFLOWS STATEMENTS

	1.4.2006 to 30.9.2006	1.4.2005 to 30.9.2005
Note	S\$	S\$
CASH USED IN OPERATING ACTIVITIES		
<i>Net Income before taxes</i>	290,748	735,999
Adjustments for		
(Writeback) / Allowance for Doubtful Debts	(136,818)	44,857
Depreciation	564,100	564,518
Dividend Income	(2,113)	(800)
Allowance for Inventories	19,394	-
Goodwill Written Off	-	71,056
Interest Expense	148,080	105,734
Interest Income	(16,405)	(28,115)
Inventories Written Off	5,420	-
Loss on sale of Investments Held for Trading	-	5,350
(Gain) / Loss on sale of Fixed Assets	(28,073)	1,966
Change in Fair Value of Investments Held for Trading	(10,065)	15,888
Share of Associates' Results	(72,563)	20,563
	761,705	1,537,016
<i>Operating profit before working capital changes</i>		
Construction Work-in-Progress	(1,029,283)	1,972,655
Inventory	(380,620)	(60,999)
Other Payables	385,429	188,183
Other Receivables & Prepayments	(757,935)	(1,910,990)
Trade Payables	(3,093,724)	(198,645)
Trade Receivables	383,682	(2,506,320)
	(3,730,746)	(979,100)
<i>Cash used in operations</i>		
Income Taxes Paid	(194,540)	(141,610)
Interest Expense Paid	(148,080)	(105,734)
Interest Income Received	16,405	28,115
	(4,056,961)	(1,198,329)
<i>Net cash used in operating activities</i>		
CASH USED IN INVESTING ACTIVITIES		
Dividends Received	2,113	800
Proceeds from the disposal of Property, Plant and Equipment	33,420	22,219
Proceeds from the Sale of Investments Held for	-	6,960

Trading		
Purchase of Property, Plant and Equipment	(155,557)	(346,326)
Net cash used in investing activities	(120,024)	(316,347)
CASH FROM / (USED IN) FINANCING ACTIVITIES		
Payment of dividends	(243,883)	(487,765)
Obligations under finance leases	(31,585)	(37,297)
Proceeds from / (Repayment of) Term Loans	3,744,679	(726,511)
Net cash from / (used in) financing activities	3,469,211	(1,251,573)
Net effect of exchange rate changes in consolidating subsidiary	(2,262)	32,150
NET DECREASE IN CASH AND CASH EQUIVALENTS	(710,036)	(2,734,099)
(OVERDRAWN) / CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(1,785,730)	2,317,192
OVERDRAWN AT END OF PERIOD	a (2,495,766)	(416,907)

Note a

Cash and cash equivalents consist of cash, bank balances and fixed deposits, less bank overdrafts as follows:

	30.9.2006	30.9.2005
	S\$	S\$
Cash and Bank Balances	710,763	1,256,364
Fixed Deposits	376,103	527,978
Bank Overdrafts	(3,582,632)	(2,201,249)
Net	(2,495,766)	(416,907)

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

**KING WAN CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY**

Description	Company		Group	
	2006	2005	2006	2005
	S\$	S\$	S\$	S\$
ISSUED CAPITAL (Note i)				
Balance at 1st April	40,089,296	32,517,687	40,089,296	32,517,687
Balance at 30th September	40,089,296	32,517,687	40,089,296	32,517,687
SHARE PREMIUM (Note i)				
Balance at 1st April	-	7,579,609	-	7,579,609
Balance at 30th September	-	7,579,609	-	7,579,609
ACCUMULATED PROFITS				
Balance at 1st April	2,719,129	2,746,005	1,770,658	1,839,308
Profit / (Loss) after income tax	(72,215)	(136,638)	215,748	607,444
Dividends Paid	(243,883)	(487,765)	(243,883)	(487,765)
Balance at 30th September	2,403,031	2,121,602	1,742,523	1,958,987
TRANSLATION RESERVES				
Balance at 1st April	-	-	(162,241)	(178,292)
Arising during the period	-	-	(7,248)	73,400
Balance at 30th September	-	-	(169,489)	(104,892)

Note (i)

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account has been transferred to the company's share capital account in the previous financial year.

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 or 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 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.

Since the end of the previous financial year reported on (31 March 2006), there were no changes in the company's share capital. The number of ordinary shares in issue remained at 325,176,870.

As at 30 September 2006, there are no convertibles in issue. (2005: NIL)

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 nor 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.

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

The financial statements have been prepared in compliance with the same accounting policies and methods of computation adopted in the audited financial statements of the last financial year.

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.

6. Earnings per ordinary share 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

1) Current period reported on

Earning per ordinary share after deducting any provision for preference dividends	Group Earnings per Share
Based on weighted average number of ordinary shares in issue of 325,176,870	0.066 cents
Based on fully diluted number of ordinary shares in issue of 325,176,870	0.066 cents

2) Immediately preceding financial year

Earning per ordinary share after deducting any provision for preference dividends	Group Earnings per Share
Based on weighted average number of ordinary shares in issue of 325,176,870	0.19 cents
Based on fully diluted number of ordinary shares in issue of 325,176,870	0.19 cents

EPS is calculated by dividing the profit attributable to shareholders of \$215,748 (2005 : \$607,444) by the weighted average number of 325,176,870 (2005 : 325,176,870) ordinary shares in issue during the financial period.

On a fully diluted basis, EPS is calculated based on 325,176,870 (2005: 325,176,870) ordinary shares in issue during the financial period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

1) Current period reported on

	Group	Company
Net asset value per ordinary share for the year based on existing issued share capital as at 30 September 2006 of 325,176,870 ordinary shares.	12.81 cents	13.07 cents

2) Immediately preceding financial year

	Group	Company
Net asset value per ordinary share for the year based on existing issued share capital as at 31 March 2006 of 325,176,870 ordinary shares.	12.82 cents	13.16 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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 factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The Group's turnover for the 6 months ended 30th September 2006 decreased by 19% from S\$21.92 million to S\$17.83 million compared to the corresponding period last year. The **Mechanical and Electrical (M&E)** business accounted for the main decrease in turnover as fewer M&E projects were available for revenue recognition.

Profit before Income Tax

As a result of lower turnover from the M&E business, the Group's profit before income tax for the financial period decreased to S\$290,748 from S\$736,000.

The effective income tax rate computed for the current financial period is higher than that of the corresponding period last year due to the utilization of tax losses in the previous corresponding period.

Earnings Per Share (EPS)

EPS decreased from 0.19 cents to 0.07 cents due to a lower net profit after taxation achieved for the current financial period as compared to the last corresponding financial period.

Balance Sheet Review

The Group's equity base decreased marginally from S\$41.70 million to S\$41.66 million mainly due to profits of S\$215,748 (2005 : S\$607,444) for the current period which was less than the dividends paid out of S\$243,883 (2005 : S\$487,765). Consequently, net asset value per share decreased marginally from 12.82 cents to 12.81 cents per share.

Total current assets increased by 4% or from S\$25.8 million to S\$26.9 million. This increase was due mainly to increase in construction work-in-progress balance and increase in inventory holding.

Non-current assets was lower at S\$30.8 million from S\$31.1 million due largely to depreciation of property, plant & equipment, offset partially by share of associates' profits during the period.

Current liabilities had increased from S\$15.1 million to S\$15.9 million due to the higher utilization of banking facilities to finance the repayment of trade payables and construction work-in-progress. Current ratio had decreased slightly from 1.71 to 1.69.

The debt equity ratio increased from 0.15 to 0.20 due mainly to the higher utilization of bank borrowings/ facilities to finance the Group's working capital.

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

No forecast had been issued.

10. A commentary at the date of the announcement of the 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

Construction Business

Although there are more projects in the market that are available for tender, the conditions surrounding the Group's M&E business are expected to remain very competitive. The Group will continue to focus on increasing its productivity and operational efficiency so as to put itself in a more competitive position in the market.

Since the beginning of the financial year, the Group had successfully secured new contracts worth approximately S\$16.9 million.

As at 30 September 2006, the Group has approximately S\$70.3 million worth of construction contracts on hand, with completion dates ranging from years 2006 to 2009.

Paint Manufacturing and Distribution Business

Efforts in the last 12 months in re-formulating the sales strategy of the business had resulted in reduced distribution and marketing costs. Efforts are now centred on gaining new orders from existing customers and securing new customers with projects in the vicinity of the plant.

Property Development Business

The Group's 30% owned associate in China, Dalian Shicheng Property Development Co., Ltd had successfully launched the first phase of its Singapore Garden Project in the second half of the financial year ended 31 March 2006. Over 90% of the 138 units available for sale had been sold. The second phase of the project, comprising 484 units housed in six 11-storey towers, was launched on 1 October 2006 and to date, over 80% of the units had been sold. The enthusiastic response from homebuyers had further increased our confidence in subsequent phases of this project. Depending on the progress certification to be received for the construction in progress, this associate should contribute positively to the Group's results within the next 12 months.

Meadows Bright Development Pte Ltd, a 35% owned associate, launched The Inspira, a 120-unit condominium project situated at Martin Road, Singapore, in September 2006. To-date, more than 60% of the units had been sold. Depending on the progress certification to be received for the construction in progress, this associate should contribute positively to the Group's results within the next 12 months.

Environment Pulp & Paper Company Ltd ("EPPCO")- Bagasse Pulp Plant in Thailand

This 20%-owned associate is expected to optimize its production process after nine months of commercial production. There had been a steady demand for its bagasse pulp and sales price for this

product is expected to be sustainable in the short term. Barring any unforeseen circumstances, EPPCO is expected to contribute positively to the Group's results within the next 12 months.

Cables International

With the oil and gas sector continuing to remain bullish, the Group expects the positive contribution from this associate to continue into the second half of the current financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend has been declared / recommended for half-year ended 30 September 2006.

BY ORDER OF THE BOARD

Lim Bee Lian Eliza
Company Secretary

**NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS
PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the six months ended 30th September 2006 to be false or misleading.

On behalf of the Board of Directors

Chua Kim Hua
Executive Chairman

Chua Eng Eng
Managing Director

13th November 2006