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THIRD QUARTER RESULTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT

* Asterisks denote mandatory information

Name of Announcer *	KIAN ANN ENGINEERING LTD
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Announcement submitted on behalf of	KIAN ANN ENGINEERING LTD
Announcement is submitted with respect to *	KIAN ANN ENGINEERING LTD
Announcement is submitted by *	Tan Wee Kok
Designation *	Company Secretary
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2010
Description	Please see attached.
Attachments	 KAE_FY2010_3rdQuarter_Annmnt_final.pdf  KAE_FY2010_MediaRelease_3QResults_final.pdf Total size = 175K (2048K size limit recommended)

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**THIRD QUARTER FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT
 FOR THE PERIOD ENDED 31 MARCH 2010**

The board of directors (the "Board") of Kian Ann Engineering Ltd (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the period ended 31st March 2010 together with the comparative figures for the previous period as follows:

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

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

Group income statement for the period ended 31 March 2010. These figures have not been audited.

	Group (Third Quarter)			Group (Nine Months)		
	3 months ended		%	9 months ended		%
	31.03.10	31.03.09	Increase /	31.03.10	31.03.09	Increase /
	S\$'000	S\$'000	(Decrease)	S\$'000	S\$'000	(Decrease)
Sales of goods	33,947	28,383	19.60	107,738	102,011	5.61
Cost of sales	(25,526)	(21,246)	20.14	(81,624)	(74,527)	9.52
Gross profit	8,421	7,137	17.99	26,114	27,484	(4.98)
Rental income	84	81	3.70	244	221	10.41
Other income	24	21	14.29	129	121	6.61
Distribution costs	(3,085)	(2,513)	22.76	(7,855)	(9,474)	(17.09)
Administrative expenses	(2,272)	(1,694)	34.12	(6,202)	(5,712)	8.58
Other expenses (Note a)	615	372	65.32	607	(1,422)	NM
Finance costs (Note b)	(181)	(329)	(44.98)	(565)	(1,138)	(50.35)
Profit before tax	3,606	3,075	17.27	12,472	10,080	23.73
Taxation (Note c)	(731)	1,478	NM	(2,273)	192	NM
Profit for the period	2,875	4,553	(36.85)	10,199	10,272	(0.71)
Profit attributable to:						
Equity holders of the Company	2,778	4,544	(38.86)	9,846	10,181	(3.29)
Minority interests	97	9	NM	353	91	NM
	2,875	4,553	(36.85)	10,199	10,272	(0.71)

Statement of Comprehensive Income

	Group (Third Quarter)			Group (Nine Months)		
	3 months ended		%	9 months ended		%
	31.03.10	31.03.09	Increase /	31.03.10	31.03.09	Increase /
	S\$'000	S\$'000	(Decrease)	S\$'000	S\$'000	(Decrease)
Profit for the period	2,875	4,553	(36.85)	10,199	10,272	(0.71)
Other comprehensive income						
Foreign currency translation	(6)	265	NM	(184)	597	NM
Total comprehensive income for the period	<u>2,869</u>	<u>4,818</u>	(40.45)	<u>10,015</u>	<u>10,869</u>	(7.86)
Total comprehensive income attributable to:						
Equity holders of the Company ^(A)	2,772	4,809	(42.36)	9,662	10,778	(10.35)
Minority interests	97	9	NM	353	91	NM
	<u>2,869</u>	<u>4,818</u>	(40.45)	<u>10,015</u>	<u>10,869</u>	(7.86)

Note :

NM - Not Meaningful

^(A) Total comprehensive income attributable to equity holders of the Company consists of profit for the period and movement of foreign currency translation reserve excluding minority interests.

Note

(a)	Group (Third Quarter)			Group (Nine Months)		
	3 months ended		%	9 months ended		%
	31.03.10	31.03.09	Increase /	31.03.10	31.03.09	Increase /
	S\$'000	S\$'000	(Decrease)	S\$'000	S\$'000	(Decrease)
Other expenses						
Foreign exchange (gain) / loss ⁽¹⁾	(756)	(519)	45.66	(996)	810	NM
Fair value loss / (gain) on financial instruments						
- foreign currency forward contracts	34	(8)	NM	110	3	NM
- held for trading securities	16	41	(60.98)	14	176	(92.05)
Amortisation of intangible assets	70	70	-	210	210	-
Others	21	44	(52.27)	55	223	(75.34)
Total	(615)	(372)	65.32	(607)	1,422	NM

(1) Higher foreign exchange gain for Q3FY2010 was mainly due to the favourable fluctuations of the Malaysian Ringgit against the Singapore Dollar.

(b)	Group (Third Quarter)			Group (Nine Months)		
	3 months ended		%	9 months ended		%
	31.03.10	31.03.09	Increase /	31.03.10	31.03.09	Increase /
	S\$'000	S\$'000	(Decrease)	S\$'000	S\$'000	(Decrease)
Finance costs						
Interest expenses ⁽²⁾	147	298	(50.67)	466	1,029	(54.71)
Bank charges	34	31	9.68	99	109	(9.17)
Total	181	329	(44.98)	565	1,138	(50.35)

(2) Lower interest expenses in Q3FY2010 were mainly due to a decrease in trade bills financing.

Taxation	Group (Third Quarter)			Group (Nine Months)		
	3 months ended		%	9 months ended		%
	31.03.10	31.03.09	Increase /	31.03.10	31.03.09	Increase /
	S\$'000	S\$'000	(Decrease)	S\$'000	S\$'000	(Decrease)
Current year taxation	607	566	7.24	2,096	1,838	14.04
Under / (over) provision for previous years	18	(72)	NM	(4)	(70)	NM
Income tax refund from IBA ⁽³⁾	-	(1,971)	NM	-	(1,971)	NM
Deferred taxation	106	(1)	NM	181	11	NM
Total	731	(1,478)	NM	2,273	(192)	NM

- (3) In Q3FY2009, a tax refund of approximately S\$2.0 million from IRAS in respect of a claim for Industrial Building Allowance ("IBA") on a leasehold building for FY1999 to FY2008.

The following were charged / (credited) to the income statement	Group (Third Quarter)			Group (Nine Months)		
	3 months ended		%	9 months ended		%
	31.03.10	31.03.09	Increase /	31.03.10	31.03.09	Increase /
	S\$'000	S\$'000	(Decrease)	S\$'000	S\$'000	(Decrease)
Depreciation of property, plant and equipment	277	279	(0.72)	817	851	(4.00)
Depreciation of investment properties	17	14	21.43	50	40	25.00
Salaries and employee benefits ⁽⁴⁾	2,994	1,796	66.70	8,600	7,443	15.54
Impairment loss for trade related debts ⁽⁵⁾	455	261	74.33	148	705	(79.01)
(Reversals of allowance) / allowance for inventories obsolescence	(42)	67	NM	(351)	93	NM
Commission ⁽⁶⁾	106	416	(74.52)	332	1,292	(74.30)

- (4) Salaries and employee benefits increased in Q3FY2010 mainly due to an increase in provision for performance incentives.
- (5) Impairment loss for trade related debts was based on the ability of customers to settle debts in Q3FY2010.
- (6) The decrease in sales commission for Q3FY2010 was mainly due to lower sales recommended by business introducers.

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

	Group		Company	
	31.03.10 S\$'000	30.06.09 S\$'000	31.03.10 S\$'000	30.06.09 S\$'000
Non-current assets				
Property, plant and equipment	23,959	24,109	135	240
Investment properties	2,480	2,530	812	829
Intangible assets	1,436	1,646	-	-
Goodwill	1,200	1,200	-	-
Deferred tax assets	99	180	-	-
Investment in subsidiaries	-	-	10,695	10,695
Other investment	157	157	-	-
Long-term receivables	-	-	3,816	1,816
	<u>29,331</u>	<u>29,822</u>	<u>15,458</u>	<u>13,580</u>
Current assets				
Inventories	73,813	74,524	61,185	61,837
Trade and other receivables	44,323	46,147	40,483	46,355
Advance payments	1,524	639	827	189
Marketable securities	224	238	223	238
Fixed deposits	10,626	12,596	10,448	12,414
Cash and bank balances	15,265	7,829	9,607	3,657
	<u>145,775</u>	<u>141,973</u>	<u>122,773</u>	<u>124,690</u>
Current liabilities				
Trade and other payables	24,527	19,611	22,023	12,389
Loans and borrowings	10,348	18,804	6,904	16,002
Provision for taxation	2,512	2,455	1,238	1,403
	<u>37,387</u>	<u>40,870</u>	<u>30,165</u>	<u>29,794</u>
Net current assets	108,388	101,103	92,608	94,896
Non-current liabilities				
Loans and borrowings	7,941	9,057	5,937	9,050
Deferred tax liabilities	1,198	1,104	40	40
	<u>9,139</u>	<u>10,161</u>	<u>5,977</u>	<u>9,090</u>
	<u>128,580</u>	<u>120,764</u>	<u>102,089</u>	<u>99,386</u>
Equity				
Share capital	80,245	80,245	80,245	80,245
Reserves	46,412	38,949	21,844	19,141
Equity attributable to equity holders of the Company	<u>126,657</u>	<u>119,194</u>	<u>102,089</u>	<u>99,386</u>
Minority interests	1,923	1,570	-	-
Total equity	<u>128,580</u>	<u>120,764</u>	<u>102,089</u>	<u>99,386</u>

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

Amount repayable in one year or less, or on demand

As at 31.03.2010		As at 30.06.2009	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
769	9,579	776	18,028

Amount repayable after one year

As at 31.03.2010		As at 30.06.2009	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4	7,937	7	9,050

Details of any collateral

As at 31 March 2010, a subsidiary's bank overdraft of S\$765,000 (30 June 2009: S\$772,000) was secured by its leasehold building.

The obligation under finance lease amounted to S\$8,000 as at 31 March 2010 (30 June 2009: S\$11,000), for the purpose of financing the purchase of a motor vehicle that was secured by a charge over the same motor vehicle.

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

	3 months to 31.03.10 S\$ '000	3 months to 31.03.09 S\$ '000	9 months to 31.03.10 S\$ '000	9 months to 31.03.09 S\$ '000
Cash flows from operating activities :				
Profit before tax	3,606	3,075	12,472	10,080
Adjustments for :				
Depreciation of property, plant and equipment	277	279	817	851
Depreciation of investment properties	17	14	50	40
Amortisation of intangible assets	70	70	210	210
Impairment loss for trade related debts	455	261	148	705
(Reversals of allowance) / allowance for inventories obsolescence	(42)	67	(351)	93
Gain on disposal of property, plant and equipment	-	-	(12)	(11)
Loss on fair value adjustment of marketable securities	16	41	14	176
Interest expenses	147	298	466	1,029
Interest income	(15)	(10)	(57)	(46)
Dividend income	-	-	(1)	(4)
Currency realignment	(41)	192	(253)	656
Operating profit before changes in working capital	4,490	4,287	13,503	13,779
(Increase) / decrease in inventories	(1,972)	3,662	1,071	(4,144)
Decrease in trade and other receivables	3,829	7,214	779	8,212
Decrease in bills payable and trade bills discounting	(3,305)	(9,030)	(4,749)	(1,656)
Increase / (decrease) in trade and other payables	2,574	(7,537)	4,907	(12,885)
Cash generated from / (used in) operations	5,616	(1,404)	15,511	3,306
Tax (paid) / refund	(938)	1,242	(2,040)	(267)
Interest paid	(147)	(298)	(466)	(1,029)
Interest received	15	10	57	46
Net cash generated from / (used in) operating activities	4,546	(450)	13,062	2,056
Cash flows from investing activities :				
Purchase of property, plant and equipment	(470)	(5)	(593)	(1,055)
Proceeds from disposal of property, plant and equipment	-	-	14	11
Dividend income	-	-	1	4
Net cash used in investing activities	(470)	(5)	(578)	(1,040)
Cash flows from financing activities :				
Dividend paid - by Company	-	-	(2,190)	(1,971)
Proceed from new bank term loans	-	7,000	-	10,000
Repayment of bank term loans	(1,738)	(2,800)	(6,818)	(8,262)
Repayment of finance leases	(1)	(1)	(3)	(3)
Proceed from a minority shareholder loan to a subsidiary	-	-	2,000	-
Net cash (used in) / from financing activities	(1,739)	4,199	(7,011)	(236)
Net increase in cash and cash equivalents	2,337	3,744	5,473	780
Cash and cash equivalents at beginning of the period	22,789	15,146	19,653	18,110
Cash and cash equivalents at end of the period	25,126	18,890	25,126	18,890
Fixed deposits	10,626	8,703	10,626	8,703
Cash and bank balances	15,265	10,970	15,265	10,970
Bank overdrafts	(765)	(783)	(765)	(783)
	25,126	18,890	25,126	18,890

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.

Group - Three Months	Share capital	Other reserves	Revenue reserve	Foreign currency translation reserve	Equity attributable to equity holders of the Company	Minority interests	Total equity
	S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000
	At 1 January 2010	80,245	600	43,093	(44)	123,894	1,826
Total comprehensive income for the period	-	-	2,778	(6)	2,772	97	2,869
Transfer to other reserves	-	21	(21)	-	-	-	-
Utilisation to other reserves	-	(9)	-	-	(9)	-	(9)
At 31 March 2010	80,245	612	45,850	(50)	126,657	1,923	128,580
At 1 January 2009	80,245	523	33,312	156	114,236	1,547	115,783
Total comprehensive income for the period	-	-	4,544	265	4,809	9	4,818
Transfer to other reserves	-	38	(38)	-	-	-	-
At 31 March 2009	80,245	561	37,818	421	119,045	1,556	120,601

Group - Nine Months	Share capital	Other reserves	Revenue reserve	Foreign currency translation reserve	Equity attributable to equity holders of the Company	Minority interest	Total equity
	S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000	S\$ ' 000
	At 1 July 2009	80,245	563	38,252	134	119,194	1,570
Total comprehensive income for the period	-	-	9,846	(184)	9,662	353	10,015
Transfer to other reserves	-	58	(58)	-	-	-	-
Utilisation to other reserves	-	(9)	-	-	(9)	-	(9)
Dividend paid for FY 2009 - Final	-	-	(2,190)	-	(2,190)	-	(2,190)
At 31 March 2010	80,245	612	45,850	(50)	126,657	1,923	128,580
At 1 July 2008	80,245	469	29,700	(176)	110,238	1,465	111,703
Total comprehensive income for the period	-	-	10,181	597	10,778	91	10,869
Transfer to other reserves	-	92	(92)	-	-	-	-
Dividend paid for FY 2008 - Final	-	-	(1,971)	-	(1,971)	-	(1,971)
At 31 March 2009	80,245	561	37,818	421	119,045	1,556	120,601

Company - Three Months	Share capital	Revenue reserve	Total equity
	S\$ ' 000	S\$ ' 000	S\$ ' 000
At 1 January 2010	80,245	20,528	100,773
Total comprehensive income for the period	-	1,316	1,316
At 31 March 2010	80,245	21,844	102,089
At 1 January 2009	80,245	16,378	96,623
Total comprehensive income for the period	-	2,506	2,506
At 31 March 2009	80,245	18,884	99,129

Company - Nine Months	Share capital	Revenue reserve	Total equity
	S\$ ' 000	S\$ ' 000	S\$ ' 000
At 1 July 2009	80,245	19,141	99,386
Total comprehensive income for the period	-	4,893	4,893
Dividend paid for FY 2009 - Final	-	(2,190)	(2,190)
At 31 March 2010	80,245	21,844	102,089
At 1 July 2008	80,245	14,503	94,748
Total comprehensive income for the period	-	6,352	6,352
Dividend paid for FY 2008 - Final	-	(1,971)	(1,971)
At 31 March 2009	80,245	18,884	99,129

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 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 was no change in the Company's share capital during the financial period under review.

The Company does not have any outstanding share convertibles and does not have treasury shares.

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.

	As at 31.03.2010	As at 30.06.2009
No. of Ordinary shares issued	438,098,928	438,098,928

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.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared to the audited financial statements for the year ended 30 June 2009, except for the adoption of the Financial Reporting Standards (FRS) which had been effective from 1 July 2009 as disclosed in paragraph 5.

- 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.

The adoption of new / revised FRS effective 1 January 2009 had no material impact on the financial statements of the Group, except for FRS 1 and FRS 108 as indicated below:

FRS 1 Presentation of Financial Statements – Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense, either in one single statement, or in two linked statements. The Group is presenting the statement of comprehensive income in two linked statements.

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. As this is a disclosure standard, it will have no impact on the financial position and results of 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.

Earnings per ordinary share of the Group, after deducting any provision for preference dividends :	Group			
	3 months to 31.03.10	3 months to 31.03.09	9 months to 31.03.10	9 months to 31.03.09
(a) Based on weighted average number of ordinary shares on issue (cents)	0.63	1.04	2.25	2.32
Weighted average numbers of shares ('000)	438,099	438,099	438,099	438,099
and				
(b) On a fully diluted basis (cents)	0.63	1.04	2.25	2.32
Adjusted weighted average numbers of shares ('000)	438,099	438,099	438,099	438,099

- 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.

Net asset value per ordinary share based on issued share capital at the end of (in cents) :	Group		Company	
	31.03.10	30.06.09	31.03.10	30.06.09
	28.91	27.21	23.30	22.69

Net asset value per share was computed based on the number of shares in issue as at 31 March 2010 of 438,098,928 (30 June 2009: 438,098,928).

- 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 factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

For the financial period ("9MFY2010") ended 31 March 2010, the Group reported sales of S\$107.7 million as compared with S\$102.0 million for the same period last year. On a quarterly basis ("Q3FY2010"), the Group registered sales growth from S\$28.4 million in Q3FY2009 to S\$33.9 million in Q3FY2010.

Profit before tax increased from S\$10.1 million in 9MFY2009 to S\$12.5 million in 9MFY2010 and from S\$3.1 million in Q3FY2009 to S\$3.6 million in Q3FY2010.

Net profit after tax decreased marginally from S\$10.3 million in 9MFY2009 to S\$10.2 million in 9MFY2010 and decreased from S\$4.6 million in Q3FY2009 to S\$2.9 million in Q3FY2010. The net profit after tax would have increased by S\$1.9 million in 9MFY2010 and S\$0.3 million in Q3FY2010 if we had excluded the tax refund of approximately S\$2.0 million in respect of IBA claim which was reflected in Q3FY2009.

Income Statement

Sales of goods

Performance of Geographical Segments

	Q3FY2010	Q3FY2009	Changes	9MFY2010	9MFY2009	Changes
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Singapore	6,207	5,647	9.9	20,371	20,237	0.7
Malaysia	9,670	6,652	45.4	30,946	24,803	24.8
Other ASEAN Countries	6,399	7,373	(13.2)	21,714	22,898	(5.2)
Other Asian Countries	3,695	3,790	(2.5)	10,884	11,609	(6.2)
Non-Asian Countries	7,976	4,921	62.1	23,823	22,464	6.0
Sales of Goods	33,947	28,383	19.6	107,738	102,011	5.6

With improving economic conditions, the Group reported sales growth of 19.6% in Q3FY2010 from S\$28.4 million to S\$33.9 million.

Sales in Singapore increased by S\$560,000 or 9.9% from S\$5.6 million to S\$6.2 million in Q3FY2010 as a result of higher demand for parts.

Sales in Malaysia rose by 45.4% or S\$3.0 million to S\$9.7 million in Q3FY2010 mainly due to higher demand for parts from timber, palm oil and agriculture industries.

Sales in Other ASEAN Countries decreased by 13.2% or S\$1.0 million from S\$7.4 million to S\$6.4 million for the period under review due to lower demand from Indonesia and Vietnam.

Non-Asian Countries registered sales of S\$8.0 million in Q3FY2010 representing an increase of 62.1% or S\$3.1 million, compared to S\$4.9 million in Q3FY2009. This was due to higher demand from Russia and continents of Oceania and South America.

Operating costs

The Group's total operating expenses increased by S\$759,000 or 18.2% to S\$4.9 million in Q3FY2010 compared with Q3FY2009. This was mainly due to the following:

1. Distribution costs increased by S\$572,000 or 22.8% to S\$3.1 million in Q3FY2010 and administrative expenses rose by S\$578,000 or 34.1% to S\$2.3 million in Q3FY2010. These were mainly due to higher provision for performance incentives in this quarter as compared with the previous corresponding quarter.
2. Other expenses reduced by S\$243,000 or 65.3% mainly due to foreign exchange gain as a result of favourable fluctuations of the Malaysian Ringgit against the Singapore Dollar.
3. Finance costs decreased by S\$148,000 or 45.0% to S\$181,000 in Q3FY2010 mainly due to lower usage of trade bills financing for purchase of inventories.

Profitability

In line with higher Group sales reported in Q3FY2010, the Group achieved a 18.0% or S\$1.3 million increase in gross profit as compared with S\$7.1 million in Q3FY2009. The Group's profit before tax also increased by 17.3% to S\$3.6 million in Q3FY2010 compared with the previous corresponding period.

Despite a marginal increase of S\$531,000 in profit before tax, the Group reported lower net profit after tax of S\$2.9 million in Q3FY2010 compared with S\$4.6 million in Q3FY2009. This was mainly due to a tax refund of approximately S\$2.0 million from IRAS in Q3FY2009 in respect of a claim for IBA on a leasehold building.

Balance Sheet

As at 31 March 2010, the Group's total equity attributable to equity holders of the Company rose to S\$126.7 million; up from S\$119.2 million as at 30 June 2009.

Advance payments increased by S\$885,000 to S\$1.5 million and trade and other payables increased by S\$4.9 million to S\$24.5 million as at 31 March 2010. These were mainly due to higher purchases in anticipation of improved sales as the Group's key markets recover.

Total loan and borrowings decreased by S\$9.6 million or 34.4% to S\$18.3 million as at 31 March 2010 as a result of repayment of bank term loans and lower trade bills financing.

Cash Flow Statement

The Group's cash and cash equivalent increased by S\$2.3 million from S\$22.8 million as at 31 December 2009 to S\$25.1 million as at 31 March 2010.

For Q3FY2010, net cash generated from operating activities was S\$4.5 million. Besides profit before tax reported for this quarter, the Group also registered lower trade and other receivables, and higher trade and other payables. These were partially offset by higher inventories and settlement of trade bills financing.

Net cash used in investing activities was S\$470,000 which was mainly for the purchase of plant and equipment for the period under review.

Financing activities accounted for a net cash outflow of S\$1.7 million in Q3FY2010 as a result of repayment of bank term loans.

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

No forecast or prospect statement has been 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.

The outlook appears positive as the Group sees promising signs and indications of market recovery in most of its key markets.

Going forward, the Group will continue to focus on remaining competitive, actively expanding its market share globally, and remaining prudent in managing its operations.

11 Dividend

- (a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

- (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

Not applicable.

- (d) Books closure date

Not applicable.

- 12 If no dividend has been declared (recommended), a statement to that effect.

No dividend declared or recommended for the third quarter ended 31 March 2010.

13 Confirmation by the board.

We, Low Han Cheong and Law Peng Kwee, hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter financial results to be false or misleading in any material aspect.

Low Han Cheong

Law Peng Kwee

BY ORDER OF THE BOARD

David Tan Wee Kok
Company Secretary
13 May 2010

Media Release – FY2010 THIRD QUARTER RESULTS

KIAN ANN ENGINEERING LTD POSTS GROWTH OF 23.7% PROFIT BEFORE TAX OF S\$12.5 MILLION ON SALES OF S\$107.7 MILLION FOR 9 MONTHS FY2010

Financial Highlights:

S\$ (million)	9 Months FY2010	9 Months FY2009	Change
Sales of Goods	107.7	102.0	↑ 5.6%
Gross Profit	26.1	27.5	↓ 5.0%
Profit Before Tax	12.5	10.1	↑ 23.7%
Net Profit After Tax	10.2	10.3	↓ 0.7%
Profit Attributable To Shareholders	9.8	10.2	↓ 3.3%

SINGAPORE – 13 May 2010 – Mainboard listed **Kian Ann Engineering Limited** (“Kian Ann”), one of the largest independent distributors of heavy machinery parts in Asia, today announced its financial results for the nine months ended 31 March 2010.

For the period under review, Kian Ann’s sales increased by 5.6% or S\$5.7 million from S\$102.0 million to S\$107.7 million. This was due to higher recorded sales of S\$30.9 million from Malaysia, compared with S\$24.8 million in the corresponding period last year, as demand from timber, palm oil and agriculture industries picked up.

Despite higher recorded sales, Group gross profit stood at S\$26.1 million for 9MFY2010, 5.0% lower than S\$27.5 million achieved during the corresponding period last year. This was mainly due to lower selling prices amidst competitive market conditions in the first half-year of FY2010.

Group profit before tax rose by 23.7% or S\$2.4 million to S\$12.5 million for 9MFY2010. This was mainly due to a decrease in operating costs by 21.0% or S\$3.7 million to S\$14.0 million for the period under review. The overall operating costs decreased largely due to foreign exchange gain for 9MFY2010 as compared with foreign exchange loss for 9MFY2009, reversals of allowance for inventories obsolescence, lower commission expenses and lower impairment loss for trade debts offset by an increase in provision for performance incentives.

The Group's net profit after tax decreased marginally from S\$10.3 million to S\$10.2 million for the period under review despite higher profit before tax reported in 9MFY2010. This was because the Group's profit after tax in the corresponding period last year took into account of a tax refund of approximately S\$2.0 million from IRAS in respect of a claim for Industrial Building Allowance. Without taking into consideration this tax refund, the Group's net profit after tax would have increased by 22.9% or S\$1.9 million.

Net profit attributable to shareholders declined by 3.3% to S\$9.8 million in 9MFY2010.

Earning per share for 9MFY2010 stood at 2.25 cents compared to 2.32 cents for 9MFY2009.

Financial Highlights

For the period under review, the Group's financial position remained healthy. It continued to maintain a healthy liquidity position with cash and cash equivalents of S\$25.1 million as at 31 March 2010. This was an increase of S\$5.4 million compared to S\$19.7 million as at 30 June 2009. Correspondingly, the Group's total loan and borrowings reduced from S\$27.9 million to S\$18.3 million as at 31 March 2010.

Total shareholders' equity was S\$126.7 million, S\$7.5 million higher than 30 June 2009.

Net asset value per ordinary share increased from 27.21 cents as at 30 June 2009 to 28.91 cents as at 31 March 2010.

Business Outlook

The outlook appears positive as the Group sees promising signs and indications of market recovery in most of its key markets.

Going forward, the Group will continue to focus on remaining competitive, actively expanding its market share globally, and remaining prudent in managing its operations.

About Kian Ann Engineering Ltd

Established since 1965, **Kian Ann Engineering Ltd** (建安 机械 有限公司) is one of Asia's largest independent distributor of heavy machinery parts and diesel engine components. Our products are used for excavators, bulldozers, wheel loaders, motor graders, trucks, power generation sets and marine engines. The machine brands that the Group's products support include Caterpillar, Komatsu, Cummins, Hitachi, Kobelco, Sumitomo, Mercedes Benz, Volvo, Hyundai and Daewoo. The Group has the capacity to distribute more than 1.3 million item lines covering over 270 brands from 220 suppliers, to a global customer base of dealers and end-users in diverse industries ranging from infrastructure development, construction, forestry, agriculture and mining to marine industries. Kian Ann distributes to over 50 countries covering Southeast Asia, Central Asia, China, Australia, New Zealand, Europe, Russia, the Middle East, South Africa, Papua New Guinea, the Solomon Islands, North America and beyond.

For over four decades, Kian Ann has strived to offer the widest range of quality products at the most competitive prices. We continually leverage on new technologies to enhance our operations. As a global ONE-STOP SOURCE, we are able to offer our customer's variety, choice, competitive pricing, convenience, fast and reliable service. Kian Ann's corporate philosophies are, to maintain a high standard of professionalism towards our shareholders and to ensure good returns on a sound investment, develop and continue long term relationships with our customers based on service excellence, and to provide our employees with a promising and secure future.

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13 May 2010