

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

<b>Issuer/ Manager</b>	KOH BROTHERS GROUP LIMITED
<b>Securities</b>	KOH BROTHERS GROUP LIMITED - SG1B06007705 - K75
<b>Stapled Security</b>	No

Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
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<b>Announcement Sub Title</b>	Third Quarter Results
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<b>Submitted By (Co./ Ind. Name)</b>	Koh Keng Siang
<b>Designation</b>	Managing Director & Group CEO
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please refer to the attached files.

Additional Details

<b>For Financial Period Ended</b>	30/09/2016
<b>Attachments</b>	<p><a href="#">3Q2016 results.pdf</a></p> <p><a href="#">Press release.pdf</a></p> <p>Total size =388K</p>

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KOH BROTHERS GROUP LIMITED  
(Company Registration No. 199400775D)

Unaudited Third Quarter and 9 Months Financial Statement And Dividend Announcement for the Period Ended 30 September 2016

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	GROUP					
		3 months ended		Change	9 months ended		Change
		30/09/2016	30/09/2015		30/09/2016	30/09/2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Sales	1	63,737	93,080	-32%	187,778	315,039	-40%
Cost of sales		(58,547)	(80,430)	-27%	(166,678)	(271,846)	-39%
Gross profit		5,190	12,650	-59%	21,100	43,193	-51%
Other income	2	747	885	-16%	2,309	2,730	-15%
Other (losses)/gains - net	3	(185)	880	N.M.	550	745	-26%
Expenses							
- Distribution		(116)	(1,386)	-92%	76	(3,533)	N.M.
- Administrative		(4,342)	(3,284)	32%	(14,548)	(14,733)	-1%
- Other		(63)	18	N.M.	(162)	(227)	-29%
- Finance		(983)	(1,557)	-37%	(3,091)	(4,409)	-30%
Share of profit/(losses) (net of tax) of:							
- associated companies		12	50	-76%	103	207	-50%
- joint ventures		(17)	(700)	-98%	843	2,996	-72%
Profit before income tax	4	243	7,556	-97%	7,180	26,969	-73%
Income tax expense	5	(138)	(1,021)	-86%	(1,065)	(4,566)	-77%
Profit after income tax		105	6,535	-98%	6,115	22,403	-73%
Other comprehensive (loss)/income, net of tax:							
Exchange differences on translating foreign operations		(163)	(1,400)	-88%	243	(2,272)	N.M.
Fair value loss on available-for-sale financial assets		(487)	(152)	220%	(458)	(111)	313%
Other comprehensive loss, net of tax		(650)	(1,552)	-58%	(215)	(2,383)	-91%
Total comprehensive (loss)/income		(545)	4,983	N.M.	5,900	20,020	-71%
Profit/(loss) attributable to:							
Equity holders of the Company		276	5,000	-94%	6,309	20,310	-69%
Non-controlling interests		(171)	1,535	N.M.	(194)	2,093	N.M.
Total comprehensive (loss)/income attributable to:		105	6,535	-98%	6,115	22,403	-73%
Equity holders of the Company		(115)	4,571	N.M.	5,543	19,637	-72%
Non-controlling interests		(430)	412	N.M.	357	383	-7%
		(545)	4,983	N.M.	5,900	20,020	-71%

N.M. - Not meaningful

Notes to the Consolidated Statement of Comprehensive Income

Note 1

Sales include the following :

Sales of products  
Services rendered  
Property development and rental  
Contract revenue

Note 2

Other income include the following :

Rental income  
Interest income  
Other income

Note 3

Other gains/(losses) comprise the following :

Gain on disposal of property, plant and equipment  
Gain on disposal of financial assets through profit or loss  
Fair value (loss)/gain on long-term financial assets and financial liabilities  
Fair value gain/(loss) on financial assets through profit or loss  
Net foreign exchange (loss)/gain

Note 4

Profit before income tax is stated after (crediting)/charging the following items:

(Write-back of)/allowance for impairment on trade and non-trade receivables  
Depreciation of property, plant and equipment

Note 5

Income tax includes the following :

Current income tax  
- in respect of current period  
- (over)/under provision in respect of prior period  
Deferred income tax  
- in respect of current period  
- over provision in respect of prior period

GROUP			
3 months ended		9 months ended	
30/09/2016	30/09/2015	30/09/2016	30/09/2015
S\$'000	S\$'000	S\$'000	S\$'000
16,538	29,987	55,106	84,042
1,611	2,583	4,664	7,208
884	18,577	2,355	110,679
44,704	41,933	125,653	113,110
63,737	93,080	187,778	315,039
102	106	308	318
550	706	1,682	2,094
95	73	319	318
747	885	2,309	2,730
84	76	1,112	150
-	-	-	233
(65)	(118)	107	(100)
5	(450)	(7)	(456)
(209)	1,372	(662)	918
(185)	880	550	745
(515)	428	(1,292)	1,938
1,420	1,709	4,401	5,135
791	934	1,646	2,198
(653)	(293)	(581)	1,084
-	380	-	2,248
-	-	-	(964)
138	1,021	1,065	4,566

The Group's income tax charge for the period ended 30 September 2016 is lower than that determined by applying the Singapore income tax rate of 17% to the Group's profit before income tax mainly due to utilisation of tax incentive and losses of certain subsidiaries being offset against profits of other subsidiaries.

## 1(b)(i) BALANCE SHEETS

	GROUP		COMPANY	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and bank balances	50,601	64,465	158	930
Financial assets at fair value through profit or loss	42	49	-	-
Trade receivables	87,988	215,205	-	-
Due from customers on construction contracts	30,820	15,879	-	-
Amounts due from subsidiaries	-	-	56,579	60,309
Amounts due from joint ventures	79,774	76,054	-	-
Inventories	9,529	11,404	-	-
Development properties	1,210	1,198	-	-
Available-for-sale financial assets	7,483	7,940	-	-
Other assets	14,686	14,444	16	-
	<b>282,133</b>	<b>406,638</b>	<b>56,753</b>	<b>61,239</b>
<b>NON-CURRENT ASSETS</b>				
Trade receivables	892	-	-	-
Amount due from joint ventures	5,904	3,421	-	-
Investments in associated companies	1,666	1,452	-	-
Investments in joint ventures	64,793	63,950	-	-
Investments in subsidiaries	-	-	106,589	87,018
Investment properties	90,990	90,977	-	-
Property, plant and equipment	105,753	102,173	-	-
Goodwill	5,078	5,078	-	-
	<b>275,076</b>	<b>267,051</b>	<b>106,589</b>	<b>87,018</b>
<b>TOTAL ASSETS</b>	<b>557,209</b>	<b>673,689</b>	<b>163,342</b>	<b>148,257</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade payables	55,446	80,651	-	-
Other liabilities	37,085	53,660	969	2,103
Due to customers on construction contracts	19,627	9,657	-	-
Amounts due to subsidiaries	-	-	25,088	6,877
Amounts due to an associated company	303	1,119	-	-
Amounts due to joint ventures	15,507	15,507	-	-
Current income tax liabilities	3,484	10,837	8	8
Short-term borrowings	33,751	111,707	-	-
	<b>165,203</b>	<b>283,138</b>	<b>26,065</b>	<b>8,988</b>
<b>NON-CURRENT LIABILITIES</b>				
Trade payables	3,836	3,670	-	-
Finance lease	1,990	1,531	-	-
Bank borrowings	59,763	60,569	-	-
Notes payables	50,000	50,000	50,000	50,000
Deferred income tax liabilities	8,198	8,198	-	-
	<b>123,787</b>	<b>123,968</b>	<b>50,000</b>	<b>50,000</b>
<b>TOTAL LIABILITIES</b>	<b>288,990</b>	<b>407,106</b>	<b>76,065</b>	<b>58,988</b>
<b>NET ASSETS</b>	<b>268,219</b>	<b>266,583</b>	<b>87,277</b>	<b>89,269</b>
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	36,981	42,653	36,981	42,653
Treasury shares	(7,578)	(12,919)	(7,578)	(12,919)
Capital and other reserves	461	(441)	-	-
Retained profits	238,907	235,916	57,874	59,535
Currency translation reserve	(8,916)	(8,004)	-	-
	<b>259,855</b>	<b>257,205</b>	<b>87,277</b>	<b>89,269</b>
Non-controlling interests	8,364	9,378	-	-
<b>Total equity</b>	<b>268,219</b>	<b>266,583</b>	<b>87,277</b>	<b>89,269</b>

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

As at 30/09/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,976	27,775	96,963	14,744
61,753	50,000	62,100	50,000

Amount repayable in one year or less, or on demand

Amount repayable after one year

Details of any collateral

The Group's secured borrowings are secured by the Group's properties, plant and machinery, motor vehicles and fixed deposits.

1(c) CONSOLIDATED CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES

Total profit

Adjustments for non-cash items :

Income tax

Depreciation of property, plant and equipment

Property, plant and equipment written off

Gain on disposal of property, plant and equipment

Gain on disposal of financial assets at fair value through profit or loss

Fair value gain/(loss) on long-term financial asset and financial liabilities

Fair value loss on financial assets at fair value through profit or loss

Share of profit from associated companies

Share of profit from joint ventures

Interest expense

Interest income

Unrealised foreign exchange loss/(gain)

Operating profit before working capital changes

Working capital changes :

- Receivables

- Inventories

- Due from/ to customers on construction contracts

- Development properties

- Payables

- Due to associated companies

- Due from/ to joint ventures

Cash generated from/(used in) operations

Income tax paid

Interest paid

Net cash provided by/(used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment

Purchase of financial assets at fair value through profit or loss

Proceeds from disposal of property, plant and equipment

Proceeds from disposal of financial assets at fair value through profit or loss

Additions to investment properties

Interest received

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from bank borrowings

Repayment of finance lease

Repayment of bank borrowings

Deposit pledge

Purchase of treasury shares

Dividends paid to equity holders of the Company

Dividends paid to non-controlling interests

Net cash (used in)/provided by financing activities

9 months ended	
30/09/2016	30/09/2015
S\$'000	S\$'000
6,115	22,403
1,065	4,566
4,401	5,135
-	52
(1,112)	(150)
-	(233)
(107)	100
7	456
(103)	(207)
(843)	(2,996)
3,091	4,409
(1,682)	(2,094)
642	(709)
11,474	30,732
131,384	5,196
1,875	2,317
(2,545)	(21,558)
(12)	(21,877)
(41,449)	(2,749)
(816)	89
(11,107)	(8,888)
88,804	(16,738)
(8,438)	(3,513)
(3,893)	(5,963)
76,473	(26,214)
(8,244)	(19,760)
-	(2,990)
1,731	253
-	3,948
(13)	(1,041)
1,682	2,093
(4,844)	(17,497)
22,764	82,145
(2,685)	(3,342)
(101,077)	(71,626)
186	755
(331)	(2,525)
(3,318)	(3,327)
(399)	-
(84,860)	2,080

## 1(c) CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

9 months ended	
30/09/2016 S\$'000	30/09/2015 S\$'000
(13,231)	(41,631)
62,766	73,699
(447)	(10)
<b>49,088</b>	<b>32,058</b>

NET CHANGE IN CASH AND CASH EQUIVALENTS  
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD  
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS  
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD

Represented by :

CASH AND CASH EQUIVALENTS

Cash and bank balances

Restricted cash

50,601 34,720

(1,513) (2,662)

**49,088 32,058**

## 1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE GROUP AND THE COMPANY

	Attributable to equity holders of the Group					NON-CONTROLLING INTEREST	TOTAL EQUITY	
	Share Capital	Treasury Shares	Capital and Other Reserves	Retained Profits	Currency Translation Reserve			TOTAL
<b>GROUP (S\$'000)</b>								
Balance as at 01/01/2016	42,653	(12,919)	(441)	235,916	(8,004)	257,205	9,378	266,583
Profit/(loss) for the financial period	-	-	-	6,309	-	6,309	(194)	6,115
Other comprehensive (loss) income for the period	-	-	(313)	-	(453)	(766)	551	(215)
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-	-	-	-	-
Warrants expired	-	-	1,785	-	-	1,785	(1,785)	-
Change in ownership interests in subsidiaries	-	-	(570)	-	(459)	(1,029)	666	(363)
Purchase of treasury shares	-	(331)	-	-	-	(331)	-	(331)
Dividend paid	-	-	-	(3,318)	-	(3,318)	(252)	(3,570)
Balance as at 30/09/2016	36,981	(7,578)	461	238,907	(8,916)	259,855	8,364	268,219
Balance as at 01/01/2015	45,320	(13,061)	(406)	211,365	(7,529)	235,689	9,246	244,935
Profit for the financial period	-	-	-	20,310	-	20,310	2,093	22,403
Other comprehensive loss for the period	-	-	(111)	-	(562)	(673)	(1,710)	(2,383)
Cancellation of shares held in treasury shares	(2,667)	2,667	-	-	-	-	-	-
Purchase of treasury shares	-	(2,525)	-	-	-	(2,525)	-	(2,525)
Dividend paid	-	-	-	(3,327)	-	(3,327)	-	(3,327)
Balance as at 30/09/2015	42,653	(12,919)	(517)	228,348	(8,091)	249,474	9,629	259,103

	Attributable to equity holders of the Company			
	Share Capital	Treasury Shares	Retained Profits	TOTAL
<b>COMPANY (S\$'000)</b>				
Balance as at 01/01/2016	42,653	(12,919)	59,535	89,269
Total comprehensive income for the period	-	-	1,657	1,657
Purchase of treasury shares	-	(331)	-	(331)
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-
Dividend paid	-	-	(3,318)	(3,318)
Balance as at 30/09/2016	36,981	(7,578)	57,874	87,277
Balance as at 01/01/2015	45,320	(13,061)	57,780	90,039
Total comprehensive income for the period	-	-	4,525	4,525
Cancellation of shares held in treasury shares	(2,667)	2,667	-	-
Purchase of treasury shares	-	(2,525)	-	(2,525)
Dividend paid	-	-	(3,327)	(3,327)
Balance as at 30/09/2015	42,653	(12,919)	58,978	88,712

- 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 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.

Total number of issued shares  
Less: Cancellation of shares held in treasury  
End of financial period

No. of shares	
30/09/2016	31/12/2015
456,475,400	466,475,400
(18,475,400)	(10,000,000)
438,000,000	456,475,400

- 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.

Total number of issued shares excluding treasury shares

No. of shares	
30/09/2016	31/12/2015
413,814,900	414,980,000

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

Beginning of financial period  
Purchase of treasury shares  
Cancellation of shares held in treasury  
End of financial period

No. of shares
9 months ended 30/9/2016
41,495,400
1,165,100
(18,475,400)
24,185,100

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

The figures have neither been audited nor reviewed.

- 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2015 except for the adoption of new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2016. The adoption of these new or revised FRS and INT FRS has no significant impact on the Group's consolidated financial statements.

- 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.

Please refer to paragraph 4 above.

- 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 for the period after deducting any provision for preference dividends:

- (i) Basic  
(ii) On a fully diluted basis

GROUP			
3 months ended		9 months ended	
30/09/2016 (cent)	30/09/2015 (cents)	30/09/2016 (cents)	30/09/2015 (cents)
0.07	1.20	1.52	4.87
0.07	1.20	1.52	4.87

Note:

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 414,709,517 ordinary shares (30 September 2015: 417,356,849 ordinary shares).

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 as at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

GROUP		COMPANY	
30/09/2016 (cents)	31/12/2015 (cents)	30/09/2016 (cents)	31/12/2015 (cents)
62.80	61.98	21.09	21.51

Net asset value backing per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 413,814,900 ordinary shares as at 30 September 2016 (31 December 2015: 414,980,000 ordinary shares).

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, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.

#### Review of Group performance

For the 3-month period ended 30 September 2016 ("3Q 2016"), the Group's sales amounted to S\$63.74 million, a decrease of 32% from the corresponding period a year ago ("3Q 2015"). The decrease was primarily due to an absence of a significant revenue recognition by the Real Estate division in 3Q 2016. In addition, Building Material division recorded lower sales due to softer demand and selling price. The Group's gross profit decreased by 59% to S\$5.19 million as compared to 3Q 2015 mainly due to absence of property development profit in 3Q 2016 and lower gross margin from the Construction and Building Material division.

Other income decreased by 16% to S\$0.75 million in 3Q 2016 mainly due to decrease in interest income. Other losses of S\$0.19 million in 3Q 2016 were mainly due to foreign exchange loss. Distribution expenses decreased by 92% from S\$1.39 million in 3Q 2015 to S\$0.12 million in 3Q 2016 was mainly due to a write-back allowance made for impairment on trade receivables. Administrative expenses increased by 32% to S\$4.34 million mainly due to higher staff costs. Finance expenses decreased by 37% to S\$0.98 million in 3Q 2016 mainly due to repayment of bank borrowings. Depreciation expenses decreased from S\$1.71 million in 3Q 2015 to S\$1.42 million in 3Q 2016 mainly due to certain assets being fully depreciated.

Share of losses of joint venture companies decreased by 98% from S\$0.7 million in 3Q 2015 to S\$0.02 million in 3Q 2016 and such losses were mitigated by share of higher profits recognised from certain joint ventures.

The Group's profit before income tax decreased from \$7.56 million in 3Q 2015 to S\$0.24 million in 3Q 2016. The Group's net profit attributable to shareholders decreased from S\$5.0 million in 3Q 2015 to S\$0.28 million in 3Q 2016.

The Group's sales for the nine months ended 30 September 2016 ("9M 2016") decreased by 40% to S\$187.78 million, compared to S\$315.04 million for the corresponding period ended 30 September 2015 ("9M 2015"). The decrease primarily due to an absence of a significant revenue recognition by the Real Estate division in 9M 2016. The Group's gross profit decreased by 51% from S\$43.19 million in 9M 2015 to S\$21.10 million in 9M 2016 mainly due to lower profits recognised from property development.

Other income decreased by 15% to S\$2.31 million in 9M 2016 mainly due to decrease in interest income. Other gains of S\$0.55 million in 9M 2016 were mainly due to gain on disposal of property, plant and equipment offset by foreign exchange loss. There was a credit in distribution expenses of S\$0.08 million in 9M 2016 because of a write-back of allowance made for impairment on trade receivables. Finance expenses decreased by 30% from S\$4.41 million in 9M 2015 to S\$3.09 million in 9M 2016 mainly due to repayment of bank borrowings. Depreciation expenses decreased from S\$5.14 million in 9M 2015 to S\$4.40 million in 9M 2016 mainly due to certain assets being fully depreciated.

Share of results of joint venture companies decreased by 72% to S\$0.84 million in 9M 2016. This was mainly due to higher fair value gain on an investment property after the completion of its asset enhancement a year ago.

The Group's profit before income tax decreased from S\$26.97 million in 9M 2015 to S\$7.18 million in 9M 2016. The Group's net profit attributable to shareholders decreased by S\$14.0 million or 69% from S\$20.31 million in 9M 2015 to S\$6.31 million in 9M 2016.

Earnings per share decreased to 1.52 cents for 9M 2016 compared to 4.87 cents in 9M 2015.

#### Review of changes in working capital, assets and liabilities

The movements in assets and liabilities are as follows:

- 1) Decrease in cash and bank balances was mainly due to repayment of bank borrowings, purchase of property, plant and equipment and payment of dividend to shareholders.
- 2) Decrease in trade receivables was mainly due to collection from buyers for a residential project.
- 3) Increase in amount due from customers on construction contracts was mainly due to construction work-in-progress in excess of progress billings.
- 4) Non-current assets increased by S\$8.03 million mainly due to purchase of property, plant and equipment and increase in trade debts between the joint ventures and the Group.
- 5) Current liabilities decreased by S\$117.94 million due to reduction in short-term borrowings of S\$77.96 million, decrease in trade payables of S\$25.21 million and other liabilities of S\$16.57 million.
- 6) Non-current liabilities decreased marginally by S\$0.18 million.

#### Review of changes in cashflow

The Group reported a net decrease in cash and cash equivalents mainly due to the usage of funds to purchase property, plant and equipments and repayment of bank borrowings.



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

The current announced results are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 June 2016.

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.

Based on advance estimates by the Ministry of Trade and Industry, growth in the construction sector slowed marginally to 2.5% on a year-on-year basis in the third quarter 2016, compared to a growth of 2.6% in the previous quarter. On a quarter-on-quarter basis, the construction sector expanded at an annualised rate of 0.5%, moderating from 1.1% in the preceding quarter. The slowdown was due to a sharper decline in private sector construction activities. Although the construction sector remains challenging on the back of a competitive environment and higher labour costs, we are cautiously optimistic of the industry as we expect civil engineering construction demand to remain strong.

According to the latest flash estimates from the Urban Redevelopment Authority, prices of private residential properties decreased by 1.5% in 3Q 2016 as compared to the 0.4% decline in the previous quarter. With the various property cooling measures still in place, we expect prices in the residential property market to further moderate.

11 Dividend

(a) Current Financial Period Reported On:

(i) Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim dividend
Dividend Type	Dividend in Specie of shares in Koh Brothers Eco Engineering Limited("KB Eco")
In Specie Distribution Value per Share	0.46 cent per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had on 12 October 2016 distributed in total 41,381,483 KB Eco shares to the entitled shareholders of the Company.

(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.

Not applicable

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$ 100,000)
	\$'000	\$'000
Koh Keng Siang	129	-
Koh Tiak Boon	220	-

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

15 CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, 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 financial results for the third quarter and nine months ended 30 September 2016 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Koh Keng Siang  
Managing Director & Group CEO

Koh Keng Hiong  
Executive Director

8 November 2016  
Singapore



## NEWS RELEASE

### **KOH BROTHERS REPORTS REVENUE OF S\$187.8 MILLION AND NET PROFIT OF S\$6.3 MILLION FOR 9M 2016**

- ***Strong order book of S\$541.3 million***
- ***Balance sheet remains healthy with cash and cash equivalents of S\$50.6 million and lower net gearing of 0.37 time***

**Singapore, November 8, 2016** – Well-established construction, property development and specialist engineering solutions provider Koh Brothers Group Limited (“**Koh Brothers**”, 許兄弟有限公司, or the “**Group**”), announced today its net profit of S\$6.3 million on S\$187.8 million revenue for the nine-month financial period ended September 30, 2016 (“**9M 2016**”).

The 9M 2016 revenue was a 40% slip from S\$315.0 million recorded in the same corresponding period last year (“**9M 2015**”), due to lower revenue contribution from the Real Estate division in 9M 2016.

Coupled with a 15% decrease in other income on lower interest income earned, and a 72% decrease in the Group’s share of results of joint venture companies to S\$0.8 million in 9M 2016 in the absence of a fair value gain on an investment property following an asset enhancement exercise recorded a year ago, the Group’s net profit slipped 69% from S\$20.3 million in 9M 2015.

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented: “To remain resilient amidst challenging macro conditions, we will stay focused on prudent cost management and a proactive implementation of innovative measures and building technologies to sharpen our competitive edge. Our integrated business has enhanced our self-reliance and productivity and we will continue to tap on our enhanced operational synergies and combined technical capabilities to achieve sustainable growth.”

For the three-month period ended September 30, 2016, the Group reported lower revenue of S\$63.7 million compared to S\$93.1 million a year ago. Accordingly, net profit slipped to S\$0.3 million from S\$5.0 million across the same comparative periods.

As at September 30, 2016, the Group’s balance sheet remains robust with cash and cash equivalents of S\$50.6 million and shareholders’ equity of approximately S\$259.9 million.

While earnings per share slid to 1.52 Singapore cents, net asset value per share as at September 30, 2016 rose to 62.80 Singapore cents. The Group’s debt servicing ability with liquidity remains comfortable with a current ratio of 1.7 times. Net gearing ratio lowered to 0.37 time as at September 30, 2016 as compared to 0.62 time as at December 31, 2015 with repayment of bank borrowings.

## Outlook and Strategies

Latest statistics from the Ministry of Trade and Industry showed that the construction sector expanded at a slower rate of 2.5% in 3Q 2016 compared to a growth of 2.6% in 2Q 2016 due mainly to slower private sector construction activities.

The Building and Construction Authority expects construction demand in 2016 to reach between S\$27.0 billion and S\$32.0 billion. Public demand accounted for 67.6% of total construction demand as at August 2016<sup>1</sup>.

“Tapping on our enhanced integrated capabilities and robust track record, we hope to undertake larger projects within the public sector. We will actively tender for upcoming major infrastructure projects as we work towards building up our order book, which currently remains strong at S\$541.3 million,” commented Mr. Koh.

Latest flash estimates released by the Urban Redevelopment Authority showed a 1.5% decrease in private residential property prices in 3Q 2016, as compared to a 0.4% decline in the previous quarter<sup>2</sup>.

Commenting on the Group’s strategy in property development, Mr. Koh said, “We have over the years established ourselves as an innovative lifestyle-themed developer, having executed many exciting new-to-market concepts. Moving forward, we’ll continue to build upon our strength in creating fresh new-to-market concepts for upcoming developments to differentiate our projects from the crowded and competitive marketplace.”

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<sup>1</sup> *Building and Construction Authority – Forecast and Actual Construction Demand, August 11, 2016*

<sup>2</sup> *Urban Redevelopment Authority – Release of 3<sup>rd</sup> quarter 2016 real estate statistics, October 28, 2016*

## **About Koh Brothers Group Limited**

Listed on Main Board of the SGX-ST in August 1994, Koh Brothers Group Limited (“**Koh Brothers**”, or together with its subsidiaries, the “**Group**”) is a well-established construction, property development and specialist engineering solutions provider, which was started as a sole proprietorship in 1966 by Mr. Koh Tiat Meng. Today, the Group has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, PRC, Indonesia, and Malaysia.

Over the years, the Group has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority. It 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. In addition, the Group has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

The Group’s diversified businesses present them with multiple revenue streams from three core areas:

- Construction and Building Materials;
- Real Estate; and
- Leisure and Hospitality.

The Group is also the single largest shareholder of SGX Catalist-listed Koh Brothers Eco Engineering Limited (“**Koh Brothers Eco**”), a sustainable engineering solutions group that provides engineering, procurement and construction services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects.

Following a restructuring exercise that combines the capabilities of Koh Brothers Eco with the Group’s previously-owned civil engineering construction arm, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. (“**KBCE**”), through its shareholdings in Koh Brothers Eco, Koh Brothers can reap synergies and sharpen its competitive edge to offer turnkey engineering solutions and tap opportunities in the water, wastewater treatment and hydro-engineering sectors.

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November 8, 2016