

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

Issuer/ Manager	KOH BROTHERS GROUP LIMITED
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	17-Feb-2017 19:33:41
Status	New
Announcement Sub Title	Full Yearly Results
Announcement Reference	SG170217OTHRX29T
Submitted By (Co./ Ind. Name)	Koh Keng Siang
Designation	Managing Director & Group CEO
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached.

Additional Details

For Financial Period Ended	31/12/2016
Attachments	KBGL Result Announcement Q4 2016 FINAL.pdf Koh Brothers 4Q2016 NR Feb 17 2017.pdf Total size =386K

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

Unaudited Fourth Quarter and 12 Months Financial Statement And Dividend Announcement for the Period Ended 31 December 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 %	12 months ended		Change %
	31/12/2016 S\$'000	31/12/2015 S\$'000		31/12/2016 S\$'000	31/12/2015 S\$'000	
Sales	157,942	112,281	41%	345,720	427,320	-19%
Cost of sales	(149,997)	(100,542)	49%	(316,675)	(372,388)	-15%
Gross profit	7,945	11,739	-32%	29,045	54,932	-47%
Other income	929	738	26%	3,238	3,468	-7%
Other gains, net	464	781	-41%	1,014	1,525	-34%
Expenses						
- Distribution	(980)	192	N.M.	(904)	(3,341)	-73%
- Administrative	(4,378)	(7,807)	-44%	(18,926)	(22,540)	-16%
- Other	(5,206)	(4,769)	9%	(5,368)	(4,996)	7%
- Finance	(1,010)	(1,262)	-20%	(4,101)	(5,671)	-28%
Share of (loss)/profit (net of tax) of:						
- associated companies	72	(7)	N.M.	175	200	-13%
- joint ventures	12,262	10,070	22%	13,105	13,066	0%
Profit before income tax	10,098	9,675	4%	17,278	36,643	-53%
Income tax expense	(1,333)	(2,663)	-50%	(2,398)	(7,230)	-67%
Profit after income tax	8,765	7,012	25%	14,880	29,413	-49%
Other comprehensive income/(loss), net of tax:						
Exchange differences on translating foreign operations	(386)	394	N.M.	(143)	(1,878)	-92%
Fair value gain/(loss) on available-for-sale financial assets	47	76	-38%	(411)	(35)	1074%
Other comprehensive (loss)/profit, net of tax	(339)	470	N.M.	(554)	(1,913)	-71%
Total comprehensive income	8,426	7,482	13%	14,326	27,500	-48%
Profit attributable to:						
Equity holders of the Company	7,006	7,570	-7%	13,315	27,878	-52%
Non-controlling interests	1,759	(558)	N.M.	1,565	1,535	2%
Total comprehensive income attributable to:	8,765	7,012	25%	14,880	29,413	-49%
Equity holders of the Company	6,566	7,732	-15%	12,109	27,368	-56%
Non-controlling interests	1,860	(250)	N.M.	2,217	132	1580%
	8,426	7,482	13%	14,326	27,500	-48%

N.M. - Not meaningful

Notes to the Consolidated Statement of Comprehensive Income

Note 1

Sales include the following :

Sales of products	18,395	32,317	73,501	116,360
Services rendered	1,498	944	6,162	6,049
Property development and rental	809	25,337	3,164	138,118
Contract revenue	137,240	53,683	262,893	166,793
	157,942	112,281	345,720	427,320

Note 2

Other income include the following :

Rental income	113	106	421	424
Interest income	606	646	2,288	2,740
Others	210	(14)	529	304
	929	738	3,238	3,468

Note 3

Other gains include the following :

Gain on disposal of property, plant and equipment	64	14	1,176	164
Gain on disposal of subsidiaries	-	50	-	50
Fair value (loss)/gain on financial assets and financial liabilities	(415)	(119)	(308)	(219)
Fair value (loss)/gain on investment properties	(271)	500	(271)	500
Fair value (loss)/gain on financial assets through profit or loss	(2)	827	(9)	604
Net foreign exchange gain/(loss)	1,088	(491)	426	426
	464	781	1,014	1,525

Note 4

Profit before income tax is stated after charging the following items:

Allowance for/(Write-back of allowance for) impairment on trade and non-trade receivables	410	(1,221)	(882)	1,425
Allowance for impairment of loan to joint ventures	5,151	4,700	5,151	4,700
Depreciation of property, plant and equipment	1,684	1,708	6,085	6,843

Note 5

Income tax includes the following :

Current income tax				
- in respect of current period	1,251	8,642	2,897	10,840
- (over)/under provision in respect of prior period	(279)	(565)	(860)	519
Deferred income tax				
- in respect of current period	363	(5,897)	363	(3,901)
- (over)/under provision in respect of prior period	(2)	483	(2)	(228)
	1,333	2,663	2,398	7,230

The Group's current income tax charge for the financial year ended 31 December 2016 is higher than that determined by applying the Singapore income tax rate of 17% to the Group's profit before income tax mainly due to higher income tax rate for foreign subsidiaries.

GROUP			
3 months ended		12 months ended	
31/12/2016	31/12/2015	31/12/2016	31/12/2015
S\$'000	S\$'000	S\$'000	S\$'000
18,395	32,317	73,501	116,360
1,498	944	6,162	6,049
809	25,337	3,164	138,118
137,240	53,683	262,893	166,793
157,942	112,281	345,720	427,320
113	106	421	424
606	646	2,288	2,740
210	(14)	529	304
929	738	3,238	3,468
64	14	1,176	164
-	50	-	50
(415)	(119)	(308)	(219)
(271)	500	(271)	500
(2)	827	(9)	604
1,088	(491)	426	426
464	781	1,014	1,525
410	(1,221)	(882)	1,425
5,151	4,700	5,151	4,700
1,684	1,708	6,085	6,843
1,251	8,642	2,897	10,840
(279)	(565)	(860)	519
363	(5,897)	363	(3,901)
(2)	483	(2)	(228)
1,333	2,663	2,398	7,230

1(b)(i) BALANCE SHEETS

	GROUP		COMPANY	
	31/12/2016 S\$'000	31/12/2015 S\$'000	31/12/2016 S\$'000	31/12/2015 S\$'000
ASSETS				
Current assets				
Cash and bank balances	43,227	64,465	134	930
Financial assets at fair value through profit or loss	40	49	-	-
Trade receivables	121,231	215,205	-	-
Due from customers on construction contracts	35,067	15,879	-	-
Amounts due from subsidiaries	-	-	57,506	60,309
Amounts due from joint ventures	76,056	76,054	-	-
Inventories	8,395	11,404	-	-
Available-for-sale financial assets	7,529	7,940	-	-
Development properties	1,189	1,198	-	-
Other current assets	25,649	14,444	16	-
	318,383	406,638	57,656	61,239
Non-current assets				
Trade receivables	9,251	-	-	-
Amounts due from joint ventures	5,936	3,421	-	-
Investments in associated companies	1,347	1,452	-	-
Investments in joint ventures	77,196	63,950	-	-
Investments in subsidiaries	-	-	104,752	87,018
Investment properties	90,706	90,977	-	-
Property, plant and equipment	108,879	102,173	-	-
Goodwill	5,078	5,078	-	-
	298,393	267,051	104,752	87,018
Total assets	616,776	673,689	162,408	148,257
LIABILITIES				
Current liabilities				
Trade payables	98,301	80,651	-	-
Other liabilities	35,115	53,660	614	2,103
Due to customers on construction contracts	31,974	9,657	-	-
Amounts due to subsidiaries	-	-	25,693	6,877
Amounts due to an associated company	485	1,119	-	-
Amounts due to joint ventures	15,507	15,507	-	-
Current income tax liabilities	3,289	10,837	3	8
Short-term borrowings	28,224	111,707	-	-
	212,895	283,138	26,310	8,988
Non-current liabilities				
Trade payables	7,399	3,670	-	-
Finance lease	2,755	1,531	-	-
Bank borrowings	58,963	60,569	-	-
Notes payables	50,000	50,000	50,000	50,000
Deferred income tax liabilities	8,559	8,198	-	-
	127,676	123,968	50,000	50,000
Total liabilities	340,571	407,106	76,310	58,988
NET ASSETS	276,205	266,583	86,098	89,269
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	36,981	42,653	36,981	42,653
Treasury shares	(7,614)	(12,919)	(7,614)	(12,919)
Capital and other reserves	1,203	(441)	-	-
Retained profits	243,087	235,916	56,731	59,535
Currency translation reserve	(9,361)	(8,004)	-	-
	264,296	257,205	86,098	89,269
Non-controlling interests	11,909	9,378	-	-
Total equity	276,205	266,583	86,098	89,269

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

As at 31/12/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,448	22,776	96,963	14,744
61,718	50,000	60,239	51,861

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

	12 months ended	
	31/12/2016 S\$'000	31/12/2015 S\$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Total profit	14,880	29,413
Adjustments for non-cash items :		
Income tax expenses	2,398	7,230
Depreciation of property, plant and equipment	6,085	6,843
Gain on disposal of subsidiaries	-	(50)
Property, plant and equipment written off	9	52
Fair value loss/(gain) on investment properties	271	(500)
Gain on disposal of property, plant and equipment	(1,176)	(164)
Fair value loss on long-term financial asset and financial liabilities	308	219
Fair value loss/(gain) on financial assets at fair value through profit or loss	9	(604)
Dividend income	(1)	(2)
Share of profit from associated companies	(175)	(200)
Share of profit from joint ventures	(13,105)	(13,066)
Interest expense	4,101	5,671
Interest income	(2,288)	(2,740)
Unrealised foreign exchange gain	(245)	(202)
Operating profit before working capital changes	11,071	31,900
Working capital changes :		
- Receivables	73,178	(137,666)
- Inventories	3,009	4,438
- Due from/to customers on construction contracts	6,981	(13,890)
- Development properties	9	138,004
- Payables	4,353	18,300
- Due from associated companies	(634)	156
- Due from joint ventures	(2,658)	9,550
Cash used in operations	95,309	50,792
Income tax paid	(9,595)	(3,955)
Interest paid	(5,487)	(7,600)
Net cash generated from operating activities	80,227	39,237
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property, plant and equipment	(12,486)	(25,252)
Purchase of financial assets at fair value through profit or loss	-	(5,090)
Proceeds from disposal of property, plant and equipment	1,529	266
Proceeds from disposal of financial assets at fair value through profit or loss	-	8,428
Additions to investment properties	-	(1,036)
Dividend received from an associate	280	-
Dividend received from other investment	1	2
Interest received	2,288	2,740
Net cash used in investing activities	(8,388)	(19,942)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from bank borrowings	29,591	55,905
Repayment of finance lease	(3,565)	(4,288)
Repayment of bank borrowings	(114,487)	(77,913)
Release of deposit pledge	336	1,933
Purchase of treasury shares	(367)	(2,525)
Transaction costs relating to change of ownership interest in subsidiaries without loss of control	(767)	-
Dividends paid to equity holders of the Company	(3,318)	(3,327)
Dividends paid to non-controlling interests	(399)	-
Net cash used in financing activities	(92,976)	(30,215)

1(c) CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

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

Represented by :

CASH AND CASH EQUIVALENTS

Cash and bank balances

Restricted cash

12 months ended	
31/12/2016	31/12/2015
S\$'000	S\$'000
(21,137)	(10,920)
62,766	73,699
261	(13)
41,890	62,766
43,227	64,465
(1,337)	(1,699)
41,890	62,766

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
GROUP (S\$'000)								
Balance as at 01/01/2016	42,653	(12,919)	(441)	235,916	(8,004)	257,205	9,378	266,583
Profit for the financial year	-	-	-	13,315	-	13,315	1,565	14,880
Other comprehensive loss for the financial year	-	-	(256)	-	(950)	(1,206)	652	(554)
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-	-	-	-	-
Purchase of treasury shares	-	(367)	-	-	-	(367)	-	(367)
Warrant expired	-	-	1,785	-	-	1,785	(1,785)	-
Change in ownership interests in subsidiaries	-	-	115	(882)	(407)	(1,174)	2,351	1,177
Dividend paid	-	-	-	(5,262)	-	(5,262)	(252)	(5,514)
Balance as at 31/12/2016	36,981	(7,614)	1,203	243,087	(9,361)	264,296	11,909	276,205
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 year	-	-	-	27,878	-	27,878	1,535	29,413
Other comprehensive loss for the financial year	-	-	(35)	-	(475)	(510)	(1,403)	(1,913)
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 31/12/2015	42,653	(12,919)	(441)	235,916	(8,004)	257,205	9,378	266,583
	Attributable to equity holders of the Company							
	Share Capital	Treasury Shares	Retained Profits	TOTAL				
COMPANY (S\$'000)								
Balance as at 01/01/2016	42,653	(12,919)	59,535	89,269				
Total comprehensive income for the financial year	-	-	2,458	2,458				
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-				
Purchase of treasury shares	-	(367)	-	(367)				
Dividend paid	-	-	(5,262)	(5,262)				
Balance as at 31/12/2016	36,981	(7,614)	56,731	86,098				
Balance as at 01/01/2015	45,320	(13,061)	57,780	90,039				
Total comprehensive income for the financial year	-	-	5,082	5,082				
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 31/12/2015	42,653	(12,919)	59,535	89,269				

- 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.

	No. of shares	
	31/12/2016	31/12/2015
Total number of issued shares	456,475,400	466,475,400
Less: Cancellation of shares held in treasury	(18,475,400)	(10,000,000)
End of financial year	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.

	No. of shares	
	31/12/2016	31/12/2015
Total number of issued shares excluding treasury shares	413,680,000	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.

	No. of shares
	12 months ended
	31/12/2016
Beginning of financial period	41,495,400
Purchase of treasury shares	1,300,000
Cancellation of shares held in treasury	(18,475,400)
End of financial period	24,320,000

- 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		12 months ended	
31/12/2016	31/12/2015	31/12/2016	31/12/2015
(cents)	(cents)	(cents)	(cents)
1.69	1.82	3.21	6.69
1.69	1.82	3.21	6.69

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 414,466,760 ordinary shares (31 December 2015: 416,757,753 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	
31/12/2016 (cents)	31/12/2015 (cents)	31/12/2016 (cents)	31/12/2015 (cents)
63.89	61.98	20.81	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 413,680,000 ordinary shares as at 31 December 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

4Q 2016 VS 4Q 2015

For the 3-month period ended 31 December 2016 ("4Q 2016"), sales rose 41% to S\$157.94 million from S\$112.28 million in the corresponding period last year ("4Q 2015"). The increase in sales was mainly contributed by the Construction and Building Materials division.

Other gains decreased from S\$0.78 million in 4Q 2015 to S\$0.46 million in 4Q 2016 because of fair value losses on an investment property, financial assets and liabilities, offset by net foreign exchange gain.

Distribution expenses were S\$0.98 million in 4Q 2016 compared to a credit of S\$0.19 million in 4Q 2015 mainly due to a write-back of allowance for impairment on trade receivables a year ago. Administrative expenses decreased to S\$4.38 million in 4Q 2016 mainly due to decrease in staff cost. Other expenses increased from S\$4.77 million in 4Q 2015 to S\$5.21 million in 4Q 2016 mainly due to higher allowance for impairment of loan to joint ventures. Finance expenses decreased from S\$1.26 million in 4Q 2015 to S\$1.01 million in 4Q 2016 mainly due to reduction in bank borrowings. Depreciation expenses decreased by S\$0.03 million primarily due to decrease in depreciable assets.

Share of results of joint venture companies increased to S\$12.26 million in 4Q 2016 from S\$10.07 million in 4Q 2015. This was mainly due to higher fair value gain on an investment property.

The Group's profit before income tax increased by 4% to S\$10.10 million in 4Q 2016 as compared to 4Q 2015. The Group's net profit attributable to shareholders decreased by 7% to S\$7.01 million in 4Q 2016 from S\$7.57 million in 4Q 2015.

FY2016 VS FY2015

The Group's sales for the year ended 31 December 2016 ("FY2016") decreased by 19% to S\$345.72 million, compared to S\$427.32 million for the corresponding year ended 31 December 2015 ("FY2015"). The decrease was primarily due to absence of property development revenue contributed by the Real Estate division. This was partially offset by the higher revenue contributed by the Construction and Building Materials division.

Other gains decreased from S\$1.53 million in FY2015 to S\$1.01 million in FY2016 mainly due to fair value losses on an investment properties, financial assets and liabilities, partially offset by the higher gain on disposal of property, plant and equipment.

Distribution expenses decreased to S\$0.90 million in FY2016 from S\$3.34 million in FY2015 primarily resulting from a write-back in allowance made for impairment on trade receivables. Administrative expenses decreased from S\$22.54 million in FY2015 to S\$18.93 million in FY2016 mainly due to lower staff cost. Other expenses increased from S\$5.00 million in FY2015 to S\$5.37 million in FY2016 mainly due to higher allowance for impairment of loan to joint ventures. Finance expenses decreased to S\$4.10 million in FY2016 mainly due to reduction in bank borrowings. Depreciation expenses decreased from S\$6.84 million in FY2015 to S\$6.09 million in FY2016 mainly due to decrease in depreciable assets.

Share of results of joint venture companies increased marginally to S\$13.11 million in FY2016 as compared to FY2015.

The Group's profit before income tax decreased from S\$36.64 million in FY2015 to S\$17.28 million in FY2016 mainly due to lower profits recognised from the Real Estate division and Construction and Building Materials division. The Group's net profit attributable to shareholders decreased from S\$27.88 million in FY2015 to S\$13.32 million in FY2016.

Earnings per share decreased to 3.21 cents in FY2016 compared to 6.69 cents in FY2015.

Review of changes in working capital, assets and liabilities

The movements in assets and liabilities are as follows:

- 1) Decrease in cash and cash equivalents was mainly due to repayment of bank borrowings, purchase of property, plant and equipment and payment of dividends to shareholders.
- 2) Decrease in trade receivables was mainly due to collection from buyers for a residential property.
- 3) Increase in amount due from customers on construction contracts was mainly due to construction work-in-progress in excess of progress billings.
- 4) Decrease in inventories was mainly due to lower inventory levels held by the Building Materials division.
- 5) Increase in other current assets was mainly due to increase in other receivables.
- 6) Non-current assets increased by S\$31.34 million mainly due to increase in trade receivables of S\$9.25 million, increase in investments in joint ventures of \$13.25 million, and purchase of property, plant and equipment of S\$6.71 million.
- 7) Current liabilities decreased by S\$70.24 million due to decrease in short-term borrowings of S\$83.48 million and other liabilities of S\$18.55 million, partially offset by an increase in trade payables of S\$17.65 million and due to customer on construction contracts of S\$22.32 million.
- 8) Non-current liabilities increased marginally by S\$3.71 million mainly due to increase in non-current trade payables of S\$3.73 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 equipment and repayment of bank borrowings, offset by net cash generated from operating activities.

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 September 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.

The Ministry of Trade and Industry Singapore ("MTI") announced that the Singapore economy grew by 2.0% in 2016, a slight increase from the 1.9% expansion in 2015. The MTI has maintained its 2017 GDP growth forecast at 1% to 3%. The construction sector shrank by 2.8% year-on-year in the fourth quarter, extending the 2.2% contraction in the previous quarter. The contraction was largely due to the decline in private sector construction activities. For 2017, BCA estimated construction demand to be between S\$28 billion to S\$35 billion, of which 70% will be in public sector projects. Despite the challenging market conditions in the construction sector, being an established civil engineering contractor, we are cautiously optimistic.

According to the latest flash estimates from the Urban Redevelopment Authority, prices of private residential properties decreased by 0.5% in the fourth quarter of 2016, compared with 1.5% decline in the previous quarter. For the whole of 2016, prices of private residential property fell 3.1%, compared with 3.7% decline in 2015. Although the rate of decline was lower, the real estate industry is expected to remain challenging.

11 Dividend

(a) Current Financial Period Reported On:

(i) Any dividend declared for the current financial period reported on? No

(ii) Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share	Final: 0.35 cent per ordinary share
Dividend Rates (in %)	NA
Par value of shares	NA
Tax rate	Tax exempt (One-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	(1) Special (2) Final
Dividend Type	Cash
Dividend Amount per Share	(1) Special: 0.30 cent per ordinary share (2) Final: 0.50 cent per ordinary share
Dividend Rates (in %)	NA
Par value of shares	NA
Tax rate	Tax exempt (One-tier)

(c) Date payable

Subject to approval by the Shareholders at the next Annual General Meeting and to be announced at a later date.

(d) Books closure date

Subject to approval by the Shareholders at the next Annual General Meeting and to be announced at a later date.

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

Not applicable.

13 Interested Person Transaction

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)
Koh Keng Siang	S\$'000 833	S\$'000 -
Lee & Lee	121	-

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14 Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

	REAL ESTATE	LEISURE & HOSPITALITY	CONSTRUCTION & BUILDING MATERIALS	OTHERS	TOTAL
GROUP (S\$'000)					
2016					
SALES					
External	6,234	3,092	336,394	-	345,720
Inter-segment	372	8	10,392	-	10,772
	<u>6,606</u>	<u>3,100</u>	<u>346,786</u>	<u>-</u>	<u>356,492</u>
Elimination					<u>(10,772)</u>
					<u>345,720</u>
RESULTS					
Segment results	5,319	(760)	1,659	(409)	5,810
Net investment gain	-	-	1	-	1
Interest income					2,288
Finance expenses					(4,101)
Share of profit from:					
-associates	-	-	175	-	175
-joint ventures	13,105	-	-	-	13,105
Profit before income tax					<u>17,278</u>
2015					
SALES					
External	140,616	3,550	283,154	-	427,320
Inter-segment	1,579	117	56,796	-	58,492
	<u>142,195</u>	<u>3,667</u>	<u>339,950</u>	<u>-</u>	<u>485,812</u>
Elimination					<u>(58,492)</u>
					<u>427,320</u>
RESULTS					
Segment results	15,540	35	10,408	(344)	25,639
Net investment gain	-	-	669	-	669
Interest income					2,740
Finance expenses					(5,671)
Share of profit from:					
-associates	-	-	200	-	200
-joint ventures	13,066	-	-	-	13,066
Profit before income tax					<u>36,643</u>

Sales by Geographical Segment (S\$'000):

	2016	2015
Singapore	315,485	387,073
China	1,640	4,312
Malaysia	7,804	18,371
Indonesia	3,496	6,313
Others **	17,295	11,251
	<u>345,720</u>	<u>427,320</u>

**Including Africa, Hong Kong, Thailand, Philippines and Central America.

- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

By Business Segment

Total sales decreased by S\$81.60 million in FY2016 as compared to FY2015. This was mainly due to absence of property development revenue recognised by the Real Estate division. This was partially offset by higher revenue contributed from the Construction and Building Materials division.

The total segment results decreased by S\$19.83 million in FY2016 as compared to FY2015 mainly due to lower profits recognised from the Real Estate and the Construction and Building Materials divisions.

Segment results from the Real Estate division decreased by S\$10.22 million in FY2016 as compared to FY2015 mainly due to absence of property development revenue.

Segment results from the Construction and Building Materials division decreased by S\$8.75 million in FY2016 as compared to FY2015 mainly due to lower profit margin.

By Geographical Segment

There was a general decrease in revenue in most geographical segments.

The sales contributed by Singapore decreased by S\$71.59 million in FY2016 mainly due to decrease in sales from the Real Estate division.

The sales contributed by Malaysia decreased by S\$10.57 million in FY2016 mainly due to lower percentage of construction revenue recognition as well as deterioration in the exchange rate.

The sales contributed by Others increased by S\$6.04 million in FY2016 mainly due to higher percentage of construction revenue recognition.

- 16 A breakdown of sales.

S\$'000

Sales reported for first half year

Profit after income tax before deducting non-controlling interests reported for first half year

Sales reported for second half year

Profit after income tax before deducting non-controlling interests reported for second half year

	2016	2015	Change
Sales reported for first half year	124,041	221,959	-44%
Profit after income tax before deducting non-controlling interests reported for first half year	6,010	19,415	-69%
Sales reported for second half year	221,679	205,361	8%
Profit after income tax before deducting non-controlling interests reported for second half year	8,870	9,998	-11%

- 17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	S\$'000	
	31/12/2016	31/12/2015
Ordinary dividend		
- Interim (dividend in specie)	1,944	-
- Final*	1,448	3,327
	3,392	3,327

*2015 - 2016 Final ordinary dividend is estimated based on number of shares outstanding as at the end of the financial year.

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

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

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the substantial shareholders of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Phua Siew Gaik	51	Spouse of Mr Koh Keng Siang, daughter-in-law of Mr Koh Tiat Meng and Mdm Quek Chee Nee, and sister-in-law of Mr Koh Keng Hiong	Senior Group Human Resources/Administration Manager since 2015. Responsible for managing the Group's human resources and administration function.	Nil
Erliana Sutadi	47	Spouse of Mr Koh Keng Hiong, daughter-in-law of Mr Koh Tiat Meng and Mdm Quek Chee Nee, and sister-in-law of Mr Koh Keng Siang	Office Manager, Oxford Hotel, since 2000. Responsible for office administration.	Nil
Koh Keng Seng	53	Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong	Executive Director, Construction division, since 2008. Responsible for management of logistics, workshop, machinery and equipment functions under the Construction division.	Nil
Koh Siew Kiang	54	Niece of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong	Chief Executive Officer, Building Materials division, Ready-mix and Industries units, since 2015 Responsible for overseeing ready-mix and industries units	Nil
Tay Juak Chiang	43	Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong	Senior Manager, Steel division, since 2012. Responsible for steel fabrication division.	Nil
Phua Eng Hong	54	Brother-in-law of Mr Koh Keng Siang	Director of Dalian Megacity Trading Co., Ltd, since 2008. No executive duties.	Nil
Koh Kheng Yeow	50	Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong	Director of Dalian Megacity Trading Co., Ltd, since 2008. No executive duties.	Nil

BY ORDER OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

Koh Keng Hiong
Executive Director

17 February 2017
Singapore



NEWS RELEASE

KOH BROTHERS ACHIEVES 41% REVENUE GROWTH TO S\$157.9 MILLION; REPORTS NET PROFIT OF S\$7.0 MILLION IN 4Q 2016

- ***Balance sheet remains healthy with cash and cash equivalents of S\$43.2 million and lower net gearing of 0.37 time***
- ***Proposes final cash dividend of 0.35 Singapore cent per share***

Singapore, February 17, 2017 – 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 a 41% rise in revenue to S\$157.9 million for the fourth quarter ended December 31, 2016 (“**4Q 2016**”).

The higher 4Q 2016 revenue compared to S\$112.3 million in the equivalent period last year (“**4Q 2015**”) was mainly boosted by contributions from the Construction and Building Materials business segment.

Higher fair value gain on an investment property lifted Koh Brothers’ 4Q 2016 share of results of joint venture companies to S\$12.3 million compared to S\$10.1 million in 4Q 2015.

Overall, the Group reported a 7% dip in 4Q 2016 net profit attributable to shareholders of S\$7.0 million compared to S\$7.6 million a year ago.

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, “Amidst macro-economic uncertainties, we are working tirelessly on both the construction and property development fronts to strengthen and replenish our order book and land bank, respectively. We’ll also continue to harness synergies from our Catalyst-listed subsidiary, Koh Brothers Eco Engineering, to pursue projects in the growing water and wastewater, and hydro-engineering sectors.”

For the financial year ended December 31, 2016 (“**FY2016**”), Koh Brothers registered a 19% decrease in revenue to S\$345.7 million in the absence of significant revenue recognised by the Real Estate division a year ago (“**FY2015**”) that had lifted topline to S\$427.3 million. In tandem with the lower revenue, net profit slipped 52% to S\$13.3 million from S\$27.9 million across the same comparative periods.

As at December 31, 2016, the Group’s balance sheet remains robust with cash and cash equivalents of S\$43.2 million and shareholders’ equity of approximately S\$264.3 million.

Earnings per share slid to 3.21 Singapore cents in FY2016 compared to 6.69 Singapore cents in FY2015, while net asset value per share as at December 31, 2016 rose to 63.89 Singapore cents from 61.98 Singapore cents a year ago.

The Group’s debt servicing ability with liquidity remains comfortable with a current ratio of 1.5 times. Net gearing ratio lowered to 0.37 time as at December 31, 2016 as compared to 0.62 time as at December 31, 2015.

The Group has proposed a final cash dividend of 0.35 Singapore cent per share for FY2016 to thank shareholders for their support.

Outlook and Strategies

The Ministry of Trade and Industry Singapore (“**MTI**”)¹ announced that the Singapore economy grew by 2.0% in 2016, a slight increase from the 1.9% expansion in 2015. The MTI has maintained its 2017 GDP growth forecast at 1% to 3%.

The MTI data also showed a 0.8% expansion in the construction sector for 4Q 2016 on a seasonally-adjusted annualised basis, reversing from a 12.6% decline in the preceding quarter. Overall, the sector contracted 2.8% on a year-on-year basis due to a decrease in private sector construction activities.

On the construction sector’s 2017 outlook, the Building and Construction Authority (“**BCA**”) expects demand to reach between S\$28 billion and S\$35 billion, 70% of which are to be derived from the public sector².

Mr. Koh said, “There is a healthy pipeline of construction projects in 2017, especially mega infrastructure projects that require deep experience and capabilities in civil engineering – an area of strength for us. We continue to aggressively pursue larger-scale projects to replenish our order book.”

On the real estate outlook, the Urban Redevelopment Authority released data³ that showed a gentler 3.1% decline in 2016 prices, compared to the 3.7% decline in 2015. While prices are showing signs of stabilising, developers have sold 9.4% more homes in 2016 from a year ago, signaling healthy demand.

“We continue to seek opportunities to extend our lifestyle-themed development model both locally and overseas, as well as keep a look out for yield-accretive property investments,” added Mr. Koh.

¹ Ministry of Trade and Industry, February 17, 2017 – MTI maintains 2017 GDP growth forecast at “1.0 to 3.0 per cent”

² Building and Construction Authority – Public sector construction demand is expected to increase this year, January 6, 2017

³ Urban Redevelopment Authority, January 26, 2017 – Release of 4th Quarter 2016 real estate statistics

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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February 17, 2017