

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

Issuer/ Manager	KOH BROTHERS GROUP LIMITED
Stapled Security	No

Announcement Details

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Additional Details

For Financial Period Ended	30/09/2017
Attachments	<p>KBGL 3Q 2017 Result Announcement FINAL.pdf</p> <p>Koh Brothers 3Q2017 NR 13 Nov 2017.pdf</p> <p>Total size =377K</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 2017

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 %
		30/09/2017 S\$'000	30/09/2016 S\$'000		30/09/2017 S\$'000	30/09/2016 S\$'000	
Sales	1	89,828	63,737	41%	244,327	187,778	30%
Cost of sales		(88,041)	(58,547)	50%	(236,510)	(166,678)	42%
Gross profit		1,787	5,190	-66%	7,817	21,100	-63%
Other income	2	(124)	747	N.M.	8,911	2,309	286%
Other gains/(losses) - net	3	11,087	(185)	N.M.	10,285	550	1770%
Expenses							
- Distribution		(2,050)	(116)	1667%	(2,082)	76	N.M.
- Administrative		(7,759)	(4,342)	79%	(19,659)	(14,548)	35%
- Other		1,394	(1,125)	N.M.	845	(3,021)	N.M.
- Finance		(1,076)	(983)	9%	(3,572)	(3,091)	16%
Share of profit of associated companies and joint ventures, net of tax		1,211	1,057	15%	7,720	3,805	103%
Profit before income tax	4	4,470	243	1740%	10,265	7,180	43%
Income tax expense	5	(454)	(138)	229%	(1,069)	(1,065)	0%
Profit after income tax		4,016	105	3725%	9,196	6,115	50%
Other comprehensive loss, net of tax:							
Exchange differences on translating foreign operations		57	(163)	N.M.	281	243	16%
Fair value loss on available-for-sale financial assets		(855)	(487)	76%	(1,360)	(458)	197%
Other comprehensive loss, net of tax		(798)	(650)	23%	(1,079)	(215)	402%
Total comprehensive income/(loss)		3,218	(545)	N.M.	8,117	5,900	38%
Profit/(loss) attributable to:							
Equity holders of the Company		5,067	276	1736%	7,662	6,309	21%
Non-controlling interests		(1,051)	(171)	515%	1,534	(194)	N.M.
		4,016	105	3725%	9,196	6,115	50%
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		4,292	(115)	N.M.	6,385	5,543	15%
Non-controlling interests		(1,074)	(430)	150%	1,732	357	385%
		3,218	(545)	N.M.	8,117	5,900	38%

N.M. - Not meaningful

Notes to the Consolidated Statement of Comprehensive Income

GROUP			
3 months ended		9 months ended	
30/09/2017 S\$'000	30/09/2016 S\$'000	30/09/2017 S\$'000	30/09/2016 S\$'000
Sales include the following :			
Sales of products	16,173	16,538	44,471
Services rendered	1,714	1,611	4,813
Property development and rental	703	884	1,966
Contract revenue	71,238	44,704	193,077
	89,828	63,737	244,327
Other income include the following :			
Rental income	159	102	590
Interest income	451	550	1,407
Compensation (loss)/income	(218)	-	6,722
Other (loss)/income	(516)	95	192
	(124)	747	8,911
Other gains/(losses) comprise the following :			
Gain/(loss) on disposal of property, plant and equipment	-	84	(1)
Gain on disposal of a joint venture	11,563	-	11,563
Fair value gain/(loss) on long-term financial assets and financial liabilities	14	(65)	(57)
Fair value gain/(loss) on financial assets through profit or loss	-	5	(5)
Net foreign exchange loss	(300)	(209)	(1,025)
Other loss	(190)	-	(190)
	11,087	(185)	10,285
Profit before income tax is stated after (crediting)/charging the following items:			
Allowance for/(write-back of) impairment on trade and non-trade receivables	1,157	(515)	458
(Write-back of)/allowance for impairment on loan to joint ventures	(5,232)	1,062	(4,749)
Impairment of property, plant and equipment	3,625	-	3,625
Depreciation of property, plant and equipment	1,453	1,420	3,965
Income tax includes the following :			
Current income tax			
- in respect of current period	25	791	360
- Under/(over) provision in respect of prior period	429	(653)	409
Deferred income tax			
- Under provision in respect of prior period	-	-	300
	454	138	1,069
	1,065	1,065	1,065

1(b)(i) BALANCE SHEETS

	GROUP		COMPANY	
	30/09/2017 S\$'000	31/12/2016 S\$'000	30/09/2017 S\$'000	31/12/2016 S\$'000
ASSETS				
CURRENT ASSETS				
Cash and bank balances	60,285	43,227	62	134
Financial assets at fair value through profit or loss	35	40	-	-
Trade receivables	93,114	121,231	-	-
Due from customers on construction contracts	48,403	35,067	-	-
Amounts due from subsidiaries	-	-	46,209	57,506
Amounts due from joint ventures	54,661	76,056	-	-
Inventories	9,044	8,395	-	-
Development properties	1,118	1,189	-	-
Available-for-sale financial assets	807	7,529	-	-
Other current assets	35,528	25,649	1	16
	302,995	318,383	46,272	57,656
NON-CURRENT ASSETS				
Trade receivables	19,001	9,251	-	-
Other receivables	21,632	-	-	-
Amount due from joint ventures	6,127	5,936	-	-
Available-for-sale financial assets	1,811	-	-	-
Investments in associated companies	1,364	1,347	-	-
Investments in joint ventures	82,294	77,196	-	-
Investments in subsidiaries	-	-	104,998	104,752
Investment properties	90,706	90,706	-	-
Property, plant and equipment	107,459	108,879	-	-
Goodwill	5,078	5,078	-	-
	335,472	298,393	104,998	104,752
TOTAL ASSETS	638,467	616,776	151,270	162,408
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	106,955	98,301	-	-
Other liabilities	48,149	35,115	2,270	614
Due to customers on construction contracts	22,905	31,974	-	-
Amounts due to subsidiaries	-	-	666	25,693
Amounts due to an associated company	928	485	-	-
Amounts due to joint ventures	16,185	15,507	-	-
Current income tax liabilities	1,139	3,289	69	3
Short-term borrowings	40,347	28,224	-	-
Notes payables	37,000	-	37,000	-
	273,608	212,895	40,005	26,310
NON-CURRENT LIABILITIES				
Amounts due to subsidiaries	-	-	25,870	-
Trade payables	12,671	7,399	-	-
Finance lease	3,686	2,755	-	-
Bank borrowings	57,380	58,963	-	-
Notes payables	-	50,000	-	50,000
Deferred income tax liabilities	8,859	8,559	-	-
	82,596	127,676	25,870	50,000
TOTAL LIABILITIES	356,204	340,571	65,875	76,310
NET ASSETS	282,263	276,205	85,395	86,098
Capital and reserves attributable to equity holders of the Company				
Share capital	36,981	36,981	36,981	36,981
Treasury shares	(7,910)	(7,614)	(7,910)	(7,614)
Capital and other reserves	(96)	1,203	-	-
Retained profits	249,335	243,087	56,324	56,731
Currency translation reserve	(9,341)	(9,361)	-	-
	268,969	264,296	85,395	86,098
Non-controlling interests	13,294	11,909	-	-
Total equity	282,263	276,205	85,395	86,098

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

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,286	73,061	5,448	22,776
61,066	-	61,718	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

Impairment loss of property, plant and equipment

Profit on disposal of a joint venture

Loss/(gain) on disposal of property, plant and equipment

Fair value loss/(gain) 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 and joint ventures

Interest expense

Interest income

Unrealised foreign exchange loss

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 operations

Income tax paid

Interest paid

Net cash provided by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment

Purchase of available-for-sale financial assets

Proceeds from disposal of property, plant and equipment

Proceeds from redemption of available-for-sale financial assets

Proceeds from disposal of a joint venture

Additions to investment properties

Dividend received from associate and joint venture

Interest received

Net cash provided by/(used in) investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from bank borrowings

Repayment of finance lease

Repayment of bank borrowings

Redemption of notes payables

Deposit pledge

Purchase of treasury shares

Dividends paid to equity holders of the Company

Dividends paid to non-controlling interests

Acquisition of non-controlling interests in a subsidiary

Net cash used in financing activities

- less than S\$1,000

9 months ended	
30/09/2017	30/09/2016
S\$'000	S\$'000
9,196	6,115
1,069	1,065
3,965	4,401
1	-
3,625	-
(12,288)	-
1	(1,112)
57	(107)
5	7
(7,720)	(3,805)
3,572	3,091
(1,407)	(1,682)
879	642
955	8,615
8,307	131,384
(649)	1,875
(18,818)	(2,545)
72	(12)
21,576	(41,449)
449	(816)
2,282	(8,248)
14,174	88,804
(2,911)	(8,438)
(3,044)	(3,893)
8,219	76,473
(5,362)	(8,244)
(2,991)	-
64	1,731
6,525	-
15,000	-
-	(13)
2,605	-
1,362	1,682
17,203	(4,844)
15,370	22,764
(2,726)	(2,685)
(5,246)	(101,077)
(13,000)	-
(189)	186
(297)	(331)
(1,446)	(3,318)
(317)	(399)
#	-
(7,851)	(84,860)

1(c) CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

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

9 months ended	
30/09/2017	30/09/2016
S\$'000	S\$'000
17,571	(13,231)
41,890	62,766
(695)	(447)
58,766	49,088

Represented by :

CASH AND CASH EQUIVALENTS

Cash and bank balances

Restricted cash

60,285	50,601
(1,519)	(1,513)
58,766	49,088

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 01/01/2017	36,981	(7,614)	1,203	243,087	(9,361)	264,296	11,909	276,205
Profit for the financial period	-	-	-	7,662	-	7,662	1,534	9,196
Other comprehensive (loss) income for the period	-	-	(1,299)	-	22	(1,277)	198	(1,079)
Change in ownership interests in subsidiaries	-	-	-	32	(2)	30	(30)	-
Purchase of treasury shares	-	(296)	-	-	-	(296)	-	(296)
Dividend paid	-	-	-	(1,446)	-	(1,446)	(317)	(1,763)
Balance as at 30/09/2017	36,981	(7,910)	(96)	249,335	(9,341)	268,969	13,294	282,263
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

	Attributable to equity holders of the Company			TOTAL
	Share Capital	Treasury Shares	Retained Profits	
COMPANY (S\$'000)				
Balance as at 01/01/2017	36,981	(7,614)	56,731	86,098
Total comprehensive income for the period	-	-	1,039	1,039
Purchase of treasury shares	-	(296)	-	(296)
Cancellation of shares held in treasury shares	-	-	-	-
Dividend paid	-	-	(1,446)	(1,446)
Balance as at 30/09/2017	36,981	(7,910)	56,324	85,395
Balance as at 01/01/2016	42,653	(12,919)	59,535	89,269
Total comprehensive income for the period	-	-	1,657	1,657
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-
Purchase of treasury shares	-	(331)	-	(331)
Dividend paid	-	-	(3,318)	(3,318)
Balance as at 30/09/2016	36,981	(7,578)	57,874	87,277

- 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	
30/09/2017	31/12/2016
438,000,000	438,000,000

Total number of issued 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.

No. of shares	
30/09/2017	31/12/2016
412,684,900	413,680,000

Total number of issued shares excluding treasury shares

- 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	
9 months ended 30/9/2017	
Beginning of financial period	24,320,000
Purchase of treasury shares	995,100
End of financial period	25,315,100

Beginning of financial period

Purchase of treasury shares

End of financial period

- 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 2016 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 2017. 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:

GROUP				
3 months ended		9 months ended		
30/09/2017	30/09/2016	30/09/2017	30/09/2016	
(cents)	(cents)	(cents)	(cents)	
(i) Basic	1.23	0.07	1.85	1.52
(ii) On a fully diluted basis	1.23	0.07	1.85	1.52

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 413,294,058 ordinary shares (30 September 2016: 414,709,517 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	
30/09/2017	31/12/2016	30/09/2017	31/12/2016
(cents)	(cents)	(cents)	(cents)
65.18	63.89	20.69	20.81

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 412,684,900 ordinary shares as at 30 September 2017 (31 December 2016: 413,680,000 ordinary shares).

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

3Q 2017 VS 3Q 2016

For the 3-month period ended 30 September 2017 ("3Q 2017"), the Group's sales amounted to S\$89.83 million, an increase of 41% from the corresponding period a year ago ("3Q 2016"). The increase was primarily due to higher contribution from the Construction and Building Materials division. The Group's gross profit decreased by 66% to S\$1.79 million as compared to 3Q 2016 primarily due to lower gross profit margins from the Construction and Building Materials division.

Other gains of S\$11.09 million in 3Q 2017 mainly arising from net gain on disposal of a joint venture. Distribution expenses increased from S\$0.12 million in 3Q 2016 to S\$2.05 million in 3Q 2017 mainly due to allowance made for impairment on trade receivables. Administrative expenses increased from S\$4.34 million in 3Q 2016 to S\$7.76 million in 3Q 2017 mainly due to increase in legal and professional fee and higher staff costs. There was a credit in other expenses of S\$1.39 million because of write-back of allowance made for impairment on loan to joint ventures of S\$5.23 million, which was offset by the allowance made for impairment on property, plant and equipment of S\$3.63 million. Finance expenses increased by 9% to S\$1.08 million in 3Q 2017 mainly due to increase in average cost of borrowings. Depreciation expenses increased marginally in 3Q 2017.

Share of profit from associated companies and joint ventures increased by 15% to S\$1.21 million in 3Q 2017 mainly due to higher profit contributed by Sun Plaza.

The Group's profit before income tax increased by 1740% from \$0.24 million in 3Q 2016 to S\$4.47 million in 3Q 2017.

Income tax expenses increased S\$0.32 million to S\$0.45 million in 3Q 2017 because of higher taxable profit.

The Group's net profit attributable to shareholders increased by 1736% from S\$0.28 million in 3Q 2016 to S\$5.07 million in 3Q 2017.

9M 2017 VS 9M 2016

The Group's sales for the nine months ended 30 September 2017 ("9M 2017") increased by 30% to S\$244.33 million, compared to S\$187.78 million for the corresponding period ended 30 September 2016 ("9M 2016"). The increase was primarily due to higher contribution from the Construction and Building Materials division. The Group's gross profit decreased by 63% from S\$21.10 million in 9M 2016 to S\$7.82 million in 9M 2017 mainly due to absence of property development profit and lower gross margin from the Construction and Building Materials division.

Other income increased to S\$8.91 million in 9M 2017 from S\$2.31 million in 9M 2016 mainly due to compensation income for early termination of land lease recognised by a subsidiary in China. The higher other gains of S\$10.29 million in 9M 2017 was mainly due to gain on disposal of a joint venture. Distribution expenses increased to S\$2.08 million in 9M 2017 from a credit of S\$0.08 million in 9M 2016 mainly due to a write-back allowance made for impairment on trade receivables a year ago. Administrative expenses increased to S\$19.66 million in 9M 2017 from S\$14.55 million in 9M 2016 mainly due to increase in legal and professional fee and higher staff costs. Other expenses was a credit of S\$0.85 million in 9M 2017 was mainly due to a write-back of allowance made for impairment on loan to joint ventures of S\$4.75 million, which was offset by the allowance made for impairment on property, plant and equipment of S\$3.63 million. Finance expenses increased by 16% to S\$3.57 million in 9M 2017 mainly due to increase in average cost of borrowings. Depreciation expenses decreased from S\$4.40 million in 9M 2016 to S\$3.97 million in 9M 2017 mainly due to decrease in depreciable assets.

Share of profit from associated companies and joint ventures increased by 103% to S\$7.72 million in 9M 2017 from S\$3.81 million in 9M 2016. This was mainly due to higher fair value gain from valuation on an investment property and higher profit contributed by Sun Plaza.

The Group's profit before income tax increased by 43% to S\$10.27 million in 9M 2017 from S\$7.18 million in 9M 2016.

Income tax expenses stood at S\$1.07 million in 9M 2017.

The Group's net profit attributable to shareholders increased by 21% to S\$7.66 million in 9M 2017 from S\$6.31 million in 9M 2016.

Earnings per share increased to 1.85 cents for 9M 2017 compared to 1.52 cents in 9M 2016.

Review of changes in working capital, assets and liabilities

The movements in assets and liabilities are as follows:

- 1) Increase in cash and bank balance was mainly due to proceeds from disposal of assets.
- 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) Decrease in amount due from joint ventures was mainly due to conversion of the loan of S\$18 million to promissory notes as a result of the disposal of a joint venture. This amount has been classified as non-current other receivables.
- 5) Decrease in available-for-sale financial assets was mainly due to redemption of bonds at maturity.
- 6) Increase in other current assets was mainly due to increase in other receivables and deposits for the acquisition of a property.
- 7) Non-current assets increased by S\$37.08 million mainly due to increase in trade receivables of S\$9.75 million, investment in joint ventures of S\$5.10 million and other receivables as mentioned above.
- 8) Non-current liabilities decreased by S\$45.08 million mainly due to reclassification of notes payables of S\$50 million to current liabilities.
- 9) Current liabilities increased by S\$60.71 million mainly due to reclassification of notes payables from long term as mentioned above, and the increase in other liabilities S\$13.03 million and short-term borrowings of S\$12.12 million.

Review of changes in cashflow

The Group reported a net increase in cash and cash equivalents mainly due to net cash provided by operating and investing activities, partially offset by net cash used in financing 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 June 2017.

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.

According to advance estimates by the Ministry of Trade and Industry, the Singapore economy grew by 4.6% on a year-on-year basis in the third quarter of 2017, higher than the 2.9% growth in the previous quarter. On a quarter-on-quarter seasonally adjusted annualised basis, the economy expanded by 6.3%, an improvement from 2.4% growth in the preceding quarter. The construction sector contracted by 6.3% on a year-on-year basis in the third quarter, extending the 6.8% decline in the second quarter. The sector was weighed down primarily by continued weakness in private sector construction activities.

Although the construction sector remains challenging on the back of a competitive environment, being an established building and civil engineering contractor, emphasising on safety, productivity and quality, the Group is well positioned to continue to tender for larger construction projects.

Latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties increased by 0.7% in the third quarter of 2017, compared with the 0.1% decline in the previous quarter. We expect the private residential market to remain competitive and will continue to monitor the market closely to explore acquisitions as and when opportunities arise.

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? No

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

(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)
Koh Keng Siang	\$'000 229	\$'000 -

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 2017 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

13 November 2017
Singapore



NEWS RELEASE

KOH BROTHERS 3Q 2017 NET PROFIT SURGES TO S\$5.1 MILLION ON S\$89.8 MILLION REVENUE

- ***Strong construction order book of S\$843.8 million to be progressively recognised***
- ***Healthy balance sheet with S\$60.3 million cash and bank balances and lowered net gearing of 0.29 time***

Singapore, 13 November 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 18.4 times surge in net profit attributable to shareholders of S\$5.1 million, outpacing a 41% growth in revenue to S\$89.8 million for the financial quarter ended 30 September 2017 (“**3Q 2017**”).

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, “We are pleased to report growth this quarter brought about by stronger performance of our stable Construction and Building Materials division, which has secured two landmark projects recently that boosted our order book to S\$843.8 million, as well as a gain from disposal of The Lumos, which we hope to recycle the capital into other yield-accretive investments or replenish our land bank to enhance shareholder value.”

The Construction and Building Materials division had in September 2017 won a S\$225.4 million contract relating to the Circle Line 6 (from Prince Edward station to Marina Bay station) and a S\$520 million joint venture project for the design and construction of the Deep Tunnel Sewerage System (DTSS) Phase 2.

Financial Highlights

The S\$89.8 million revenue reported in 3Q 2017 was a 41% growth from S\$63.7 million recorded in the equivalent period a year ago (“**3Q 2016**”), lifted by higher contributions from the Construction and Building Materials division.

Other gains of S\$11.1 million in 3Q 2017 was mainly due to a one-off gain on the Group’s disposal of its joint venture company, Buildhome Pte Ltd, which owns The Lumos.

Share of profits of associated companies and joint ventures rose 15% to S\$1.2 million in 3Q 2017 compared to S\$1.1 million in 3Q 2016, boosted by higher profits contributed from the Group’s 50%-owned retail mall, Sun Plaza, in Sembawang.

As a result of the above, the Group’s net profit for the quarter rose to S\$5.1 million compared to S\$0.3 million in 3Q 2016.

For the nine-month period ended 30 September 2017, the Group’s revenue of S\$244.3 million was 30% higher than the S\$187.8 million recorded a year ago, while its net profit rose 21% to S\$7.7 million from S\$6.3 million across the same comparative periods.

3Q 2017 earnings per share increased to 1.23 Singapore cents from 0.07 Singapore cent in 3Q 2016, net asset value per share rose to 65.18 Singapore cents as at 30 September 2017 from 63.89 Singapore cents as at 31 December 2016.

The Group’s balance sheet remains healthy with higher cash and bank balances of S\$60.3 million as at 30 September 2017 compared to S\$43.2 million as at 31 December 2016, while shareholders’ equity rose to S\$282.3 million at the end of the period compared to S\$276.2 million as at 31 December 2016.

Koh Brothers' balance sheet will be further strengthened following the issue of S\$70 million worth of 5.10% notes due 27 October 2022 in October 2017 under the S\$250 million Multicurrency Medium Term Note Programme.

The Group's debt servicing ability with liquidity remains comfortable with a current ratio of 1.1 times. Net gearing ratio reduced to 0.29 time as at 30 September 2017 from 0.38 time in the preceding quarter.

Outlook and Strategies

The Ministry of Trade and Industry Singapore ("MTI") narrowed its forecast for the Singapore economy, projecting it to grow 2-3% in 2017 – the top end of an earlier forecast of 1-3% growth¹.

MTI's latest advance estimates showed a 4.6% year-on-year growth in 3Q 2017, outpacing the 2.9% growth registered in 2Q 2017. The construction sector contracted at a slower rate of 6.3% year-on-year during the quarter on lower private sector construction activities, compared to the 6.8% decline in 2Q 2017².

The Building and Construction Authority had projected construction demand to reach between S\$28 billion and S\$35 billion, of which 70% are to be derived from the public sector³.

The sector is expected to be lifted by several large-scale civil engineering public infrastructure projects earmarked for 2017's pipeline, including North-South Corridor, Phase 2 of the Deep Tunnel Sewerage System and Circle Line 6³, of which the Group will participate in the latter two through its SGX Catalist-listed subsidiary, Koh Brothers Eco Engineering Limited.

¹ Ministry of Trade and Industry, 11 August 2017 – MTI narrows 2017 GDP growth forecast to "2.0 to 3.0 per cent"

² Ministry of Trade and Industry, 13 October 2017 – Singapore's GDP grew by 4.6 per cent in the third quarter of 2017

³ Building and Construction Authority, 6 January 2017 – Public sector construction demand is expected to increase this year

“While the construction landscape remains challenging amidst rising costs, our Construction and Building Materials division continues to remain ahead of the curve by leveraging on enhanced productivity through adoption of new technology and improved processes, our expanded suite of capabilities in civil and hydro-engineering following the restructuring exercise, and our renowned brand that is synonymous with quality. With rich experience in landmark projects under our belt, we are well-positioned in our pursuit for large-scale projects,” Mr Koh added.

Latest statistics from the Urban Redevelopment Authority for 3Q 2017 suggests an imminent turnaround of the residential sector, with private home prices rising for the first time in nearly four years to 0.7%⁴. Developers also sold 34.4% more private residential units during the quarter on a year-on-year basis.

Mr Koh said, “While we focus our efforts to execute our maiden development project in the famed Gangnam district in South Korea, we are concurrently on the look out for opportunities to replenish our land bank in Singapore. Meanwhile, we continue to enjoy healthy recurring income from Sun Plaza, Oxford Hotel and Alocassia Apartments.”

About Koh Brothers Group Limited

Listed on SGX Mainboard 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, Koh Brothers has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, the PRC, Indonesia, and Malaysia.

⁴ *Urban Redevelopment Authority, 27 October 2017 – Release of 3rd Quarter 2017 real estate statistics*

Over the years, Koh Brothers has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority – currently the highest grade for contractors’ registration in this category that allows the Group to tender for public sector construction projects of unlimited value. In addition, Koh Brothers has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

Koh Brothers’ 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 Ltd (“**Koh Brothers Eco**”), a sustainable engineering solutions group that provides engineering, procurement and construction (“**EPC**”) services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects. Through Koh Brothers Eco, the combined Group is able to reap synergies to offer turnkey engineering solutions and tap opportunities in the water and wastewater treatment, and hydro-engineering sectors.

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