

First Quarter Results * Financial Statement And Related Announcement

* Asterisks denote mandatory information

Name of Announcer *	KOH BROTHERS GROUP LIMITED
Company Registration No.	199400775D
Announcement submitted on behalf of	KOH BROTHERS GROUP LIMITED
Announcement is submitted with respect to *	KOH BROTHERS GROUP LIMITED
Announcement is submitted by *	Koh Keng Siang
Designation *	Managing Director & Group CEO
Date & Time of Broadcast	08-May-2012 19:18:22
Announcement No.	00145

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2012
Description	Please refer to the attachment.

Attachments

 [FinancialResults1Q2012.pdf](#)
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KOH BROTHERS GROUP LIMITED
(Company Registration No. 199400775D)

Unaudited First Quarter and 3 Months Financial Statement And Dividend Announcement for the Period Ended 31 March 2012

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended		Change %
		31/03/2012 S\$'000	31/03/2011 (restated) S\$'000	
Sales	1	58,671	81,445	-28%
Cost of sales		(48,643)	(73,494)	-34%
Gross profit		10,028	7,951	26%
Other gains	2	628	378	66%
Expenses				
- Distribution		(14)	355	104%
- Administrative		(5,714)	(4,306)	33%
- Other		(181)	(31)	484%
- Finance		(681)	(653)	4%
Share of profit from an associated company		56	51	10%
Profit before income tax	3	4,122	3,745	10%
Income tax expense	4	(1,033)	(1,007)	3%
Profit after income tax		3,089	2,738	13%
Other comprehensive income, net of tax:				
Exchange differences on translating foreign operations		(393)	(249)	58%
Total comprehensive income		2,696	2,489	8%
Profit attributable to:				
Equity holders of the Company		3,201	2,937	9%
Non-controlling interests		(112)	(199)	-44%
		3,089	2,738	13%
Total comprehensive income attributable to:				
Equity holders of the Company		2,808	2,661	6%
Non-controlling interests		(112)	(172)	-35%
		2,696	2,489	8%

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 gains include the following:

Rental income
Profit on disposal of property, plant and equipment
Fair value loss on long-term financial assets and financial liabilities
Fair value gain on financial assets at fair value through profit or loss
Other income
Interest income

Note 3

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

Write-back of impairment on trade and non-trade receivables
Allowance for inventory obsolescence
Bad debts written off
Depreciation of property, plant and equipment
Property, plant and equipment written off
Net foreign exchange gain

Note 4

Income tax includes the following:

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

3 months ended	
31/03/2012	31/03/2011 (restated)
S\$'000	S\$'000
20,871	12,173
982	1,029
6,513	7,703
30,305	60,540
58,671	81,445
5	3
60	192
(199)	(254)
124	24
587	338
51	75
628	378
(447)	(1,103)
7	6
-	22
1,024	1,355
22	-
(137)	(227)
868	563
(10)	(38)
175	102
-	380
1,033	1,007

The Group's taxation charge for the period ended 31 March 2012 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 losses of certain subsidiaries being unable to be offsetted against profits of other subsidiaries.

Note 5

The 2011 comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 - Agreements for the Construction of Real Estate as detailed in paragraph 5.

1(b)(i) BALANCE SHEETS

ASSETS
CURRENT ASSETS

Cash and bank balances	38,611	50,521	2,898	2,179
Financial assets at fair value through profit or loss	812	688	5	5
Trade receivables	66,842	51,799	-	-
Due from customers on construction contracts	8,125	4,834	-	-
Amounts due from subsidiaries (non-trade)	-	-	8,361	8,534
Amounts due from an associated company (trade)	8	9	-	-
Inventories	10,176	8,836	-	-
Tax recoverable	685	685	-	-
Other assets	4,086	4,115	-	-
Development properties	286,608	163,850	-	-
Properties held for sale	13	13	-	-

NON-CURRENT ASSETS

Amount due from subsidiaries (non-trade)	-	-	2,405	4,745
Trade receivables	6,156	5,462	-	-
Associated company	731	675	-	-
Subsidiaries	-	-	83,692	77,907
Investment properties	205,161	205,161	-	-
Property, plant and equipment	57,759	59,151	-	-

TOTAL ASSETS
LIABILITIES
CURRENT LIABILITIES

Trade payables	53,931	40,787	-	-
Other liabilities	31,588	35,926	3,939	690
Due to customers on construction contracts	23,825	21,415	-	-
Amounts due to subsidiaries (non-trade)	-	-	5,548	9,185
Amounts due to an associated company (trade)	588	540	-	-
Current income tax liabilities	6,111	5,677	-	-
Short-term borrowings	84,258	87,152	-	-

NON-CURRENT LIABILITIES

Amounts due to subsidiaries (non-trade)	-	-	9,394	7,338
Trade payables	3,463	6,600	-	-
Finance lease	184	685	-	-
Bank borrowings	280,657	158,608	-	-
Other liabilities	-	-	214	206
Deferred taxation	16,145	15,783	-	-

TOTAL LIABILITIES
NET ASSETS
EQUITY

Capital and reserves attributable to equity holders of the Company

Share capital	47,966	47,966	47,966	47,966
Treasury shares	(2,586)	(2,287)	(2,586)	(2,287)
Capital and other reserves	1,411	1,411	-	-
Retained profits	142,830	139,629	32,886	30,272
Currency translation reserve	(6,278)	(5,885)	-	-

Non-controlling interests

Total equity

	GROUP		COMPANY	
	31/03/2012 S\$'000	31/12/2011 S\$'000	31/03/2012 S\$'000	31/12/2011 S\$'000
ASSETS				
CURRENT ASSETS				
Cash and bank balances	38,611	50,521	2,898	2,179
Financial assets at fair value through profit or loss	812	688	5	5
Trade receivables	66,842	51,799	-	-
Due from customers on construction contracts	8,125	4,834	-	-
Amounts due from subsidiaries (non-trade)	-	-	8,361	8,534
Amounts due from an associated company (trade)	8	9	-	-
Inventories	10,176	8,836	-	-
Tax recoverable	685	685	-	-
Other assets	4,086	4,115	-	-
Development properties	286,608	163,850	-	-
Properties held for sale	13	13	-	-
	415,966	285,350	11,264	10,718
NON-CURRENT ASSETS				
Amount due from subsidiaries (non-trade)	-	-	2,405	4,745
Trade receivables	6,156	5,462	-	-
Associated company	731	675	-	-
Subsidiaries	-	-	83,692	77,907
Investment properties	205,161	205,161	-	-
Property, plant and equipment	57,759	59,151	-	-
	269,807	270,449	86,097	82,652
TOTAL ASSETS	685,773	555,799	97,361	93,370
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	53,931	40,787	-	-
Other liabilities	31,588	35,926	3,939	690
Due to customers on construction contracts	23,825	21,415	-	-
Amounts due to subsidiaries (non-trade)	-	-	5,548	9,185
Amounts due to an associated company (trade)	588	540	-	-
Current income tax liabilities	6,111	5,677	-	-
Short-term borrowings	84,258	87,152	-	-
	200,301	191,497	9,487	9,875
NON-CURRENT LIABILITIES				
Amounts due to subsidiaries (non-trade)	-	-	9,394	7,338
Trade payables	3,463	6,600	-	-
Finance lease	184	685	-	-
Bank borrowings	280,657	158,608	-	-
Other liabilities	-	-	214	206
Deferred taxation	16,145	15,783	-	-
	300,449	181,676	9,608	7,544
TOTAL LIABILITIES	500,750	373,173	19,095	17,419
NET ASSETS	185,023	182,626	78,266	75,951
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	47,966	47,966	47,966	47,966
Treasury shares	(2,586)	(2,287)	(2,586)	(2,287)
Capital and other reserves	1,411	1,411	-	-
Retained profits	142,830	139,629	32,886	30,272
Currency translation reserve	(6,278)	(5,885)	-	-
	183,343	180,834	78,266	75,951
Non-controlling interests	1,680	1,792	-	-
Total equity	185,023	182,626	78,266	75,951

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

As at 31/03/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
71,845	12,413	75,574	11,578
280,841	-	159,293	-

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 freehold and leasehold properties, development properties, investment properties, plant and machinery and motor vehicles.

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

Profit on disposal of property, plant and equipment

Loss on disposal of property held for sale

Fair value loss on long-term financial assets and financial liabilities

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

Share of profit from an associated company

Interest expense

Interest income

Unrealised foreign exchange gain

Operating profit before working capital changes

Working capital changes:

- Receivables

- Inventories

- Due from/to customers on construction contracts

- Development properties

- Properties held for sale

- Payables

Cash generated from operations

Income tax paid

Interest paid

Net cash (used in)/generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment

Proceeds from disposal of property, plant and equipment

Additions to investment properties

Interest received

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from bank borrowings

Purchase of treasury shares

Repayment of finance lease

Repayment of bank borrowings

Net cash generated from financing activities

NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD

EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD

Represented by:

CASH AND CASH EQUIVALENTS

Cash and bank balances

Restricted cash

Bank overdrafts

3 months ended	
31/03/2012	31/03/2011 (restated)
S\$'000	S\$'000
3,089	2,738
1,033	1,007
1,024	1,355
22	-
(60)	(192)
-	8
199	254
(124)	(24)
(56)	(51)
681	653
(51)	(75)
(133)	(159)
5,624	5,514
(15,719)	11,538
(1,340)	783
139	(1,154)
(122,409)	(597)
-	26
4,727	(7,740)
(128,978)	8,370
(249)	896
(240)	(1,327)
(129,467)	7,939
(738)	(442)
97	203
-	(701)
51	75
(590)	(865)
122,531	16,697
(299)	-
(1,264)	(1,371)
(2,612)	(3,820)
118,356	11,506
(11,701)	18,580
50,321	60,468
(209)	(162)
38,411	78,886
38,611	79,616
(200)	(200)
-	(530)
38,411	78,886

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

	Attributable to equity holders of the Group						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Share Capital	Treasury Shares	Capital and Other Reserves	Retained Profits	Currency Translation Reserve	TOTAL		
GROUP (S\$'000)								
Balance as at 01/01/2012	47,966	(2,287)	1,411	139,629	(5,885)	180,834	1,792	182,626
Total comprehensive income for the period	-	-	-	3,201	(393)	2,808	(112)	2,696
Purchase of treasury shares	-	(299)	-	-	-	(299)	-	(299)
Balance as at 31/03/2012	47,966	(2,586)	1,411	142,830	(6,278)	183,343	1,680	185,023
Balance as at 01/01/2011	47,966	-	1,411	121,421	(6,610)	164,188	991	165,179
Total comprehensive income for the period	-	-	-	2,937	(276)	2,661	(172)	2,489
Balance as at 31/03/2011	47,966	-	1,411	124,358	(6,886)	166,849	819	167,668

	Attributable to equity holders of the Company			
	Share Capital	Treasury Shares	Retained Profits	TOTAL
COMPANY (S\$'000)				
Balance as at 01/01/2012	47,966	(2,287)	30,272	75,951
Total comprehensive income for the period	-	-	2,614	2,614
Purchase of treasury share:	-	(299)	-	(299)
Balance as at 31/03/2012	47,966	(2,586)	32,886	78,266
Balance as at 01/01/2011	47,966	-	31,654	79,620
Total comprehensive income for the period	-	-	784	784
Balance as at 31/03/2011	47,966	-	32,438	80,404

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.

There were no changes in the share capital of the Company as at 31 March 2012.

During the first quarter ended 31 March 2012, the Company acquired 1,606,000 (1Q 2011: NIL) ordinary shares of the Company by way of market purchases on the Singapore Exchange and held as treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 31 March 2012 was 466,565,400 (as at 31 December 2011: 468,171,400). The total number of treasury shares held as at 31 March 2012 was 13,048,000 (as at 31 December 2011: 11,442,000).

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.

Not applicable.

- 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2011. The adoption of the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("FRS") that are effective for financial periods beginning on or after 1 January 2012 has no significant impact to the Group.

- 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.

Following the issuance of a clarification note by the Accounting Standards Council on 7 June 2011 relating to INT FRS 115 - Agreements for the Construction of Real Estate, the Group has revised its accounting treatment on its Singapore residential development projects for property units sold under the deferred payment scheme ("DPS"). Previously, units sold under DPS were accounted for using the percentage of completion ("POC") method. As the clarification note highlighted that the accompanying note to INT FRS 115 does not address the accounting treatment for sales of Singapore residential properties under DPS, residential units sold under DPS in Singapore will have to be now accounted for using completion of construction ("COC") method. This change in accounting policy has been applied retrospectively, and the comparative figures for the consolidated statement of comprehensive income for the period ended 31 March 2011 has been restated accordingly.

Impact on the comparatives for the 1Q2011 financial statements

Group

Decrease
1Q2011
S\$'000

Profit and Loss Account :

Sales	(907)
Cost of sales	(399)
Profit before income tax	(508)
Income tax expenses	(86)
Profit after income tax	(422)
Profit attributable to:	
Equity holders of the Company	(422)
Non-controlling interests	-
Basic and diluted earnings per share (cent)	(0.09)

- 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	
31/03/2012 (cent)	31/03/2011 (cent)
(i) Basic	0.68
(ii) On a fully diluted basis	0.61

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 473,578,619 ordinary shares (2011: 479,613,400 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.

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

GROUP		COMPANY	
31/03/2012 (cents)	31/12/2011 (cents)	31/03/2012 (cents)	31/12/2011 (cents)
39.30	38.63	16.77	16.22

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 466,565,400 ordinary shares as at 31 March 2012 (31 December 2011: 468,171,400 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

The result for the 3 month period ended 31 March 2011 have been restated to take into account INT FRS115 (as detailed in Paragraph 5).

Group sales for the first quarter ended 31 March 2012 ("1Q2012") was S\$58.7 million. This represents a decrease of 28% from the previous corresponding period in 2011 ("1Q2011"). The Group's profit before tax increased by 10% in 1Q2012 to S\$4.1 million compared to S\$3.7 million in 1Q2011 primarily due to higher profit contributed by real estate division. The Group's net profit attributable to shareholders also increased by 9% to S\$3.2 million in 1Q2012 from S\$2.9 million in 1Q2011.

Earnings per share improved to 0.68 cent in 1Q2012 compared to 0.61 cent in 1Q2011.

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 increase in development properties.
- 2) Increase in bank borrowings was mainly due to drawdown of bank loans by the real estate division.

Review of changes in cashflow

The Group reported a net decrease in cash and cash equivalents mainly due to net cash used in operating activities. This was mainly due to decrease in working capital.

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

There was no first quarter forecast or prospect statement disclosed previously.

- 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 from the Ministry of Trade and Industry, the economy grew by 1.6% on a year-on-year basis in 1Q 2012 compared to 3.6% in the previous quarter. The construction sector grew by 6.2% on a year-on-year basis primarily due to pick-up in residential construction activities. We are still positive on the construction industry, especially in the infrastructure sector although recent measures taken by the government may affect the inflow of foreign workers whose services are vital for the construction industry.

Latest statistics from the URA showed that prices of private residential properties fell by 0.1% in 1Q 2012 compared with an increase of 0.2% in the previous quarter. However 6,458 uncompleted private residential units were sold in 1Q 2012 compared to 3,525 units in the previous quarter. We expect demand in the mass-market segment to remain stable.

- 11 Dividend

- (a) Current Financial Period Reported On: 31 March 2012

(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? 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 Interested Person Transaction
There was no interested person transaction more than S\$100,000 during the period under review.

14 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation for the current financial period.

BY ORDER OF THE BOARD

Submitted by Koh Keng Siang, Managing Director and Group CEO on 8 May 2012 to SGX-ST

CONFIRMATION PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

To the best of our knowledge, nothing has come to attention of the board of directors of the Company which may render the unaudited financial results of the Group and the Company for the financial period ended 31 March 2012 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 May 2012
Singapore