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Second 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	06-Aug-2012 18:14:41
Announcement No.	00108

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2012

Description	Please refer to the attachments.

Attachments

2Q2012.pdf

2QFY12NR.pdf

Total size = **187K**
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KOH BROTHERS GROUP LIMITED
(Company Registration No. 199400775D)

Unaudited Second Quarter and 6 Months Financial Statement And Dividend Announcement for the Period Ended 30 June 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

		GROUP					
		3 months ended			6 months ended		
		30/06/2012	30/06/2011 (restated)	Change	30/06/2012	30/06/2011 (restated)	Change
	Notes	S$'000	S$'000	%	S$'000	S$'000	%
Sales	1	50,870	75,148	-32%	109,541	156,593	-30%
Cost of sales		(40,395)	(66,013)	-39%	(89,038)	(139,507)	-36%
Gross profit		10,475	9,135	15%	20,503	17,086	20%
Other gains	2	779	42	1755%	1,407	420	235%
Expenses							
- Distribution		(2,092)	303	790%	(2,106)	658	420%
- Administrative		(5,018)	(5,144)	-2%	(10,732)	(9,450)	14%
- Other		(200)	(113)	77%	(381)	(144)	165%
- Finance		(696)	(644)	8%	(1,377)	(1,297)	6%
Share of profit from an associated company		96	44	118%	152	95	60%
Profit before income tax	3	3,344	3,623	-8%	7,466	7,368	1%
Income tax expense	4	(628)	(744)	-16%	(1,661)	(1,751)	-5%
Profit after income tax		2,716	2,879	-6%	5,805	5,617	3%
Other comprehensive income, net of tax:							
Exchange differences on translating foreign operations		187	(81)	331%	(206)	(330)	38%
Total comprehensive income		2,903	2,798	4%	5,599	5,287	6%
Profit attributable to:							
Equity holders of the Company		2,610	2,587	1%	5,810	5,524	5%
Non-controlling interests		106	292	-64%	(5)	93	-105%
		2,716	2,879	-6%	5,805	5,617	3%
Total comprehensive income attributable to:							
Equity holders of the Company		2,790	2,503	11%	5,598	5,164	8%
Non-controlling interests		113	295	-62%	1	123	-99%
		2,903	2,798	4%	5,599	5,287	6%

Notes to the Consolidated Statement of Comprehensive Income

	GROUP			
	3 months ended		6 months ended	
	30/06/2012 S$'000	30/06/2011 S$'000	30/06/2012 S$'000	30/06/2011 S$'000
Note 1				
Sales include the following :				
Sales of products	25,484	13,820	46,355	27,791
Services rendered	1,121	1,225	2,104	2,255
Property development and rental	9,285	6,062	15,797	11,967
Contract revenue	14,980	54,041	45,285	114,580
	50,870	75,148	109,541	156,593
Note 2				
Other gains include the following :				
Rental income	20	4	26	7
Profit on disposal of property, plant and equipment	263	28	323	220
Fair value (loss)/gain on long-term financial assets and financial liabilities	(54)	80	(253)	(174)
Fair value gain/(loss) on financial assets through profit or loss	259	(20)	384	4
Interest income	37	38	448	113
Others	254	(88)	479	250
	779	42	1,407	420
Note 3				
Profit before income tax is stated after charging/(crediting) the following items:				
Allowance for/(Write-back of allowance for) impairment on trade and non-trade receivables	284	(925)	(163)	(2,027)
Allowance for inventory obsolescence	15	169	22	175
Depreciation of property, plant and equipment	974	1,266	1,998	2,621
Property, plant and equipment written off	3	8	25	8
Net foreign exchange loss/(gain)	96	(19)	(41)	(245)
Note 4				
Income tax includes the following :				
Current income tax				
- in respect of current period	571	853	1,440	1,416
- under/(over) provision in respect of prior period	12	(7)	2	(45)
Deferred income tax				
- in respect of current period	35	(102)	209	-
- under provision in respect of prior period	10	-	10	380
	628	744	1,661	1,751

The Group's taxation charge for the 6 months period 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.

1(b)(i) BALANCE SHEETS

	GROUP		COMPANY	
	30/06/2012 S$'000	31/12/2011 S$'000	30/06/2012 S$'000	31/12/2011 S$'000
ASSETS				
CURRENT ASSETS				
Cash and bank balances	34,150	50,521	96	2,179
Financial assets at fair value through profit or loss	1,071	688	8	5
Trade receivables	44,713	51,799	-	-
Due from customers on construction contracts	7,304	4,834	-	-
Amounts due from subsidiaries (non-trade)	-	-	8,371	8,534
Amounts due from an associated company	7	9	-	-
Inventories	10,830	8,836	-	-
Tax recoverable	685	685	-	-
Other assets	4,152	4,115	-	-
Development properties	287,698	163,850	-	-
Properties held for sale	13	13	-	-
	390,623	285,350	8,475	10,718
NON-CURRENT ASSETS				
Amount due from subsidiaries (non-trade)	-	-	2,404	4,745
Trade receivables	6,719	5,462	-	-
Associated company	827	675	-	-
Subsidiaries	-	-	78,497	77,907
Investment properties	205,161	205,161	-	-
Property, plant and equipment	57,774	59,151	-	-
	270,481	270,449	80,901	82,652
TOTAL ASSETS	661,104	555,799	89,376	93,370
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	41,492	40,787	-	-
Other liabilities	31,813	35,926	407	690
Due to customers on construction contracts	19,815	21,415	-	-
Amounts due to subsidiaries (non-trade)	-	-	5,598	9,185
Amounts due to an associated company (trade)	621	540	-	-
Current income tax liabilities	5,813	5,677	-	-
Short-term borrowings	81,387	87,152	-	-
	180,941	191,497	6,005	9,875
NON-CURRENT LIABILITIES				
Amounts due to subsidiaries (non-trade)	-	-	9,404	7,338
Trade payables	2,516	6,600	-	-
Finance lease	678	685	-	-
Bank borrowings	275,959	158,608	-	-
Other liabilities	-	-	108	206
Deferred taxation	15,441	15,783	-	-
	294,594	181,676	9,512	7,544
TOTAL LIABILITIES	475,535	373,173	15,517	17,419
NET ASSETS	185,569	182,626	73,859	75,951
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	45,320	47,966	45,320	47,966
Treasury shares	(663)	(2,287)	(663)	(2,287)
Capital and other reserves	1,411	1,411	-	-
Retained profits	143,805	139,629	29,202	30,272
Currency translation reserve	(6,097)	(5,885)	-	-
	183,776	180,834	73,859	75,951
Non-controlling interests	1,793	1,792	-	-
Total equity	185,569	182,626	73,859	75,951

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

	As at 30/06/2012		As at 31/12/2011	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	70,571	10,816	72,574	14,578
Amount repayable after one year	276,637	-	159,293	-

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**

	6 months ended	
	30/06/2012 S$'000	30/06/2011 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total profit	5,805	5,617
Adjustments for non-cash items :		
Income tax	1,661	1,751
Depreciation of property, plant and equipment	1,998	2,621
Property, plant and equipment written off	25	8
Loss on disposal of property held for sale	-	8
Profit on disposal of property, plant and equipment	(323)	(220)
Profit on disposal of financial assets at fair value through profit or loss	-	(2)
Fair value loss on long-term financial asset and financial liabilities	253	174
Fair value gain on financial assets at fair value through profit or loss	(384)	(4)
Dividend income	-	(5)
Share of profit from an associated company	(152)	(95)
Interest expense	1,377	1,297
Interest income	(448)	(113)
Unrealised foreign exchange loss/(gain)	44	(195)
Operating profit before working capital changes	9,856	10,842
Working capital changes :		
- Receivables	5,798	10,796
- Inventories	(1,994)	872
- Due from/ to customers on construction contracts	(2,042)	3,027
- Development properties	(121,704)	(3,838)
- Properties held for sale	-	26
- Payables	(8,872)	(10,915)
Cash (used in)/generated from operations	(118,958)	10,810
Income tax paid	(1,878)	103
Interest paid	(2,391)	(2,747)
Net cash (used in)/generated from operating activities	(123,227)	8,166
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	7
Purchase of property, plant and equipment	(1,805)	(753)
Proceeds from disposal of property, plant and equipment	373	241
Additions to investment properties	-	(543)
Dividend received	-	5
Interest received	448	113
Net cash used in investing activities	(984)	(930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	124,532	18,931
Repayment of finance lease	(2,375)	(2,714)
Repayment of bank borrowings	(12,406)	(15,347)
Purchase of treasury shares	(1,022)	(649)
Payment of dividend	(1,634)	(1,679)
Net cash generated from/(used in) financing activities	107,095	(1,458)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(17,116)	5,778
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	50,321	60,468
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS	(182)	(250)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	33,023	65,996

Represented by :		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	34,150	66,963
Restricted cash	(200)	(200)
Bank overdrafts	(927)	(767)
	33,023	65,996

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

GROUP (S$'000)	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		
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	-	-	-	5,810	(212)	5,598	1	5,599
Cancellation of shares held in treasury	(2,646)	2,646	-	-	-	-	-	-
Purchase of treasury shares	-	(1,022)	-	-	-	(1,022)	-	(1,022)
Final dividend	-	-	-	(1,634)	-	(1,634)	-	(1,634)
Balance as at 30/06/2012	45,320	(663)	1,411	143,805	(6,097)	183,776	1,793	185,569
Balance as at 01/01/2011, as previously reported	47,966	-	1,411	128,263	(6,610)	171,030	991	172,021
Effect of adopting INT FRS 115	-	-	-	(6,842)	-	(6,842)	-	(6,842)
Balance as at 01/01/2011, as restated	47,966	-	1,411	121,421	(6,610)	164,188	991	165,179
Total comprehensive income for the period	-	-	-	5,524	(360)	5,164	123	5,287
Purchase of treasury shares	-	(649)	-	-	-	(649)	-	(649)
Final dividend	-	-	-	(1,679)	-	(1,679)	-	(1,679)
Balance as at 30/06/2011	47,966	(649)	1,411	125,266	(6,970)	167,024	1,114	168,138

COMPANY (S$'000)	Attributable to equity holders of the Company			
	Share Capital	Treasury Shares	Retained Profits	TOTAL
Balance as at 01/01/2012	47,966	(2,287)	30,272	75,951
Total comprehensive income for the period	-	-	564	564
Cancellation of shares held in treasury	(2,646)	2,646	-	-
Purchase of treasury shares	-	(1,022)	-	(1,022)
Final dividend	-	-	(1,634)	(1,634)
Balance as at 30/06/2012	45,320	(663)	29,202	73,859
Balance as at 01/01/2011	47,966	-	31,654	79,620
Total comprehensive income for the period	-	-	971	971
Purchase of treasury shares	-	(649)	-	(649)
Final dividend	-	-	(1,679)	(1,679)
Balance as at 30/06/2011	47,966	(649)	30,946	78,263

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	
Total number of issued shares	30/06/2012	31/12/2011
Beginning of financial period	479,613,400	479,613,400
Less: Cancellation of shares held in treasury	(13,138,000)	-
End of financial period	466,475,400	479,613,400

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	
	30/06/2012	31/12/2011
Total number of issued shares excluding treasury shares	463,197,400	468,171,400

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
	6 months ended
	30/06/2012
Beginning of financial period	11,442,000
Purchase of treasury shares	4,974,000
Cancellation of shares held in treasury	(13,138,000)
End of financial period	3,278,000

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.**

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 30 June 2011 has been restated accordingly.

Impact on the comparatives for the 2Q2011 and 1H2011 financial statements

	Increase/(Decrease)	
	3 months ended	6 months ended
Group	30/06/2011	30/06/2011
	S$'000	S$'000
Profit and Loss Account		
Sales	(1,798)	(2,705)
Cost of sales	(840)	(1,239)
Profit before income tax	(958)	(1,466)
Income tax expenses	(163)	(249)
Profit after income tax	(795)	(1,217)
Profit attributable to:		
Equity holders of the Company	(795)	(1,217)
Non-controlling interests	-	-
Basic and diluted earnings per share (cent)	(0.17)	(0.25)

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		6 months ended	
	30/06/2012 (cent)	30/06/2011 (cent)	30/06/2012 (cents)	30/06/2011 (cents)
(i) Basic	0.56	0.54	1.25	1.15
(ii) On a fully diluted basis	0.56	0.54	1.25	1.15

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 466,454,603 ordinary shares (30 June 2011: 479,132,848 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	
	30/06/2012 (cents)	31/12/2011 (cents)	30/06/2012 (cents)	31/12/2011 (cents)
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	39.68	38.63	15.95	16.22

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 463,197,400 ordinary shares as at 30 June 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

For the 3-month period ended 30 June 2012 ("2Q 2012"), sales amounted to $50.9 million, a decrease of 32% compared to the corresponding period last year ("2Q 2011") . The decrease in sales was mainly due to lower construction revenue recognition. Despite the decrease in sales in 2Q 2012, gross profit improved due to higher contribution from sales of building materials.

Other income increased by 1755% to $0.8 million in 2Q 2012 mainly due to increase in profit on disposal of property, plant and equipment and fair value gain on financial assets through profit or loss. Distribution cost increased by 790% to $2.1 million in 2Q2012 mainly due to sales and marketing costs incurred for residential projects and increase in allowance for impairment on trade receivables.

The Group's profit before tax decreased by 8% to $3.3 million in 2Q 2012 as compared with $3.6 million in 2Q 2011. The Group's profit attributable to shareholders improved by 1% to $2.6 million.

Sales for the half year ended 30 June 2012 ("1H 2012") was $109.5 million, a decrease of 30% when compared to $156.6 million for the corresponding period ended 30 June 2011 ("1H 2011"). Gross profit for 1H 2012 increased by 20% to $20.5 million.

The Group's profit before tax increased by 1% to $7.5 million from $7.4 million a year ago. The Group's profit attributable to shareholders also improved by 5% from $5.5 million in the 1H 2011 to $5.8 million in 1H 2012.

Earnings per share improved to 1.25 cents for 1H2012 compared to 1.15 cents in 1H 2011.

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 partial land payment for residential development and repayment of bank borrowings.

2) Increase in development properties was mainly due to land acquisition cost.

3) Increase in bank borrowings was mainly due to drawdown of bank loans for development properties.

Review of changes in cashflow

The Group reported a net decrease in cash and cash equivalents mainly due to usage of funds for development properties.

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 second 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.**

The Singapore economy grew by 1.9% on a year-on-year basis in 2Q 2012 compared to 1.4% in the previous quarter according to advance estimates by the Ministry of Trade and Industry. Supported by on-going public civil engineering works, the construction sector grew by 5.1% on a year-on-year basis. We still believe that the outlook for the industry is still positive.

Statistics released by the URA showed prices of private residential properties increased by 0.4% in 2Q 2012 compared to a decrease of 0.1% in the previous quarter. 5,402 residential units were sold by developers in 2Q 2012 of which close to 70% of the units were from Outside Central Region. We expect demand in the mass-market segment to remain stable.

11 **Dividend**

(a) **Current Financial Period Reported On: 30 June 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 6 August 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 30 June 2012 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Koh Keng Siang	**Koh Keng Hiong**
Managing Director & Group CEO	**Executive Director**

6 August 2012
Singapore

NEWS RELEASE

KOH BROTHERS REPORTS 2Q2012 NET PROFIT OF S$2.6 MILLION ON REVENUE OF S$50.9 MILLION

- ***2Q2012 gross profit up 15% to S$10.5 million***
- ***Gross profit margin improves 8.4% percentage points to 20.6%***
- ***Remains positive on the outlook for the mass-market residential property and construction industries***

Singapore, August 6, 2012 – Koh Brothers Group Limited ("Koh Brothers" or the "Group"), a well-established construction, property development and specialist engineering solutions provider, announced today net profit attributable to equity holders of the Company ("Net Profit") of S$2.6 million for the three months ended June 30, 2012 ("2Q2012").

Backed by an increase in contributions arising from higher contributions from the sale of building materials, gross profit for 2Q2012 rose 15.0% to S$10.5 million, from S$9.1 million in the corresponding financial period ("2Q2011"). This was achieved despite a 32.0% dip in revenue to S$50.9 million for 2Q2012, which was mainly due to lower construction revenue recognition in the period under review.

The Group continued to practice prudent cost controls, achieving a 8.4 percentage point increase in gross profit margin to 20.6%, from 12.2% in 2Q2011.

Mr. Francis Koh, Managing Director and Group CEO of Koh Brothers, commented: "Despite a softer revenue for 1H2012, we were able to leverage on our prudent management and operating efficiencies to achieve healthier gross margins and bottomline growth."

“The year to date has been a period of exciting developments for us. In April, we entered into a 60:40 joint-venture with United Engineers for a S$54.6 million contract to construct a used water lift station at PUB’s Jurong Water Reclamation Plant. Following which in July, we launched our 486-unit unique sporting themed condominium – Parc Olympia at Flora Drive. The 99-year leasehold development witnessed strong take-up rates from its three phases launched, selling over 65% to-date,” said Mr. Koh.

For the six months ended June 30, 2012 (“1H2012”), the Group achieved a net profit of S$5.8 million, on revenue of S$109.5 million. This compares against a net profit of S$5.5 million on revenue of S$156.6 million for the six months ended June 30, 2011 (“1H2011”).

Outlook

Advance estimates from the Ministry of Trade and Industry showed that the Singapore economy grew by 1.9% on a year-on-year basis in 2Q2012 as compared to 1.4% in the previous quarter. According to the Building and Construction Authority, construction demand for 2012 is forecast to be between S$21 billion and S$27 billion, of which public sector projects are expected to account for about 60% of the total projects. This compares against construction demand of approximately S$32 billion in 2011.

“While the forecast construction demand for 2012 is a dip from the levels seen in 2011, it is nonetheless indicative of active construction activity in Singapore, particularly in the civil engineering works sector. We remain positive on the industry and are of the opinion that the Group is well placed to capture any opportunities in both the public and private sectors. Meanwhile, we remain cautious of potential labour concerns arising from the reductions in Man-Year entitlements for the construction industry and will continue to monitor the situation closely.” Mr. Koh added.

On the Real Estate front, the latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties rose 0.4% in 2Q2012, turning around from a decrease of 0.1% in the previous quarter. A total of 5,402 residential units were sold in 2Q2012, of which close to 70% of the units were from the Outside Central Region. Barring unforeseen circumstances, the Group expects demand in the mass-market segment to remain stable.

"We continue to see strong potential for Singapore's property sector and are encouraged by the positive response to the launch of our Parc Olympia development," Mr. Koh concluded.

<u>About Koh Brothers Group Limited</u>

Listed on SGX Mainboard in August 1994, Koh Brothers 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 ("BCA"). 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.

Koh Brothers Group's diversified businesses present them with multiple revenue streams from three core areas:

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

Construction and Building Materials

This division leads in providing a complete and diverse range of infrastructure project management, products, services and solutions for the construction industry.

One of its major projects is the iconic Marina Barrage which was successfully completed in October 2008. In November 2010, the Group announced it was awarded PUB’s Geylang River Makeover Project worth S$37.8 million.

Most recently in April 2012, Koh Brothers, through a joint venture, was awarded a S$54.6 million contract by national water agency, PUB, for the construction of a used water lift station at PUB’s Jurong Water Reclamation Plant.

Ongoing projects include the construction of Downtown Line 1 Bugis Station, makeover of Geylang River and Lincoln Suites – a luxurious condominium project at Khiang Guan Avenue, off Newton Road, in District 11.

Recently completed projects include Punggol Waterway Parts One and Two, the Common Service Tunnel at the Business Financial Centre, and public housing at Choa Chu Kang.

The Building Materials division provides total ready-mix concrete solutions to the construction industry. The supply chain includes cement, ready-mix concrete, equipment rental and various types of products such as pre-cast elements and interlocking concrete blocks.

Real Estate

The Group’s Real Estate division provides quality property developments with specialised themes at choice locations. Koh Brothers Development Pte Ltd (“KBD”), established in 1993, a wholly-owned subsidiary of Koh Brothers Group, is our flagship company for the Group’s Real Estate division.

KBD is noted for its ‘lifestyle-and-theme’ developments. For example, its Starville project was the first to introduce a star-gazing observatory, complete with an astronomy theme. Launched in June 2003, this project is a joint venture between KBD and AIG Lengkong Investment Limited, a member of American International Group Inc. Earlier projects include The Montana, in which KBD became the first developer to introduce state-of-the-art home automation features, broadband cable and an infinity pool. The Montana, launched in November 1999, is a 108-unit luxury freehold apartment located off River Valley Road. In October 2006, it also launched its four-units-only luxurious, freehold bungalow project, “Bungalows @ Caldecott”, uniquely designed with a number of firsts in Singapore such as bathrooms studded with Swarovski wall crystals, Avant-Garde sanitary fittings incorporating luxury brand names like Visentin, and a specially-designed Water Conservation System. In April 2006, it announced the acquisition of Hilton Tower, located in the prime freehold Leonie Hill area, for S$79.2 million together with Heeton Land Pte Ltd. It is now the site for the premium condominium, The Lumos.

In June 2007, Koh Brothers Group Limited, Heeton Holdings Ltd, KSH Holdings Limited and Lian Beng Group Ltd formed a consortium with equal shares each and were successfully awarded the prime Lincoln Lodge site at 1/3 Khiang Guan Avenue, off Newton Road in District 11. The site has been redeveloped to the luxurious condominium project, Lincoln Suites, which features sky-high elevated gyms, wireless multi – room music systems and thematic communal dining facilities. Lincoln Suites was launched in October 2009.

Fiorenza, another prized freehold development by KBD, was launched in April 2009. Inspired by the passionate Italian culture with its bold artistic tastes, unrestrained luxury and a free-spirited lifestyle, this Avant-Garde development, located at Florence Road, received its TOP in June 2011.

Other completed projects include:

- The highly successful Sun Plaza, located next to Sembawang MRT station, which introduced a sunflower theme. The residential block in Sun Plaza has been fully sold and the retail mall is currently held as an investment with high occupancy;
- The Capri, an 18-unit residential development, is situated along the prime Stevens Road; and
- The Sierra, an 18-storey residential development comprising 60 units located in the established and popular enclave of Mount Sinai.

Leisure & Hospitality

This division provides 'no-frills' hospitality services through its Oxford Hotel brand name with more than 130 hotel rooms.

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076/12/007/KBGL

August 6, 2012