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Third 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-Nov-2012 19:18:09
Announcement No.	00138

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2012

Description	PLEASE SEE ATTACHED.

Attachments

3Q2012Announcement.pdf

3QFY12NR.pdf

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KOH BROS

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 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			9 months ended		
	Notes	30/09/2012 S$'000	30/09/2011 S$'000	Change %	30/09/2012 S$'000	30/09/2011 S$'000	Change %
Sales	1	73,944	117,676	-37	183,485	274,269	-33
Cost of sales		(60,330)	(95,180)	-37	(149,368)	(234,688)	-36
Gross profit		13,614	22,496	-39	34,117	39,581	-14
Other gains/(losses)	2	3,956	(205)	2,030	5,363	215	2,394
Expenses							
- Distribution		(3,035)	(140)	2,068	(5,141)	518	1,092
- Administrative		(4,758)	(4,629)	3	(15,490)	(14,079)	10
- Other		(566)	(839)	-33	(947)	(982)	-4
- Finance		(633)	(629)	1	(2,010)	(1,926)	4
Share of profit from an associated company		53	48	10	205	143	43
Profit before income tax	3	8,631	16,102	-46	16,097	23,470	-31
Income tax expense	4	(875)	(2,656)	-67	(2,536)	(4,407)	-42
Profit after income tax		7,756	13,446	-42	13,561	19,063	-29
Other comprehensive income, net of tax:							
Exchange differences on translating foreign operations		21	883	-98	(185)	553	-1
Total comprehensive income		7,777	14,329	-46	13,376	19,616	-32
Profit attributable to:							
Equity holders of the Company		7,366	13,075	-44	13,176	18,600	-29
Non-controlling interests		390	371	5	385	463	-17
		7,756	13,446	-42	13,561	19,063	-29
Total comprehensive income attributable to:							
Equity holders of the Company		7,376	13,942	-47	12,974	19,106	-32
Non-controlling interests		401	387	4	402	510	-21
		7,777	14,329	-46	13,376	19,616	-32

Notes to the Consolidated Statement of Comprehensive Income

	GROUP			
	3 months ended		9 months ended	
	30/09/2012 S$'000	30/09/2011 S$'000	30/09/2012 S$'000	30/09/2011 S$'000
Note 1				
Sales include the following :				
Sales of products	27,752	16,799	74,107	44,590
Services rendered	1,170	1,104	3,274	3,359
Property development and rental	27,463	50,667	43,260	62,634
Contract revenue	17,559	49,106	62,844	163,686
	73,944	117,676	183,485	274,269
Note 2				
Other gains include the following :				
Rental income	46	6	71	13
Gain on disposal of property, plant and equipment	22	(2)	346	218
Write-back of provision on disposal of subsidiaries	3,469	-	3,469	-
Fair value loss on long-term financial assets and financial liabilities	17	(248)	(236)	(422)
Fair value gain/(loss) on financial assets through profit or loss	1	(164)	384	(160)
Interest income	-	89	428	202
Others	401	114	901	364
	3,956	(205)	5,363	215
Note 3				
Profit before income tax is stated after charging/(crediting) the following items:				
Write-back of allowance for impairment on trade and non-trade receivables	(363)	(525)	(526)	(2,552)
Allowance for inventory obsolescence	7	359	29	534
Depreciation of property, plant and equipment	884	1,051	2,882	3,672
Property, plant and equipment written off	19	(5)	43	3
Net foreign exchange loss	93	691	52	446
Note 4				
Income tax includes the following :				
Current income tax				
- in respect of current period	865	2,828	2,305	4,244
- under/(over) provision in respect of prior period	162	(172)	165	(217)
Deferred income tax				
- in respect of current period	(152)	-	56	-
- under provision in respect of prior period	-	-	10	380
	875	2,656	2,536	4,407

The Group's current income tax charge for the 9 months period is lower than that determined by applying the Singapore income tax rate of 17% to the Group's profit before income tax mainly due to certain income are not subject to tax.

1(b)(i) BALANCE SHEETS

	GROUP			COMPANY	
	30/09/2012	31/12/2011 (restated)	31/12/2010 (restated)	30/09/2012	31/12/2011
	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS					
CURRENT ASSETS					
Cash and bank balances	58,972	50,521	61,595	70	2,179
Financial assets at fair value through profit or loss	176	688	877	-	5
Trade receivables	40,353	51,799	50,170	-	-
Due from customers on construction contracts	9,200	4,834	11,433	-	-
Amounts due from subsidiaries (non-trade)	-	-	-	8,067	8,534
Amounts due from an associated company	7	9	71	-	-
Inventories	13,110	8,836	7,760	-	-
Tax recoverable	-	685	1,084	-	-
Other assets	17,480	4,115	3,254	-	-
Development properties	279,925	163,850	130,629	-	-
Properties held for sale	-	13	47	-	-
	419,223	285,350	266,920	8,137	10,718
NON-CURRENT ASSETS					
Amount due from subsidiaries (non-trade)	-	-	-	2,404	4,745
Trade receivables	8,423	5,462	2,263	-	-
Associated company	705	675	444	-	-
Subsidiaries	-	-	-	78,782	77,907
Investment properties	205,161	205,161	204,831	-	-
Property, plant and equipment	57,165	59,151	65,352	-	-
	271,454	270,449	272,890	81,186	82,652
TOTAL ASSETS	690,677	555,799	539,810	89,323	93,370
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	40,979	40,787	54,907	-	-
Other liabilities	40,843	35,926	31,133	413	690
Due to customers on construction contracts	27,530	21,415	19,230	-	-
Amounts due to subsidiaries (non-trade)	-	-	-	5,496	9,185
Amounts due to an associated company (trade)	711	540	812	-	-
Current income tax liabilities	5,607	5,677	1,357	-	-
Short-term borrowings	81,712	87,152	72,017	-	-
	197,382	191,497	179,456	5,909	9,875
NON-CURRENT LIABILITIES					
Amounts due to subsidiaries (non-trade)	-	-	-	9,319	7,338
Trade payables	3,091	6,600	6,559	-	-
Finance leases	565	685	4,446	-	-
Bank borrowings	282,663	158,608	167,518	-	-
Other liabilities	-	-	-	198	206
Deferred income tax liabilities	7,301	8,233	9,102	-	-
	293,620	174,126	187,625	9,517	7,544
TOTAL LIABILITIES	491,002	365,623	367,081	15,426	17,419
NET ASSETS	199,675	190,176	172,729	73,897	75,951
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	45,320	47,966	47,966	45,320	47,966
Treasury shares	(748)	(2,287)	-	(748)	(2,287)
Capital and other reserves	1,411	1,411	1,411	-	-
Retained profits	158,722	147,179	128,971	29,325	30,272
Currency translation reserve	(6,087)	(5,885)	(6,610)	-	-
	198,618	188,384	171,738	73,897	75,951
Non-controlling interests	1,057	1,792	991	-	-
Total equity	199,675	190,176	172,729	73,897	75,951

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

	As at 30/09/2012		As at 31/12/2011	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less, or on demand	68,846	12,866	72,574	14,578
Amount repayable after one year	283,228	-	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

	9 months ended	
	30/09/2012 S$'000	30/09/2011 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total profit	13,561	19,063
Adjustments for non-cash items :		
Income tax	2,536	4,407
Depreciation of property, plant and equipment	2,882	3,672
Property, plant and equipment written off	43	3
(Gain)/loss on disposal of property held for sale	(20)	8
Gain on disposal of property, plant and equipment	(346)	(218)
Fair value loss on long-term financial asset and financial liabilities	236	422
Fair value (gain)/loss on financial assets at fair value through profit or loss	(384)	160
Dividend income	(2)	(19)
Share of profit from an associated company	(205)	(143)
Interest expense	2,010	1,926
Interest income	(428)	(202)
Unrealised foreign exchange loss	363	342
Operating profit before working capital changes	20,246	29,421
Working capital changes :		
- Receivables	(6,260)	(438)
- Inventories	(4,274)	(2,526)
- Due from/ to customers on construction contracts	4,802	11,891
- Development properties	(112,774)	7,650
- Properties held for sale	33	15
- Payables	1,917	(12,269)
Cash (used in)/generated from operations	(96,310)	33,744
Income tax paid	(3,535)	(545)
Interest paid	(4,995)	(4,307)
Net cash (used in)/generated from operating activities	(104,840)	28,892
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,876)	(1,138)
Proceeds from disposal of property, plant and equipment	400	258
Proceeds from disposal of financial assets at fair value through profit or loss	896	7
Additions to investment properties	-	(1,230)
Dividend received	-	19
Interest received	428	202
Net cash used in investing activities	(1,152)	(1,882)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	137,397	20,983
Repayment of finance lease	(3,412)	(4,098)
Repayment of bank borrowings	(16,731)	(21,516)
Purchase of treasury shares	(1,107)	(1,981)
Payment of dividend	(1,633)	(1,679)
Net cash generated from/(used in) financing activities	114,514	(8,291)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,522	18,719
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	50,321	60,468
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS	(409)	394
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	58,434	79,581

Represented by :		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	58,972	79,781
Restricted cash	(200)	(200)
Bank overdrafts	(338)	-
	58,434	79,581

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, as previously reported	47,966	(2,287)	1,411	139,629	(5,885)	180,834	1,792	182,626
Effect of adopting Amendments to FRS 12	-	-	-	7,550	-	7,550	-	7,550
Balance as at 01/01/2012, as restated	47,966	(2,287)	1,411	147,179	(5,885)	188,384	1,792	190,176
Total comprehensive income for the period	-	-	-	13,176	(202)	12,974	402	13,376
Cancellation of shares held in treasury	(2,646)	2,646	-	-	-	-	-	-
Subsidiaries in the process of liquidation	-	-	-	-	-	-	(1,137)	(1,137)
Purchase of treasury shares	-	(1,107)	-	-	-	(1,107)	-	(1,107)
Final dividend	-	-	-	(1,633)	-	(1,633)	-	(1,633)
Balance as at 30/09/2012	45,320	(748)	1,411	158,722	(6,087)	198,618	1,057	199,675
Balance as at 01/01/2011, as previously reported	47,966	-	1,411	121,421	(6,610)	164,188	991	165,179
Effect of adopting Amendments to FRS 12	-	-	-	7,550	-	7,550	-	7,550
Balance as at 01/01/2011, as restated	47,966	-	1,411	128,971	(6,610)	171,738	991	172,729
Total comprehensive income for the period	-	-	-	18,600	506	19,106	510	19,616
Purchase of treasury shares	-	(1,981)	-	-	-	(1,981)	-	(1,981)
Final dividend	-	-	-	(1,679)	-	(1,679)	-	(1,679)
Balance as at 30/09/2011	47,966	(1,981)	1,411	145,892	(6,104)	187,184	1,501	188,685

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	-	-	686	686
Cancellation of shares held in treasury	(2,646)	2,646	-	-
Purchase of treasury shares	-	(1,107)	-	(1,107)
Final dividend	-	-	(1,633)	(1,633)
Balance as at 30/09/2012	45,320	(748)	29,325	73,897
Balance as at 01/01/2011	47,966	-	31,654	79,620
Total comprehensive income for the period	-	-	296	296
Purchase of treasury shares	-	(1,981)	-	(1,981)
Final dividend	-	-	(1,679)	(1,679)
Balance as at 30/09/2011	47,966	(1,981)	30,271	76,256

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	30/09/2012	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	
	30/09/2012	31/12/2011
Total number of issued shares excluding treasury shares	462,780,400	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
	9 months ended
	30/09/2012
Beginning of financial period	11,442,000
Purchase of treasury shares	5,391,000
Cancellation of shares held in treasury	(13,138,000)
End of financial period	3,695,000

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.**

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model. For the purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The change in accounting policy has been applied retrospectively. The effects on the Financial Statements for the adoption of the Amendments to FRS 12 are as follows:

	Increase/(Decrease)	
	31/12/2011 S$'000	31/12/2010 S$'000
Group Balance Sheets		
Deferred income tax liabilities	(7,550)	(7,550)
Retained profits	7,550	7,550

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	
	30/09/2012 (cents)	30/09/2011 (cents)	30/09/2012 (cents)	30/09/2011 (cents)
(i) Basic	1.58	2.74	2.83	3.90
(ii) On a fully diluted basis	1.58	2.74	2.83	3.90

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 465,293,958 ordinary shares (30 September 2011: 477,143,960 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	
	30/09/2012 (cents)	31/12/2011 (restated) (cents)	30/09/2012 (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	42.92	40.24	15.97	16.22

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 462,780,400 ordinary shares as at 30 September 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 September 2012 ("3Q 2012"), sales amounted to $73.9 million, a decrease of 37% compared to the corresponding period last year ("3Q 2011") . The decrease in sales was mainly due to lower revenue recognition from the construction and real estate divisions. As such, gross profit decreased by 39% to $13.6 million.

Other gains increased by 2030% to $4.0 million in 3Q 2012 mainly due to write-back of provision on disposal of subsidiaries. Distribution cost increased by 2068% to $3.0 million in 3Q 2012 mainly due to sales and marketing costs incurred for residential projects.

The Group's profit before tax decreased by 46% to $8.6 million in 3Q 2012. In 3Q 2011, profit was higher mainly due to the Group's adoption of INT FRS115 Agreements for the Construction of Real Estate and revised its accounting treatment for residential units sold under DPS from progressive recognition based on percentage of completion to completion of construction method. The impact of the adoption of INT FRS115 was $9.7 million in 3Q 2011. Accordingly, the Group's net profit attributable to shareholders also decreased by 44% to $7.4 million.

Sales for the third quarter ended 30 September 2012 ("Q3 2012") was $183.5 million, a decrease of 33% when compared to $274.3 million for the corresponding period ended 30 September 2011 ("Q3 2011"). Gross profit for Q3 2012 decreased by 14% to $34.1 million.

The Group's profit before tax decreased by 31% to $16.1 million from $23.5 million a year ago. As stated above, the decreased was primarily due to the impact of the adoption of INT FRS115 a year ago. The Group's net profit attributable to shareholders also decreased by 29% from $18.6 million in Q3 2011 to $13.2 million in Q3 2012.

Earnings per share was 2.83 cents in Q3 2012 compared to 3.90 cents in Q3 2011.

Review of changes in working capital, assets and liabilities

The movements in assets and liabilities are as follows:

1) Increase in cash and cash equivalents was mainly due to the receipt of partial sale proceeds from buyers of a residential project.

2) Decrease in trade receivables in line with the lower revenue.

3) Increase in other assets was mainly due to expected proceeds from subsidiaries in the process of liquidation.

4) Increase in development properties was mainly due to land acquisition and development cost incurred.

5) 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 third 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.

Advance estimates by the Ministry of Trade and Industry showed that the Singapore economy grew by 1.3% in 3Q 2012 on a year-on-year basis compared to 1.9% in the previous quarter. Singapore has not been spared by the general slowdown in the global economy. However, the construction industry in Singapore remained active with a major portion of construction activities coming from on-going public civil engineering works. We believe that the outlook for the industry is still positive.

Statistics released by the URA showed prices of private residential properties increased by 0.6% in 3Q 2012 compared to 0.4% in the previous quarter. Private residential units sold by developers was 5,916 compared to 5,402 in 2Q 2012. We expect demand in the mass-market segment to remain stable.

11 Dividend

(a) Current Financial Period Reported On: 30 September 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 November 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 September 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**

6 November 2012
Singapore

NEWS RELEASE

KOH BROTHERS REPORTS 9M2012 NET PROFIT OF S$13.2 MILLION

- ***Achieves gross profit of S$34.1 million***
- ***Gross profit margin improves 4.2 percentage points to 18.6%***
- ***Remains positive on the outlook for the mass-market residential property and construction industries***

Singapore, November 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$13.2 million for the nine months ended September 30, 2012 ("9M2012"). Net Profit for the previous corresponding financial period ("9M2011") was S$18.6 million.

The lower Net Profit was mainly due to a 33.0% decrease in revenue to S$183.5 million for 9M2012, due mainly to lower revenue recognition from the Group's construction and real estate business divisions. In addition, the impact of the adoption of INT FRS 115 amounting to an increase in profit of S$9.7 million was reflected in 3Q2011.

The Group achieved a 4.2 percentage point increase in gross profit margin to 18.6% for 9M2012, from 14.4% for 9M2011. Earnings per share for 9M2012 was 2.83 Singapore cents.

For the three months ended September 30, 2012 ("3Q2012"), the Group reported Net Profit of S$7.4 million, on revenue of S$73.9 million. This compares to Net Profit of S$13.1 million, on revenue of S$117.7 million for the corresponding financial period ("3Q2011").

Mr. Francis Koh, Managing Director and Group CEO of Koh Brothers, commented: “While issues such as weaknesses in the global economy, lower construction activity forecasts as well as the Government’s ongoing efforts to cool Singapore’s property sector have inevitably affected earnings growth, we were successful in our cost management strategies, keeping margins at healthy levels.

“2012 continues to be an exciting year of developments for Koh Brothers. We’ve made new partnerships with Japan’s Okumura Corporation and UES Holdings, part of the UE group, and together, we will continue to look for opportunities in the private and public sector.

“We’re also pleased to have secured contract wins for the Jurong Water Reclamation Plant and the Changi retention pond, an endorsement of our strong track record in the specialised area of water reclamation, flood alleviation and drainage projects. In property development, the launch of our Parc Olympia development has been well-received.

“We had also carried out a strategic investment through the proposed acquisition of Metax Engineering Corporation Ltd, which we trust will serve to augment the Group’s engineering capabilities and expand into the water and wastewater sector,” Mr. Koh added.

Outlook

Advance estimates from the Ministry of Trade and Industry indicates that Singapore’s economy grew at a slower pace in the third quarter, having registered a 1.3% year-on-year growth, as compared to 1.9% in the second quarter.

On the construction front, statistics from the Building and Construction Authority also reflected overall lower construction workload in 2012 to 2014, compared to S$35.2 billion for 2011. For 2012, total construction demand is projected to be between S$22 billion and S$28 billion, while the average construction demand for 2013 to 2014 is estimated at S$19 billion to S$27 billion.

"In view of weaknesses in the economic environment as well as forecast of lower construction activities, the Group will continue to actively manage costs and enhance productivity to improve returns. Nonetheless, we believe that the prospects for Singapore's construction remain intact, backed by sustained demand for public works, and Koh Brothers, with over 45 years industry experience, is well-positioned to capture opportunities ahead," Mr. Koh commented.

The Group also expects the outlook for the real estate sector to be buoyed by stable demand in the mass-market segment, with the latest statistics from the URA reflecting higher sales of private residential units in the third quarter versus the second quarter.

About Koh Brothers Group Limited

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 November 2012, Koh Brothers secured a S$30.9 million contract from Changi Airport Group for a proposed retenton pond at Changi Airport. 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.

Parc Olympia, a sporting themed condominium, was launched in Flora Drive in July 2012. The 99-year, 486-unit development offers over 60,000 sq ft of wide-range sporting area and facilities, with special facilities including a synthetic jogging track, a rockclimbing wall, an air-conditioned badminton court, a skate park and even a putting green for golf-lovers.

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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