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Full Year 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 | 20-Feb-2014 19:54:22 |
| Announcement No. | 00162 |

>> Announcement Details

The details of the announcement start here ...

| | |
|----------------------------------|----------------------|
| For the Financial Period Ended * | 31-12-2013 |
| Description | PLEASE SEE ATTACHED. |

Attachments

 [KB_FY2013_NR.pdf](#)
 [KBG_FY13_Announcement.pdf](#)
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KOH BROTHERS GROUP LIMITED
(Company Registration No. 199400775D)

Unaudited Four Quarter and 12 Months Financial Statement And Dividend Announcement for the Period Ended 31 December 2013

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Notes | GROUP | | | | | | |
|--|-----------------------|-----------------------|-------------|-----------------------|-----------------------|-------------|-------|
| | 3 months ended | | Change % | 12 months ended | | Change % | |
| | 31/12/2013 S\$'000 | 31/12/2012 S\$'000 | | 31/12/2013 S\$'000 | 31/12/2012 S\$'000 | | |
| Sales | 1 | 88,814 | 116,060 | -23% | 371,162 | 299,546 | 24% |
| Cost of sales | | (79,027) | (100,048) | -21% | (321,630) | (249,416) | 29% |
| Gross profit | | 9,787 | 16,012 | -39% | 49,532 | 50,130 | -1% |
| Other gains/(losses) - net | 2 | 2,129 | (847) | N.M | 3,431 | 4,516 | -24% |
| Expenses | | | | | | | |
| - Distribution | | 1,028 | (5,386) | N.M | (1,830) | (10,528) | -83% |
| - Administrative | | (5,152) | (2,530) | 104% | (22,423) | (18,020) | 24% |
| - Other | | (162) | (202) | -20% | (1,048) | (1,148) | -9% |
| - Finance | | (571) | (630) | -9% | (2,290) | (2,640) | -13% |
| Share of profit from associated companies | | 127 | 95 | 33% | 213 | 300 | -29% |
| Profit before income tax | 3 | 7,186 | 6,512 | 10% | 25,585 | 22,610 | 13% |
| Income tax expense | 4 | (204) | (342) | -40% | (3,160) | (2,880) | 10% |
| Profit after income tax | | 6,982 | 6,170 | 13% | 22,425 | 19,730 | 14% |
| Other comprehensive income/(loss), net of tax: | | | | | | | |
| Exchange differences on translating foreign operations | | 318 | 38 | 738% | 133 | (147) | N.M. |
| Total comprehensive income | | 7,300 | 6,208 | 18% | 22,558 | 19,583 | 15% |
| Profit attributable to: | | | | | | | |
| Equity holders of the Company | | 6,328 | 6,475 | -2% | 21,330 | 19,650 | 9% |
| Non-controlling interests | | 654 | (305) | N.M | 1,095 | 80 | 1268% |
| | | 6,982 | 6,170 | 13% | 22,425 | 19,730 | 14% |
| Total comprehensive income attributable to: | | | | | | | |
| Equity holders of the Company | | 6,511 | 6,510 | 0% | 21,812 | 19,483 | 12% |
| Non-controlling interests | | 789 | (302) | N.M | 746 | 100 | 647% |
| | | 7,300 | 6,208 | 18% | 22,558 | 19,583 | 15% |

N.M. - Not meaningful

Notes to the Consolidated Statement of Comprehensive Income

Note 1

Sales include the following :

| | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|
| Sales of products | 30,079 | 30,210 | 119,823 | 104,317 |
| Services rendered | 1,863 | 4,572 | 7,541 | 7,846 |
| Property development and rental | 21,620 | 46,413 | 120,467 | 89,674 |
| Contract revenue | 35,252 | 34,865 | 123,331 | 97,709 |
| | 88,814 | 116,060 | 371,162 | 299,546 |

Note 2

Other gains/(losses) include the following :

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Deposit forfeiture income | 1,078 | - | 1,078 | - |
| Rental income | (71) | 46 | 430 | 117 |
| Gain on disposal of property, plant and equipment | 22 | 42 | 182 | 388 |
| (Allowance for)/Write-back of provision on disposal of subsidiaries | - | (74) | - | 3,395 |
| Write-back of debts no longer required | - | 337 | - | 337 |
| Fair value gain/(loss) on long-term financial assets and financial liabilities | 35 | (178) | 321 | (415) |
| Fair value gain/(loss) on investment properties | 800 | (1,000) | 800 | (1,000) |
| Fair value (loss)/gain on financial assets through profit or loss | (8) | - | (17) | 384 |
| Interest income | 25 | 16 | 83 | 443 |
| Others | 248 | (36) | 554 | 867 |
| | 2,129 | (847) | 3,431 | 4,516 |

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 | (2,693) | 2,335 | (4,296) | 1,809 |
| (Write-back of)/Allowance for inventory obsolescence | (1,070) | 80 | (500) | 109 |
| Depreciation of property, plant and equipment | 1,179 | 912 | 4,265 | 3,794 |
| Property, plant and equipment written off | 636 | 3 | 636 | 46 |
| Net foreign exchange (gain)/loss | (10) | 105 | 314 | 157 |

Note 4

Income tax includes the following :

| | | | | |
|---|------------|------------|--------------|--------------|
| Current income tax | | | | |
| - in respect of current period | 731 | (368) | 2,436 | 1,939 |
| - over provision in respect of prior period | (593) | (177) | (496) | (12) |
| Deferred income tax | | | | |
| - in respect of current period | 74 | 33 | 1,154 | 89 |
| - (over)/under provision in respect of prior period | (8) | 854 | 66 | 864 |
| | 204 | 342 | 3,160 | 2,880 |

The Group's income tax charge for the year ended 31 December 2013 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 not subject to tax and utilisation of tax incentives.

1(b)(i) BALANCE SHEETS

| | GROUP | | COMPANY | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2013 S\$'000 | 31/12/2012 S\$'000 | 31/12/2013 S\$'000 | 31/12/2012 S\$'000 |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and bank balances | 40,445 | 53,981 | 464 | 863 |
| Financial assets at fair value through profit or loss | 159 | 176 | 1,149 | - |
| Trade receivables | 79,098 | 61,959 | - | - |
| Due from customers on construction contracts | 19,293 | 7,047 | - | - |
| Amounts due from subsidiaries (non-trade) | - | - | 9,379 | 6,863 |
| Amounts due from an associated company | 15 | 7 | - | - |
| Inventories | 12,577 | 12,526 | - | - |
| Other assets | 16,339 | 14,420 | - | - |
| Development properties | 239,353 | 268,098 | - | - |
| | 407,279 | 418,214 | 10,992 | 7,726 |
| NON-CURRENT ASSETS | | | | |
| Amount due from subsidiaries (non-trade) | - | - | 2,405 | 2,405 |
| Trade receivables | 466 | 8,342 | - | - |
| Associated companies | 1,510 | 800 | - | - |
| Subsidiaries | - | - | 90,801 | 84,469 |
| Investment properties | 208,225 | 204,161 | - | - |
| Property, plant and equipment | 87,065 | 60,019 | - | - |
| Goodwill | 5,078 | - | - | - |
| | 302,344 | 273,322 | 93,206 | 86,874 |
| TOTAL ASSETS | 709,623 | 691,536 | 104,198 | 94,600 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Trade payables | 63,745 | 56,365 | - | - |
| Other liabilities | 42,715 | 39,298 | 660 | 622 |
| Due to customers on construction contracts | 49,552 | 34,619 | - | - |
| Amounts due to subsidiaries (non-trade) | - | - | 3,040 | 2,819 |
| Amounts due to an associated company (trade) | 847 | 1,005 | - | - |
| Current income tax liabilities | 4,026 | 5,678 | 10 | - |
| Short-term borrowings | 105,758 | 49,808 | - | - |
| | 266,643 | 186,773 | 3,710 | 3,441 |
| NON-CURRENT LIABILITIES | | | | |
| Amounts due to subsidiaries (non-trade) | - | - | 9,464 | 9,339 |
| Trade payables | 1,438 | 3,956 | - | - |
| Finance lease | 3,201 | 497 | - | - |
| Bank borrowings | 199,624 | 287,138 | - | - |
| Other liabilities | 1,137 | - | 39 | 105 |
| Deferred taxation | 8,678 | 7,396 | - | - |
| | 214,078 | 298,987 | 9,503 | 9,444 |
| TOTAL LIABILITIES | 480,721 | 485,760 | 13,213 | 12,885 |
| NET ASSETS | 228,902 | 205,776 | 90,985 | 81,715 |
| EQUITY | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | |
| Share capital | 45,320 | 45,320 | 45,320 | 45,320 |
| Treasury shares | (5,795) | (854) | (5,795) | (854) |
| Capital and other reserves | (375) | 1,411 | - | - |
| Retained profits | 184,918 | 165,196 | 51,460 | 37,249 |
| Currency translation reserve | (5,570) | (6,052) | - | - |
| | 218,498 | 205,021 | 90,985 | 81,715 |
| Non-controlling interests | 10,404 | 755 | - | - |
| Total equity | 228,902 | 205,776 | 90,985 | 81,715 |

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

| | As at 31/12/2013 | | As at 31/12/2012 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount repayable in one year or less, or on demand | 95,055 | 10,703 | 48,721 | 1,087 |
| Amount repayable after one year | 201,967 | 858 | 286,901 | 734 |

Details of any collateral

The Group's secured borrowings are secured by the Group's properties, plant and machinery, motor vehicles and fixed deposit.

1(c) CONSOLIDATED CASH FLOW STATEMENT

| | 12 months ended | |
|---|-----------------------|-----------------------|
| | 31/12/2013 S\$'000 | 31/12/2012 S\$'000 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Total profit | 22,425 | 19,730 |
| Adjustments for non-cash items : | | |
| Income tax | 3,160 | 2,880 |
| Depreciation of property, plant and equipment | 4,265 | 3,794 |
| Property, plant and equipment written off | 636 | 46 |
| Gain on disposal of property held for sale | - | (20) |
| Gain on disposal of property, plant and equipment | (182) | (388) |
| Fair value gain on investment property | (800) | 1,000 |
| Fair value (gain)/loss on long-term financial asset and financial liabilities | (321) | 415 |
| Fair value loss/(gain) on financial assets at fair value through profit or loss | 17 | (384) |
| Dividend income | (6) | (5) |
| Share of profit from associated companies | (213) | (300) |
| Interest expense | 2,290 | 2,640 |
| Interest income | (83) | (443) |
| Unrealised foreign exchange loss | 307 | 625 |
| Operating profit before working capital changes | 31,495 | 29,590 |
| Working capital changes : | | |
| - Receivables | (6,260) | (21,559) |
| - Inventories | 251 | (3,690) |
| - Due from/ to customers on construction contracts | 2,724 | 15,066 |
| - Development properties | 32,433 | (99,592) |
| - Properties held for sale | - | 32 |
| - Payables | (6,853) | 15,735 |
| Cash generated from/(used in) operations | 53,790 | (64,418) |
| Income tax paid | (4,252) | (3,760) |
| Interest paid | (6,900) | (6,399) |
| Net cash generated from/(used in) operating activities | 42,638 | (74,577) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Acquisition of a subsidiary, net of cash acquired | 11,845 | - |
| Purchase of financial assets at fair value through profit or loss | - | 896 |
| Purchase of property, plant and equipment | (23,283) | (6,779) |
| Proceeds from disposal of property, plant and equipment | 509 | 481 |
| Liquidation of subsidiaries, net of cash | - | (4,243) |
| Additions to investment properties | (3,263) | - |
| Dividend received | 6 | 5 |
| Interest received | 83 | 1,027 |
| Net cash used in investing activities | (14,103) | (8,613) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Proceeds from bank borrowings | 33,525 | 137,407 |
| Repayment of finance lease | (3,142) | (4,366) |
| Repayment of bank borrowings | (67,366) | (43,185) |
| Deposit pledge | (2,075) | - |
| Purchase of treasury shares | (4,941) | (1,213) |
| Payment of dividend | (1,608) | (1,633) |
| Dividend paid to non-controlling interest | (325) | - |
| Net cash (used in)/generated from financing activities | (45,932) | 87,010 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (17,397) | 3,820 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | 53,781 | 50,321 |
| EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS | 350 | (360) |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 36,734 | 53,781 |
| Represented by : | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 40,445 | 53,981 |
| Restricted cash | (3,711) | (200) |
| | 36,734 | 53,781 |

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 01/01/2013 | 45,320 | (854) | 1,411 | 165,196 | (6,052) | 205,021 | 755 | 205,776 |
| Total comprehensive income for the period | - | - | - | 21,330 | 482 | 21,812 | 746 | 22,558 |
| Acquisition of a subsidiary | - | - | (1,786) | - | - | (1,786) | 9,228 | 7,442 |
| Purchase of treasury shares | - | (4,941) | - | - | - | (4,941) | - | (4,941) |
| Dividend paid | - | - | - | (1,608) | - | (1,608) | (325) | (1,933) |
| Balance as at 31/12/2013 | 45,320 | (5,795) | (375) | 184,918 | (5,570) | 218,498 | 10,404 | 228,902 |
| 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 | - | - | - | 19,650 | (167) | 19,483 | 100 | 19,583 |
| Cancellation of shares held in treasury | (2,646) | 2,646 | - | - | - | - | - | - |
| Subsidiaries in the process of liquidation | - | - | - | - | - | - | (1,137) | (1,137) |
| Purchase of treasury shares | - | (1,213) | - | - | - | (1,213) | - | (1,213) |
| Dividend paid | - | - | - | (1,633) | - | (1,633) | - | (1,633) |
| Balance as at 31/12/2012 | 45,320 | (854) | 1,411 | 165,196 | (6,052) | 205,021 | 755 | 205,776 |

| | Attributable to equity holders of the Company | | | |
|---|---|-----------------|------------------|---------|
| | Share Capital | Treasury Shares | Retained Profits | TOTAL |
| COMPANY (\$S'000) | | | | |
| Balance as at 01/01/2013 | 45,320 | (854) | 37,249 | 81,715 |
| Total comprehensive income for the period | - | - | 15,819 | 15,819 |
| Purchase of treasury shares | - | (4,941) | - | (4,941) |
| Dividend paid | - | - | (1,608) | (1,608) |
| Balance as at 31/12/2013 | 45,320 | (5,795) | 51,460 | 90,985 |
| Balance as at 01/01/2012 | 47,966 | (2,287) | 30,272 | 75,951 |
| Total comprehensive income for the period | - | - | 8,610 | 8,610 |
| Cancellation of shares held in treasury | (2,646) | 2,646 | - | - |
| Purchase of treasury shares | - | (1,213) | - | (1,213) |
| Dividend paid | - | - | (1,633) | (1,633) |
| Balance as at 31/12/2012 | 45,320 | (854) | 37,249 | 81,715 |

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

| | No. of shares | |
|---|---------------|--------------|
| | 31/12/2013 | 31/12/2012 |
| Total number of issued shares | | |
| Beginning of financial period | 466,475,400 | 479,613,400 |
| Less: Cancellation of shares held in treasury | - | (13,138,000) |
| End of financial period | 466,475,400 | 466,475,400 |

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

| No. of shares | |
|---------------|-------------|
| 31/12/2013 | 31/12/2012 |
| 446,177,400 | 462,320,400 |

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 |
|-----------------|
| 12 months ended |
| 31/12/2013 |
| 4,155,000 |
| 16,143,000 |
| 20,298,000 |

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 financial period as those of the audited financial statements for the financial year ended 31 December 2012. The adoption of the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for financial periods beginning on or after 1 January 2013 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.

Please refer to paragraph 4.

- 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 | | 12 months ended | |
| 31/12/2013 (cents) | 31/12/2012 (cents) | 31/12/2013 (cents) | 31/12/2012 (cents) |
| 1.39 | 1.39 | 4.67 | 4.23 |
| 1.39 | 1.39 | 4.67 | 4.23 |

(i) Basic

(ii) On a fully diluted basis

Note:

Basic earnings per share is calculated by dividing profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 456,839,710 ordinary shares (31 December 2012: 464,606,985 ordinary shares).

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

| GROUP | | COMPANY | |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 31/12/2013 (cents) | 31/12/2012 (cents) | 31/12/2013 (cents) | 31/12/2012 (cents) |
| 48.97 | 44.35 | 20.39 | 17.67 |

Net asset value backing per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period.

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 446,177,400 ordinary shares as at 31 December 2013 (31 December 2012: 462,320,400 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 Company subscribed for 155 million new ordinary shares ("Subscription Shares") in Metax Engineering Corporation Ltd ("Metax") on 28 February 2013 ("subscription date"). The Subscription Shares amount to 41% of the total issued share capital of Metax. The Company was also issued 165 million warrants carrying the right to subscribe 165 million new ordinary shares in Metax over 3 years. The results of the Group include the results of Metax from the subscription date.

For the 3-month period ended 31 December 2013 ("4Q 2013"), sales decreased by 23% to S\$88.8 million as compared to the previous corresponding period in 31 December 2012 ("4Q 2012"). The reduction was primarily due to lower revenue recognition from the real estate division. Gross profits also decreased by 39% to S\$9.8 million in 4Q 2013.

Other gains increased to S\$2.1 million in 4Q 2013 mainly due to deposit forfeiture income received and fair value gain on investment properties contributed by real estate division. There was a credit in distribution expenses of S\$1.0 million in 4Q 2013 because of a write-back of allowance made for impairment on trade receivables. The Group's profit before tax increased by 10% in 4Q 2013 to S\$7.2 million compared to S\$6.5 million in 4Q 2012 primarily due to higher profit contributed by the construction and building materials and real estate divisions. The Group's net profit attributable to shareholders decreased by 2% to S\$6.3 million in 4Q 2013 from S\$6.5 million in 4Q 2012

Sales for the year ended 31 December 2013 ("12M 2013") was S\$371.2 million, an increase of 24% when compared to S\$299.5 million for the previous year ("12M 2012"). The increase was contributed by the construction and building materials and real estate divisions.

The Group's profit before tax increased by 13% to S\$25.6 million from S\$22.6 million a year ago. The Group's profit attributable to shareholders also improved by 9% from S\$19.7 million in 12M 2012 to S\$21.3 million in 12M 2013.

Earnings per share improved to 4.67 cents in 12M 2013 compared to 4.23 cents in 12M 2012.

Review of changes in working capital, assets and liabilities

The main movements in assets and liabilities are as follows:

- 1) Decrease in cash and cash equivalent was mainly due to purchase of property, plant and equipment and repayment of bank borrowings.
- 2) Increase in trade receivables was in line with the increase in revenue of the Group.
- 3) Decrease in development properties was mainly due to recognition of progress payments received.
- 4) Increase in property, plant and equipment was mainly due to the purchase of properties.
- 5) Goodwill arose from the acquisition of a subsidiary.
- 6) The net increase in amount due to/from customers on construction contracts was mainly due to progress billings in excess of construction work-in-progress.
- 7) Decrease in bank borrowings was mainly due to repayments of 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 purchase of property, plant and equipment and repayment of bank borrowings offset by net cash generated from operating activities and net cash inflow from the acquisition of a subsidiary.

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

Not applicable.

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 the Building and Construction Authority, construction demand reached a historical high of \$35.8 billion in 2013. The estimate for 2014 is between \$31 billion and \$38 billion with higher demand expected from the public sector. Notwithstanding this, the construction sector remains competitive and challenging. Nevertheless, we are optimistic that with our strong track record in public sector projects, we are well positioned to capitalise on the expected increase in demand.

According to the URA, prices of private residential properties decreased by 0.9% in the last quarter of 2013. For the whole of 2013, there was an increase of 1.1%, lower than the increase of 2.8% in 2012. The residential property market has been affected by various property cooling measures by the government, in particular the total debt servicing rules. Notwithstanding the various cooling measures, we believe that the property market will remain stable.

11 Dividend

(a) Current Financial Period Reported On: 31 December 2013

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

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

| | |
|---------------------------|--|
| Name of Dividend | (1) Special (2) Final |
| Dividend Type | Cash |
| Dividend Amount per Share | (1) Special: 0.20 cent per ordinary share (2) Final: 0.50 cent per ordinary share |
| Dividend Rates (in %) | NA |
| Par value of shares | NA |
| Tax rate | Tax exempt (One-tier) |

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

(c) Date payable

The proposed dividend, if approved by the shareholders at the forthcoming AGM to be held on 25 April 2014, will be paid on 11 June 2014.

(d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed 30 May 2014 for the preparation of dividend warrants. Registrable Transfers received by the Company up to 5:00pm on 29 May will be registered to determine shareholders' entitlements to the final dividend.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

| | REAL ESTATE | LEISURE & HOSPITALITY | CONSTRUCTION & BUILDING MATERIALS | OTHERS | TOTAL |
|--|----------------|-----------------------|-----------------------------------|----------|-----------------|
| GROUP (S\$'000) | | | | | |
| 2013 | | | | | |
| SALES | | | | | |
| External | 123,939 | 4,068 | 243,155 | - | 371,162 |
| Inter-segment | 1,452 | 41 | 56,345 | - | 57,838 |
| | <u>125,391</u> | <u>4,109</u> | <u>299,500</u> | <u>-</u> | <u>429,000</u> |
| Elimination | | | | | <u>(57,838)</u> |
| | | | | | <u>371,162</u> |
| RESULTS | | | | | |
| Segment results | 14,921 | 74 | 13,304 | (726) | 27,573 |
| Net investment gain | - | - | 6 | - | 6 |
| Interest income | | | | | 83 |
| Finance expenses | | | | | (2,290) |
| Share of profit from associates | - | - | 213 | - | 213 |
| Profit before income tax | | | | | <u>25,585</u> |
| 2012 | | | | | |
| SALES | | | | | |
| External | 93,211 | 4,309 | 202,026 | - | 299,546 |
| Inter-segment | 1,198 | 40 | 49,489 | - | 50,727 |
| | <u>94,409</u> | <u>4,349</u> | <u>251,515</u> | <u>-</u> | <u>350,273</u> |
| Elimination | | | | | <u>(50,727)</u> |
| | | | | | <u>299,546</u> |
| RESULTS | | | | | |
| Segment results | 10,777 | 59 | 14,072 | (406) | 24,502 |
| Net investment gain | - | - | 5 | - | 5 |
| Interest income | | | | | 443 |
| Finance expenses | | | | | (2,640) |
| Share of profit from an associated company | - | - | 300 | - | 300 |
| Profit before income tax | | | | | <u>22,610</u> |

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

| | 2013 | 2012 |
|------------------|----------------|----------------|
| Singapore | 287,388 | 289,322 |
| China | 14,561 | 9,626 |
| Malaysia | 21,137 | 79 |
| The rest of Asia | 48,076 | 519 |
| | <u>371,162</u> | <u>299,546</u> |

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

Please refer to paragraph 8 above.

- 15 A breakdown of sales.

| | S\$'000 | % | |
|--|------------|------------|--------|
| | 31/12/2013 | 31/12/2012 | Change |
| Sales reported for first half year | 190,594 | 109,541 | 74% |
| Profit after income tax before deducting non-controlling interests reported for first half year | 8,538 | 5,805 | 47% |
| Sales reported for second half year | 180,568 | 190,005 | -5% |
| Profit after income tax before deducting non-controlling interests reported for second half year | 13,887 | 13,925 | 0% |

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

| S\$'000 | |
|-------------------------|-------------------------|
| 31/12/2013 | 31/12/2012 |
| Ordinary-Proposed final | Ordinary-Proposed final |
| 3,123 | 1,608 |

17 Interested Person Transaction

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year 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) |
|---------------------------|--|---|
| Lai Mun Onn & Co | S\$'000 111 | S\$'000 - |

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

| Name | Age | Family relationship with any Director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|----------------|-----|--|---|---|
| Phua Siew Gaik | 48 | Spouse of Mr Koh Keng Siang, daughter-in-law of Mr Koh Tiat Meng and Mdm Quek Chee Nee, and sister-in-law of Mr Koh Keng Hiong | Group Human Resources/Administration Manager since 2007 Responsible for managing the Group's human resources and administration function | Nil |
| Erliana Sutadi | 45 | Spouse of Mr Koh Keng Hiong, daughter-in-law of Mr Koh Tiat Meng and Mdm Quek Chee Nee, and sister-in-law of Mr Koh Keng Siang | Office Manager, Oxford Hotel, since 2000 Responsible for office administration | Nil |
| Koh Siew Kiang | 52 | Niece of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong | Assigned to set up and oversee the Building Materials division's Productivity and Innovation Center and also responsible for projects under the Construction division | Ms Koh was also appointed as a Non-Executive Director of Metax Engineering Corporation Limited on 28 February 2013. |

| Name | Age | Family relationship with any Director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|-----------------|-----|---|---|---|
| Koh Keng Seng | 50 | Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong | Director, Construction division, since 2008 Responsible for overseeing the management of logistics, workshop, machinery and equipment functions under the Construction division. | Nil |
| Tay Juak Chiang | 40 | Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong | Manager since 2003 Responsible for steel fabrication division. | Nil |
| Phua Eng Hong | 51 | Brother-in-law of Mr Koh Keng Siang | Director of Dalian Megacity Trading Co., Ltd since 2008 No executive duties | Nil |
| Koh Kheng Yeow | 47 | Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong | Director of Dalian Megacity Trading Co., Ltd since 2008 No executive duties | Nil |
| Ko Luan Bock | 56 | Nephew-in-law of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin-in-law of Mr Koh Keng Siang and Mr Koh Keng Hiong | Project Director, Construction division since 2012 Responsible for project at Lincoln Suites | Nil |

BY ORDER OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

20 February 2014
Singapore



NEWS RELEASE

KOH BROTHERS' NET PROFIT RISES 9% TO S\$21.3 MILLION IN FY2013

- ***Driven by sales increases from both Construction and Building Materials and Real Estate divisions***
- ***Proposes Special Dividend of 0.20 SGD cent per ordinary share and Final Dividend of 0.50 SGD cent per ordinary share***
 - o ***Double the rate of dividend paid in FY2012***

Singapore, February 20, 2014 – Koh Brothers Group Limited (“Koh Brothers” or the “Group”), a well-established construction, property development and specialist engineering solutions provider, announced today that its net profit for the full year ended December 31, 2013 (“FY2013”) rose 9% to S\$21.3 million from S\$19.7 million in the previous corresponding period (“FY2012”).

This was largely driven by increased sales from the Group’s two core business areas. On a year-on-year basis, sales from the Group’s Construction and Building Materials division and from the Real Estate Division increased 16% and 33% respectively. This raised Group Revenue by 24% to S\$371.2 million in FY2013, up from S\$299.5 million in FY2012. The remaining contribution to Group Revenue was from the Leisure and Hospitality division, which registered S\$4.1 million in sales in FY2013.

Group Expenses, which comprised Distribution, Administrative and Finance costs, decreased 14.6% to S\$27.6 million from S\$32.3 million in FY2012. Separately, share of profit from associated companies decreased by 29% to S\$0.2 million in FY2013 from S\$0.3 million in FY2012. Income Tax increased by 10% to S\$3.2 million in FY2013 from S\$2.9 million.

Given the above, Koh Brothers' net profit attributable to shareholders jumped 9% to S\$21.3 million in FY2013.

Mr. Francis Koh, Managing Director and Group CEO of Koh Brothers, commented: "I am delighted that Koh Brothers has achieved an outstanding set of results in FY2013, a fruition of the Group's strong capabilities in planning, winning and executing projects. In Real Estate, we are pleased to have achieved 100% sales of Parc Olympia within a year of its launch, providing us with good earnings visibility for the next two years.

"In Construction and Building Materials, Koh Brothers continually innovates in anticipation of industry demands. In line with that, we have strategically expanded our precast capabilities in Iskandar and this has positioned the Group attractively in our bids and we are confident that it will also enable Koh Brothers to augment our growth into the future.

"For Hospitality, both Oxford Hotel and our serviced apartments, Alocassia, have performed well, and we expect continued high occupancy in line with Singapore's attractive position as a top travel destination."

The Group opened its first precast plant in Iskandar, Malaysia, to cater to demand from the ramp-up in public housing supply in Singapore and development of Iskandar Malaysia. With this precast plant, Koh Brothers runs dedicated Precast Plants sited on a total land area of 96,000 sqm, with a total annual production capacity of 150,000 m³.

Outlook

According to the Building and Construction Authority, construction demand reached a historical high of S\$35.8 billion in 2013, and estimated construction demand for 2014 is expected to be between S\$31 billion and S\$38 billion, with higher demand expected from the public sector.

Price of private residential properties decreased by 0.9% in the last quarter of 2013, according to the Urban Redevelopment Authority. For the whole of 2013 however, prices increased by 1.1%, albeit lower than the increase of 2.8% in 2012.

Mr. Koh commented, "There is a silver lining in every cloud. Notwithstanding a competitive and challenging construction sector, Koh Brothers kicked off 2013 with a S\$99.8 million contract awarded by PUB, Singapore's national water agency, for canal improvement works to Bukit Timah First Diversion Canal. And in 2014, Koh Brothers won another public sector construction contract worth S\$98.0 million from the Housing Development Board to build Vine Grove @ Yishun, a Build-To-Order project.

"All these allude to the industry's recognition of Koh Brother's strong track record, which will continue to be one of the Group's competitive edges, as we continue to capitalise on the increase in demand in Construction, which is expected to come from the public sector.

"As for the residential property market, although cooling measures may have some impact on demand and prices, we expect the property market to be relatively stable in the long run. For our executive condominium site in Jurong West, which we've clinched through our joint venture, we anticipate healthy interest from buyers due to the limited supply of executive condominiums in western Singapore.

"Having achieved another outstanding year, the Group intends to share our success with our shareholders as well, and proposes a special dividend of 0.20 SGD cent, in addition to a final dividend of 0.50 SGD cent."

The proposed dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on June 11, 2014.

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.

In February 2013, the Group also broadened its reach into the environmental engineering sector, with a strategic acquisition of 41% stake in SGX Catalist-listed Metax Engineering Corporation Ltd (“Metax”).

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. In November 2012, Koh Brothers secured a S\$30.9 million contract from Changi Airport Group for a proposed retention 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.

In February 2013, Koh Brothers secured a S\$99.8 million contract from the PUB, Singapore's national water agency, to carry out improvement works to the existing trapezoidal canal and crossings at the Bukit Timah First Diversion Canal (Bukit Timah Road to Holland Green). Other ongoing projects include the construction of Lincoln Suites – a luxurious condominium project at Kiang Guan Avenue, off Newton Road, in District 11, Geylang River Makeover Project, Changi Airport retention pond and PUB's Jurong Water Reclamation Plant and Parc Olympia at Flora Drive.

Recently completed projects include Punggol Waterway Parts One and Two, the Common Service Tunnel at the Business Financial Centre, Downtown Line 1 Bugis Station, and public housing at Choa Chu Kang.

The Building Materials division also 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 Kiang 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.

Environmental Engineering

Through its majority stake in Metax, the Group is able to offer Engineering, Procurement & Construction (“EPC”) services for water and wastewater treatment and hydro-engineering projects. With over 35 years of EPC experience, Metax has been involved in many public and private sector projects in Singapore, Indonesia, Malaysia, Thailand, the Philippines and India. In 2008, Metax extended their EPC business into the palm oil refining industry with the acquisition of WS Bioengineering Pte. Ltd., whose principal business is the engineering and construction of biofuel and palm oil refining facilities.

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