



**Financial Statements and Related Announcement::Third Quarter Results****Issuer & Securities**

<b>Issuer/ Manager</b>	KOH BROTHERS GROUP LIMITED
<b>Securities</b>	KOH BROTHERS GROUP LIMITED - SG1B06007705 - K75
<b>Stapled Security</b>	No

**Announcement Details**

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	11-Nov-2014 17:38:29
<b>Status</b>	New
<b>Announcement Sub Title</b>	Third Quarter Results
<b>Announcement Reference</b>	SG141111OTHRTGNU
<b>Submitted By (Co./ Ind. Name)</b>	KOH KENG SIANG
<b>Designation</b>	MANAGING DIRECTOR & GROUP CEO
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	PLEASE SEE ATTACHED.

**Additional Details**

<b>For Financial Period Ended</b>	30/09/2014
<b>Attachments</b>	 <a href="#">Koh Brothers 9M2014 News Release.pdf</a>  <a href="#">KohBros Announcement for Q32014 Results.pdf</a> Total size =269K

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KOH BROTHERS GROUP LIMITED  
(Company Registration No. 199400775D)

Unaudited Third Quarter and 9 Months Financial Statement And Dividend Announcement for the Period Ended 30 September 2014

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	GROUP					
		3 months ended		Change	9 months ended		Change
		30/09/2014 S\$'000	30/09/2013 (restated)* S\$'000		30/09/2014 S\$'000	30/09/2013 (restated)* S\$'000	
Sales	1	82,201	88,235	-7%	292,850	271,469	8%
Cost of sales		(66,415)	(77,185)	-14%	(245,256)	(235,574)	4%
Gross profit		15,786	11,050	43%	47,594	35,895	33%
Other gains - net	2	1,018	741	37%	8,453	1,745	384%
Expenses							
- Distribution		(1,891)	421	N.M	(5,750)	(2,792)	106%
- Administrative		(5,476)	(4,284)	28%	(18,594)	(16,337)	14%
- Other		31	(500)	N.M	(417)	(858)	-51%
- Finance		(570)	(447)	28%	(1,088)	(1,110)	-2%
Share profit/(loss) (net of tax) of:							
- associated companies		65	117	-44%	230	86	167%
- joint ventures		(1,158)	590	N.M.	(3,240)	1,409	N.M.
Profit before income tax	3	7,805	7,688	2%	27,188	18,038	51%
Income tax expense	4	(888)	(783)	13%	(4,375)	(2,595)	69%
Profit after income tax		6,917	6,905	0%	22,813	15,443	48%
Other comprehensive income							
Exchange differences on translating foreign operations		30	(195)	N.M.	(16)	(185)	-91%
Net change in fair value of available-for-sale financial assets		(54)	-	100%	(54)	-	100%
Other comprehensive income, net of tax		(24)	(195)	-88%	(70)	(185)	-62%
Total comprehensive income		6,893	6,710	3%	22,743	15,258	49%
Profit attributable to:							
Equity holders of the Company		7,077	6,898	3%	23,333	15,003	56%
Non-controlling interests		(160)	7	N.M.	(520)	440	N.M.
		6,917	6,905	0%	22,813	15,443	48%
Total comprehensive income attributable to:							
Equity holders of the Company		7,045	7,071	0%	23,170	15,300	51%
Non-controlling interests		(152)	(361)	-58%	(427)	(42)	917%
		6,893	6,710	3%	22,743	15,258	49%

\* - Certain comparative figures have been restated due to the adoption of the new FRS111 Joint Arrangements. Please refer to paragraph 5 of this announcement for details.

N.M. - Not meaningful

**Notes to the Consolidated Statement of Comprehensive Income**

**Note 1**

Sales include the following :

Sales of products
Services rendered
Property development and rental
Contract revenue

**Note 2**

Other gains include the following :

Rental income
(Loss)/profit on disposal of property, plant and equipment
Fair value gain on long-term financial assets and financial liabilities
Fair value gain on investment properties
Interest income
Rebates and others

**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
Impairment loss of investment in a joint venture
Depreciation of property, plant and equipment
Net foreign exchange (gain)/loss

**Note 4**

Income tax includes the following :

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

GROUP			
3 months ended		9 months ended	
30/09/2014	30/09/2013 (restated)*	30/09/2014	30/09/2013 (restated)*
S\$'000	S\$'000	S\$'000	S\$'000
32,495	31,092	100,117	88,308
2,108	1,726	4,042	4,906
15,944	14,461	102,412	65,983
31,654	40,956	86,279	112,272
82,201	88,235	292,850	271,469
101	209	295	486
(29)	59	71	160
16	350	421	296
-	-	6,100	-
864	232	1,330	530
66	(109)	236	273
1,018	741	8,453	1,745
1,424	(1,176)	4,055	(1,914)
-	-	250	-
1,453	1,039	4,120	3,084
(147)	301	166	324
545	411	1,400	1,301
(75)	(19)	(665)	107
418	391	3,725	1,079
-	-	(85)	108
888	783	4,375	2,595

The Group's taxation charge for the period ended 30 September 2014 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/joint ventures being unable to be offsetted against profits of other subsidiaries.

1(b)(i) BALANCE SHEETS

ASSETS

CURRENT ASSETS

Cash and bank balances	63,943	37,732	45,003	26	464
Financial assets at fair value through profit or loss	161	159	176	-	1,149
Trade receivables	61,062	73,123	63,859	-	-
Due from customers on construction contracts	15,526	12,873	7,047	-	-
Amounts due from subsidiaries	-	-	-	56,009	9,379
Amounts due from an associated company	16	15	7	-	-
Amounts due from joint ventures	73,014	40,420	32,546	-	-
Inventories	13,559	12,577	12,526	-	-
Other assets	17,315	15,988	14,331	-	-
Development properties	145,573	132,356	158,573	-	-

NON-CURRENT ASSETS

Available-for-sale financial assets	7,236	-	-	-	-
Amount due from subsidiaries	-	-	-	2,405	2,405
Trade receivables	812	466	745	-	-
Investments in associated companies	1,460	1,510	800	-	-
Investments in joint ventures	52,165	54,582	52,810	-	-
Investments in subsidiaries	-	-	-	88,098	91,015
Investment properties	89,840	82,023	79,161	-	-
Property, plant and equipment	86,945	87,063	60,015	-	-
Goodwill	5,078	5,078	-	-	-

TOTAL ASSETS

LIABILITIES

CURRENT LIABILITIES

Trade payables	61,502	63,791	51,225	-	-
Other liabilities	37,052	41,755	38,581	1,639	610
Due to customers on construction contracts	30,591	42,934	34,619	-	-
Amounts due to subsidiaries	-	-	-	20	3,040
Amounts due to an associated company	581	950	1,005	-	-
Amounts due to joint ventures	-	-	1,660	-	-
Current income tax liabilities	3,074	3,487	3,562	-	10
Short-term borrowings	45,131	23,536	34,308	-	-

NON-CURRENT LIABILITIES

Amounts due to subsidiaries	-	-	-	6,851	9,464
Trade payables	2,725	1,438	3,956	-	-
Finance lease	2,883	3,201	497	-	-
Bank borrowings	144,242	136,107	144,993	-	-
Notes payables	49,510	-	-	49,510	-
Other liabilities	-	1,137	-	-	39
Deferred income tax liabilities	12,194	8,727	7,417	-	-

TOTAL LIABILITIES

NET ASSETS

Capital and reserves attributable to equity holders of the Company

Share capital	45,320	45,320	45,320	45,320	45,320
Treasury shares	(10,138)	(5,795)	(854)	(10,138)	(5,795)
Capital and other reserves	(429)	(375)	1,411	-	-
Retained profits	205,169	184,918	165,196	53,336	51,724
Currency translation reserve	(5,679)	(5,570)	(6,052)	-	-

Non-controlling interests

Total equity

GROUP			COMPANY	
30/09/2014	31/12/2013 (restated)*	01/01/2013 (restated)*	30/09/2014	31/12/2013
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
63,943	37,732	45,003	26	464
161	159	176	-	1,149
61,062	73,123	63,859	-	-
15,526	12,873	7,047	-	-
-	-	-	56,009	9,379
16	15	7	-	-
73,014	40,420	32,546	-	-
13,559	12,577	12,526	-	-
17,315	15,988	14,331	-	-
145,573	132,356	158,573	-	-
390,169	325,243	334,068	56,035	10,992
7,236	-	-	-	-
-	-	-	2,405	2,405
812	466	745	-	-
1,460	1,510	800	-	-
52,165	54,582	52,810	-	-
-	-	-	88,098	91,015
89,840	82,023	79,161	-	-
86,945	87,063	60,015	-	-
5,078	5,078	-	-	-
243,536	230,722	193,531	90,503	93,420
633,705	555,965	527,599	146,538	104,412
61,502	63,791	51,225	-	-
37,052	41,755	38,581	1,639	610
30,591	42,934	34,619	-	-
-	-	-	20	3,040
581	950	1,005	-	-
-	-	1,660	-	-
3,074	3,487	3,562	-	10
45,131	23,536	34,308	-	-
177,931	176,453	164,960	1,659	3,660
-	-	-	6,851	9,464
2,725	1,438	3,956	-	-
2,883	3,201	497	-	-
144,242	136,107	144,993	-	-
49,510	-	-	49,510	-
-	1,137	-	-	39
12,194	8,727	7,417	-	-
211,554	150,610	156,863	56,361	9,503
389,485	327,063	321,823	58,020	13,163
244,220	228,902	205,776	88,518	91,249
45,320	45,320	45,320	45,320	45,320
(10,138)	(5,795)	(854)	(10,138)	(5,795)
(429)	(375)	1,411	-	-
205,169	184,918	165,196	53,336	51,724
(5,679)	(5,570)	(6,052)	-	-
234,243	218,498	205,021	88,518	91,249
9,977	10,404	755	-	-
244,220	228,902	205,776	88,518	91,249

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

Amount repayable in one year or less, or on demand

Amount repayable after one year

Details of any collateral

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

As at 30/09/2014		As at 31/12/2013 (restated)*	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
33,338	11,793	3,054	20,482
146,484	50,151	138,450	858

1(c) CONSOLIDATED CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES

Total profit

Adjustments for non-cash items :

Income tax

Depreciation of property, plant and equipment

Impairment loss of investment in a joint venture

Property, plant and equipment written off

Fair value gain on investment properties

Profit on disposal of property, plant and equipment

Fair value gain on long-term financial asset and financial liabilities

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

Dividend income

Share of profit from associated companies

Share of loss/(profit) from joint ventures

Interest expense

Interest income

Unrealised foreign exchange gain

Operating profit before working capital changes

Working capital changes :

- Receivables

- Inventories

- Due from/ to customers on construction contracts

- Development properties

- Payables

- Due from/ to associated companies

- Due from/ to joint ventures

Cash (used in)/generated from operations

Income tax paid

Interest paid

Net cash (used in)/generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of a subsidiary, net of cash acquired

Investment in a joint venture company

Purchase of property, plant and equipment

Purchase of available-for-sale financial assets

Proceeds from disposal of property, plant and equipment

Additions to investment properties

Dividend received

Interest received

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from term notes, net

Proceeds from bank borrowings

Repayment of finance lease

Repayment of bank borrowings

Deposit pledge

Purchase of treasury shares

Payment of dividend

Dividend paid to a minority shareholder

Net cash generated from/(used in) financing activities

9 months ended	
30/09/2014	30/09/2013 (restated)*
S\$'000	S\$'000
22,813	15,443
4,375	2,595
4,120	3,084
250	-
461	1
(6,100)	-
(71)	(160)
(421)	(296)
(2)	9
(3)	(4)
(230)	(86)
3,240	(1,409)
1,088	1,110
(1,330)	(530)
(142)	(34)
28,048	19,723
15,436	1,974
(982)	(93)
(11,782)	7,304
(11,624)	14,304
(7,464)	(13,128)
(370)	(347)
(37,323)	(8,190)
(26,061)	21,547
(1,319)	(2,236)
(1,883)	(5,186)
(29,263)	14,125
-	11,845
(800)	-
(5,418)	(20,213)
(7,290)	-
203	251
(1,718)	(1,718)
3	4
1,330	530
(13,690)	(9,301)
49,432	-
88,761	16,288
(1,970)	(1,959)
(59,687)	(35,405)
(212)	(196)
(4,343)	(2,605)
(3,082)	(1,608)
-	(326)
68,899	(25,811)

1(c) CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

NET CHANGE IN CASH AND CASH EQUIVALENTS  
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD  
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS  
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD

9 months ended	
30/09/2014	30/09/2013 (restated)
S\$'000	S\$'000
25,946	(20,987)
34,021	44,803
42	254
60,009	24,070

Represented by :  
CASH AND CASH EQUIVALENTS  
Cash and bank balances  
Restricted cash  
Bank overdrafts

63,943	26,990
(3,934)	(1,833)
-	(1,087)
60,009	24,070

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		
<b>GROUP (S\$'000)</b>								
Balance as at 01/01/2014	45,320	(5,795)	(375)	184,918	(5,570)	218,498	10,404	228,902
Total comprehensive income / (loss) for the period	-	-	(54)	23,333	(109)	23,170	(427)	22,743
Purchase of treasury shares	-	(4,343)	-	-	-	(4,343)	-	(4,343)
Final dividend	-	-	-	(3,082)	-	(3,082)	-	(3,082)
Balance as at 30/09/2014	45,320	(10,138)	(429)	205,169	(5,679)	234,243	9,977	244,220
Balance as at 01/01/2013	45,320	(854)	1,411	165,196	(6,052)	205,021	755	205,776
Total comprehensive income / (loss) for the period	-	-	-	15,003	297	15,300	(42)	15,258
Purchase of treasury shares	-	(2,605)	-	-	-	(2,605)	-	(2,605)
Acquisition of a subsidiary	-	-	(3,015)	-	-	(3,015)	10,275	7,260
Final dividend	-	-	-	(1,608)	-	(1,608)	(326)	(1,934)
Balance as at 30/09/2013	45,320	(3,459)	(1,604)	178,591	(5,755)	213,093	10,662	223,755

	Attributable to equity holders of the Company			
	Share Capital	Treasury Shares	Retained Profits	TOTAL
<b>COMPANY (S\$'000)</b>				
Balance as at 01/01/2014	45,320	(5,795)	51,724	91,249
Total comprehensive income for the period	-	-	4,694	4,694
Purchase of treasury shares	-	(4,343)	-	(4,343)
Final dividend	-	-	(3,082)	(3,082)
Balance as at 30/09/2014	45,320	(10,138)	53,336	88,518
Balance as at 01/01/2013	45,320	(854)	37,249	81,715
Total comprehensive income for the period	-	-	10,572	10,572
Purchase of treasury shares	-	(2,605)	-	(2,605)
Final dividend	-	-	(1,608)	(1,608)
Balance as at 30/09/2013	45,320	(3,459)	46,213	88,074

- 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.

Total number of issued shares

No. of shares	
30/09/2014	31/12/2013
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.

Total number of issued shares excluding treasury shares

No. of shares	
30/09/2014	31/12/2013
432,222,400	446,177,400

- 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.

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 31 December 2013.

- 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.

Financial Reporting Standards ("FRS") which became effective from the Group's financial period beginning on or after 1 January 2014 are:

FRS 110 Consolidated Financial Statements  
FRS 111 Joint Arrangements  
FRS 112 Disclosure of Interests in Other Entities

The adoption of the above FRSs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods except for the adoption of FRS 111 Joint Arrangements.

Under FRS 111, interests in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than legal structure of the joint arrangements. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

The effects of the Group's financial statements arising from the adoption of FRS 111 are as follows:

(a) Impact of change in accounting policy on balance sheets

**ASSETS**

**CURRENT ASSETS**

Cash and bank balances	
Trade receivables	
Amounts due from joint ventures	
Other assets	
Development properties	

**NON-CURRENT ASSETS**

Investments in joint ventures	
Investment properties	
Property, plant and equipment	

**TOTAL ASSETS**

**LIABILITIES**

**CURRENT LIABILITIES**

Trade payables	
Other liabilities	
Amounts due to joint ventures	
Current income tax liabilities	
Short-term borrowings	

**NON-CURRENT LIABILITIES**

Bank borrowings	
Deferred income tax liabilities	

**TOTAL LIABILITIES**

**NET ASSETS**

Group	
31/12/2013	31/12/2012
Increase/ (Decrease)	Increase/ (Decrease)
S\$'000	S\$'000
(5,433)	(8,978)
(4,458)	(5,697)
40,420	32,547
(351)	(89)
(106,996)	(109,525)
(76,818)	(91,742)
54,582	52,810
(126,202)	(125,000)
(2)	(4)
(71,622)	(72,194)
(148,440)	(163,936)
(2,029)	(5,140)
(526)	(717)
-	1,660
(539)	(2,116)
(76,895)	(15,500)
(79,989)	(21,813)
(68,500)	(142,145)
49	22
(68,451)	(142,123)
(148,440)	(163,936)
-	-

(b) Impact of change in accounting policy on consolidated statement of comprehensive income

Sales	
Cost of sales	
Other gains	
Distribution expenses	
Administrative expenses	
Other expenses	
Share of profit from joint ventures	
Income tax expenses	
Profit attributable to equity holders of the Company	

Group	
3 months ended 30/09/2013	9 months ended 30/09/2013
Increase/ (Decrease)	Increase/ (Decrease)
S\$'000	S\$'000
(3,519)	(10,879)
1,518	7,029
643	443
-	66
492	934
140	637
590	1,409
136	361
- *	- *

\* - No impact on earnings per share.



(c) Impact of change in accounting policy on consolidated statement of cash flows

	Group 9 months ended 30/09/2013 Increase/ (Decrease) S\$'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash generated from operations	(13,443)
Income tax paid	2,074
Interest paid	545
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Additions to investment properties	668
Interest received	472
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	
Repayment of bank borrowings	12,251
Deposit pledge	646
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>3,213</b>

- 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	
30/09/2014 (cents)	30/09/2013 (cents)	30/09/2014 (cents)	30/09/2013 (cents)
1.61	1.50	5.30	3.27
1.61	1.50	5.30	3.27

(i) Basic

(ii) On a fully diluted basis

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 439,995,818 ordinary shares (30 September 2013: 458,743,228 ordinary shares).

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

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

GROUP		COMPANY	
30/9/2014 (cents)	31/12/2013 (cents)	30/9/2014 (cents)	31/12/2013 (cents)
54.20	48.97	20.48	20.45

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 432,222,400 ordinary shares as at 30 September 2014 (31 December 2013: 446,177,400 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 2014 ("3Q 2014"), sales amounted to S\$82.2 million, a decrease of 7% from the corresponding period last year ("3Q 2013"). The reduction was mainly due to lower revenue generated from the Construction and Building Materials division. Gross profit increased by S\$4.7 million or 43% to S\$15.8 million as compared to 3Q 2013 primarily due to a general improvement in margins for the Real Estate and Construction and Building Materials divisions.

The increase in distribution cost in 3Q 2014 was mainly due to an increase in allowance made for impairment on trade receivables.

Share of results of joint venture companies recorded a loss of S\$1.2 million in 3Q 2014. This was mainly due to lower contribution from a property that is currently undertaking an asset enhancement exercise.

The Group's profit before income tax increased by S\$0.1 million or 2% to S\$7.8 million in 3Q 2014 as compared to S\$7.7 million in 3Q 2013. The Group's net profit attributable to shareholders improved by S\$0.1 million or 3% to S\$7.1 million for the same period.

The Group's sales for the third quarter ended 30 September 2014 ("Q3 2014") increased by S\$21.4 million or 8% to S\$292.9 million, compared to S\$271.5 million for the corresponding period ended 30 September 2013 ("Q3 2013"). The increase was mainly generated from the Real Estate division. Gross profit for Q3 2014 increased by S\$11.7 million or 33% to S\$47.6 million compared to S\$35.9 million in Q3 2014.

Other gains in Q3 2014 was substantially higher at S\$8.5 million mainly due to a net gain of S\$6.1 million in the fair value of investment properties. Distribution cost increased by S\$3.0 million to S\$5.8 million in Q3 2014 mainly due to an increase in allowance made for impairment on trade receivables.

The Group's profit before tax increased by S\$9.1 million or 51% to S\$27.2 million from S\$18.0 million a year ago. The Group's net profit attributable to shareholders also improved by S\$8.3 million or 56% from S\$15.0 million in Q3 2013 to S\$23.3 million in Q3 2014.

Earnings per share improved to 5.30 cents for Q3 2014 compared to 3.27 cents in Q3 2013.

#### Review of changes in working capital, assets and liabilities

The main movements in balance sheet are:

- 1) Increase in cash and bank balances was mainly due to net proceeds from issuance of term notes offset by purchase of available-for-sale financial assets, property, plant and equipment and repayment of loans.
- 2) Decrease in trade receivables was mainly due to reduction in retention sums which were received during the period and increase in allowance made for impairment of trade receivables.
- 3) Increase in amount due from joint ventures was mainly due to land acquisition cost for a new development project.
- 4) Increase in development properties was mainly due to development cost incurred.
- 5) Decrease in amount due to customers on construction contract was mainly due to construction work-in-progress in excess of progress billings for the period.
- 6) 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 increase in cash and cash equivalents mainly due to net cash generated from financing activities offset by the usage of funds for development properties and cost of acquisition of land for a new joint venture project.

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

The current announced results are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 June 2014.

- 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 construction sector expanded by 1.4% on a year-on-year basis in 3Q2014, lower than the 4.1% growth in 2Q2014. This was due mainly to the weaker private sector construction activities. Although the Building and Construction Authority has estimated more demand to be generated from the public sector in 2014, we expect the industry to be challenging given the tight labour situation and more stringent regulatory controls.

Latest data from the Urban Redevelopment Authority showed prices of private residential properties declining by 0.7% in 3Q2014 from 2Q2014. Although it represented four consecutive quarters of price decline, the decline in 3Q2014 had moderated. With the various property cooling measures still in place, we expect prices in the residential property market to further moderate in 2014.

**11 Dividend**

**(a) Current Financial Period Reported On: 30 September 2014**

(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/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the period ended 30 September 2014.

**13 Interested Person Transaction**

There is 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.

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the third quarter ended 30 September 2014 to be false or misleading in any material aspects.

**ON BEHALF OF THE BOARD**

Koh Keng Siang  
Managing Director & Group CEO

Koh Keng Hiong  
Executive Director

11 November 2014  
Singapore



## NEWS RELEASE

### **KOH BROTHERS ACHIEVES 56% INCREASE IN NET PROFIT TO S\$23.3 MILLION IN 9M2014**

- *Revenue and Gross Profit increase 8% and 33% respectively due to higher sales from Real Estate Division in 9M2014;*
- *Gross profit margin up 3.1 percentage points;*
- *Maintains strong balance sheet with cash holdings of S\$63.9 million and net gearing of 0.76 times;*
- *Shareholders' equity of S\$234.2 million as at September 30, 2014.*

**Singapore, November 11, 2014** – Koh Brothers Group Limited (“Koh Brothers” or the “Group”) (“許兄弟有限公司”), a well-established construction, property development and specialist engineering solutions provider, announced today that it has achieved a 56% increase in net profit attributable to equity holders of the Company (“Net Profit”) to S\$23.3 million for the nine months ended September 30, 2014 (“9M2014”) on the back of a 8% increase in revenue to S\$292.9 million over the same period.

Mr. Francis Koh (“许庆祥”), Managing Director and Group CEO of Koh Brothers, commented: “We are pleased to have achieved a good set of performance despite a challenging environment. We have a diversified revenue stream given our three business segments – Construction and Building Materials, Real Estate and Leisure and Hospitality divisions. To grow, we will continue to increase collaboration opportunities amongst these business lines to harness synergies and economies of scales.

“As for Real Estate, we will place an even greater emphasis on unique or innovative features for all upcoming developments to differentiate ourselves better from other property developments.

“Separately, we are pleased to have won the Most Transparent Company Award for Construction and Materials category at SIAS’ 15<sup>th</sup> Investors’ Choice Awards 2014. This is an encouragement for all of us at Koh Brothers. Even as we work towards growth, we remain firmly focused on open communications with all stakeholders for good corporate governance.”

## **Performance Review**

Group Revenue comprises sales of products, services rendered, property development and rental income, as well as construction contract revenue. In 9M2014, an increase in sales mainly from the Real Estate division lifted Group revenue 8% to S\$292.9 million, from S\$271.5 million for the nine months ended September 30, 2013 (“9M2013”).

Correspondingly, gross profit rose 33% to S\$47.6 million in 9M2014 from S\$35.9 million in 9M2013. Gross profit margin was up 3.1 percentage points to 16.3% in 9M2014 from 13.2% in 9M2013.

The Group also recorded other gains of S\$8.5 million in the period under review as compared to S\$1.7 million in the previous corresponding period, due to higher fair value of investment properties.

Whilst share of results from associated companies recorded an increase to S\$230,000 in 9M2014 from S\$86,000 in 9M2013, share of results from joint ventures had a loss of S\$3.2 million. The latter was mainly due to lower contribution from a property currently undertaking an asset enhancement exercise.

Overall, profit before tax rose 51% to S\$27.2 million in 9M2014 from S\$18.0 million in 9M2013. With higher profit, earnings per share rose 62.1% to 5.30 SGD cents in 9M2014 from 3.27 SGD cents in 9M2013.

For the three months ended September 30, 2014 ("3Q2014"), the Group's net profit rose marginally by 3% to S\$7.1 million, from S\$6.9 million in the same corresponding period ("3Q2013"), notwithstanding a 7% decline in revenue from S\$88.2 million in 9M2013 to S\$82.2 million in 9M2014, with lower revenue from the Group's Construction and Building Materials division. The increase in profit was largely due to a general improvement in margins for the Real Estate and Construction and Building Materials divisions.

### **Strong Balance Sheet**

The Group's balance sheet continues to remain robust with cash holdings of S\$63.9 million and shareholders' equity of approximately S\$234.2 million as at September 30, 2014. Koh Brothers also had a comfortable debt servicing ability with good liquidity. As of September 30, 2014, net gearing ratio was low at 0.76 times whilst the current ratio was 2.2 times.

### **Outlook and Strategies**

Advanced estimates from the Ministry of Trade and Industry showed that the construction sector expanded 1.4% in the third quarter of 2014 on a year-on-year basis, with more demand expected from the public sector as compared to the private sector this year. Latest data from the Urban Redevelopment Authority showed that prices of private residential properties declined by 0.7% in 3Q2014 for a fourth continuous quarter, albeit at a moderated pace.

Mr Koh added, “We are cognizant of the challenging environment. Through value engineering, we will continuously review internal processes to derive cost savings, from improvements in construction methods to raising productivity and reducing reliance on manpower. With a strong balance sheet bolstered by low gearing and good cash levels, we have good headroom for growth and we will look for opportunities in both Singapore and the region to expand our business.”

### **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 and Hospitality.

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

## **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.

Major projects that have been successfully completed are the iconic Marina Barrage in 2008; Punggol Waterway Parts One and Two in 2011; Downtown Line 1 Bugis Station in 2013; makeover of Geylang River in 2014 and Lincoln Suites – a luxurious condominium project at Kiang Guan Avenue, off Newton Road, in District 11. This division had also completed the construction of the Common Service Tunnel at the Business Financial Centre and public housing at Choa Chu Kang.

This division was also awarded a number of projects which are currently ongoing. In April 2012, Koh Brothers, through a joint venture, was awarded a S\$54.6 million contract by the national water agency, PUB, for the construction of a used water lift station at PUB's Jurong Water Reclamation Plant. 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 2012, Koh Brothers also began the construction of Parc Olympia, a condominium project. In February 2013, Koh Brothers secured a S\$99.8 million contract from the PUB 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). In February 2014, Koh Brothers also won a construction contract worth S\$98.0 million to build a HDB BTO Project in Yishun.

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, 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, 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 in Flora Drive was launched 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 rock-climbing 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 and Hospitality**

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

## Environmental Engineering Sector

Through Koh Brothers' majority stake in Koh Eco, the Group is able to offer EPC services for water and wastewater treatment and hydro-engineering projects. With over 35 years of EPC experience, Koh Eco has been involved in many public and private sector projects in Singapore, Indonesia, Malaysia and Thailand. In 2008, Koh Eco extended their EPC business into the palm oil refining industry with the acquisition of WS Bioengineering Pte. Ltd. ("WS Bio"), whose principal business is the engineering and construction of biofuel and palm oil refining facilities.

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November 11, 2014