

## Financial Statements and Related Announcement::Half Yearly Results

### Issuer & Securities

<b>Issuer/ Manager</b>	KOH BROTHERS GROUP LIMITED
<b>Securities</b>	KOH BROTHERS GROUP LIMITED - SG1B06007705 - K75 KOH BROTHERS S\$50M4.8%N180102 - SG6RG2000004 - 11IB
<b>Stapled Security</b>	No

### Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	11-Aug-2016 18:11:16
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<b>Announcement Sub Title</b>	Half Yearly Results
<b>Announcement Reference</b>	SG160811OTHRQN5D
<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 refer to the attached files.

### Additional Details

<b>For Financial Period Ended</b>	30/06/2016
<b>Attachments</b>	<a href="#">📎 KBG Q2 2016 Results Announcement - FINAL.pdf</a> <a href="#">📎 Press release - final.pdf</a> Total size =214K

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

Unaudited Second Quarter and 6 Months Financial Statement And Dividend Announcement for the Period Ended 30 June 2016

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	6 months ended		Change
		30/06/2016	30/06/2015		30/06/2016	30/06/2015	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	1	70,820	104,545	-32%	124,041	221,959	-44%
Cost of sales		(65,161)	(89,837)	-27%	(108,131)	(191,416)	-44%
Gross profit		5,659	14,708	-62%	15,910	30,543	-48%
Other income	2	802	1,110	-28%	1,562	1,846	-15%
Other gains/(losses) - net	3	1,003	2	N.M.	735	(135)	N.M.
Expenses							
- Distribution		334	(1,710)	N.M.	192	(2,147)	N.M.
- Administrative		(5,503)	(5,805)	-5%	(10,206)	(11,449)	-11%
- Other		(47)	(110)	-56%	(99)	(245)	-60%
- Finance		(905)	(1,592)	-43%	(2,108)	(2,852)	-26%
Share of profit (net of tax) of:							
- associated companies		22	105	-79%	91	157	-42%
- joint ventures		1,822	5,969	-69%	860	3,697	-77%
Profit before income tax	4	3,187	12,677	-75%	6,937	19,415	-64%
Income tax expense	5	(217)	(2,133)	-90%	(927)	(3,545)	-74%
Profit after income tax		2,970	10,544	-72%	6,010	15,870	-62%
Other comprehensive (loss)/income, net of tax:							
Exchange differences on translating foreign operations		(308)	(224)	38%	406	(871)	N.M.
Fair value gain/(loss) on available-for-sale financial assets		41	(88)	N.M.	29	41	-29%
Other comprehensive (loss)/income, net of tax		(267)	(312)	-14%	435	(830)	N.M.
Total comprehensive income		2,703	10,232	-74%	6,445	15,040	-57%
Profit attributable to:							
Equity holders of the Company		2,656	10,605	-75%	6,033	15,312	-61%
Non-controlling interests		314	(61)	N.M.	(23)	558	N.M.
Total comprehensive income attributable to:		2,970	10,544	-72%	6,010	15,870	-62%
Equity holders of the Company		2,961	10,428	-72%	5,658	15,068	-62%
Non-controlling interests		(258)	(196)	32%	787	(28)	N.M.
		2,703	10,232	-74%	6,445	15,040	-57%

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 income include the following :

Rental income
Interest income
Other income

**Note 3**

Other gains/(losses) comprise the following :

Gain on disposal of property, plant and equipment
Gain on disposal of financial assets through profit or loss
Fair value gain on long-term financial assets and financial liabilities
Fair value (loss)/gain on financial assets through profit or loss
Net foreign exchange gain/(loss)

**Note 4**

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

(Write-back of)/allowance for impairment on trade and non-trade receivables

Depreciation of property, plant and equipment

**Note 5**

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 provision in respect of prior period

GROUP			
3 months ended		6 months ended	
30/06/2016 S\$'000	30/06/2015 S\$'000	30/06/2016 S\$'000	30/06/2015 S\$'000
16,423	29,100	38,568	54,055
1,575	2,700	3,053	4,625
745	30,398	1,471	92,102
52,077	42,347	80,949	71,177
70,820	104,545	124,041	221,959
103	118	206	212
575	914	1,132	1,388
124	78	224	246
802	1,110	1,562	1,846
223	33	1,028	74
-	30	-	233
213	36	172	18
(7)	80	(12)	(6)
574	(177)	(453)	(454)
1,003	2	735	(135)
(622)	1,654	(777)	1,510
1,450	1,908	2,981	3,426
359	872	855	1,264
(142)	528	72	1,377
-	733	-	1,868
-	-	-	(964)
217	2,133	927	3,545

The Group's income tax charge for the period ended 30 June 2016 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 utilisation of tax incentive and losses of certain subsidiaries being offset against profits of other subsidiaries.

## 1(b)(i) BALANCE SHEETS

	GROUP		COMPANY	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and bank balances	35,632	64,465	559	930
Financial assets at fair value through profit or loss	37	49	-	-
Trade receivables	120,983	215,205	-	-
Due from customers on construction contracts	23,578	15,879	-	-
Amounts due from subsidiaries	-	-	58,087	60,309
Amounts due from joint ventures	77,230	76,054	-	-
Inventories	10,349	11,404	-	-
Development properties	1,208	1,198	-	-
Available-for-sale financial assets	7,969	7,940	-	-
Other assets	15,952	14,444	-	-
	<b>292,938</b>	<b>406,638</b>	<b>58,646</b>	<b>61,239</b>
<b>NON-CURRENT ASSETS</b>				
Trade receivables	337	-	-	-
Amount due from joint ventures	5,846	3,421	-	-
Investments in associated companies	1,263	1,452	-	-
Investments in joint ventures	64,810	63,950	-	-
Investments in subsidiaries	-	-	87,393	87,018
Investment properties	90,977	90,977	-	-
Property, plant and equipment	105,059	102,173	-	-
Goodwill	5,078	5,078	-	-
	<b>273,370</b>	<b>267,051</b>	<b>87,393</b>	<b>87,018</b>
<b>TOTAL ASSETS</b>	<b>566,308</b>	<b>673,689</b>	<b>146,039</b>	<b>148,257</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade payables	61,098	80,651	-	-
Other liabilities	41,908	53,660	1,761	2,103
Due to customers on construction contracts	12,437	9,657	-	-
Amounts due to subsidiaries	-	-	6,877	6,877
Amounts due to an associated company	602	1,119	-	-
Amounts due to joint ventures	15,507	15,507	-	-
Current income tax liabilities	7,280	10,837	8	8
Short-term borrowings	25,180	111,707	-	-
	<b>164,012</b>	<b>283,138</b>	<b>8,646</b>	<b>8,988</b>
<b>NON-CURRENT LIABILITIES</b>				
Trade payables	3,448	3,670	-	-
Finance lease	1,137	1,531	-	-
Bank borrowings	70,137	60,569	-	-
Notes payables	50,000	50,000	50,000	50,000
Deferred income tax liabilities	8,198	8,198	-	-
	<b>132,920</b>	<b>123,968</b>	<b>50,000</b>	<b>50,000</b>
<b>TOTAL LIABILITIES</b>	<b>296,932</b>	<b>407,106</b>	<b>58,646</b>	<b>58,988</b>
<b>NET ASSETS</b>	<b>269,376</b>	<b>266,583</b>	<b>87,393</b>	<b>89,269</b>
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	36,981	42,653	36,981	42,653
Treasury shares	(7,329)	(12,919)	(7,329)	(12,919)
Capital and other reserves	1,373	(441)	-	-
Retained profits	238,631	235,916	57,741	59,535
Currency translation reserve	(8,408)	(8,004)	-	-
	<b>261,248</b>	<b>257,205</b>	<b>87,393</b>	<b>89,269</b>
<b>Non-controlling interests</b>	<b>8,128</b>	<b>9,378</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>269,376</b>	<b>266,583</b>	<b>87,393</b>	<b>89,269</b>

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 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,789	20,391	96,963	14,744
71,274	50,000	62,100	50,000

1(c) CONSOLIDATED CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES

Total profit

Adjustments for non-cash items :

Income tax

Depreciation of property, plant and equipment

Property, plant and equipment written off

Gain on disposal of property, plant and equipment

Gain on disposal of financial assets at fair value through profit or loss

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

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

Share of profit from associated companies

Share of profit from joint ventures

Interest expense

Interest income

Unrealised foreign exchange loss/(gain)

Operating profit before working capital changes

Working capital changes :

- Receivables

- Inventories

- Due from/ to customers on construction contracts

- Development properties

- Payables

- Due to associated companies

- Due from/ to joint ventures

Cash generated from/(used in) operations

Income tax paid

Interest paid

Net cash provided by/(used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment

Purchase of financial assets at fair value through profit or loss

Proceeds from disposal of property, plant and equipment

Proceeds from disposal of financial assets at fair value through profit or loss

Additions to investment properties

Interest received

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from bank borrowings

Repayment of finance lease

Repayment of bank borrowings

Deposit pledge

Purchase of treasury shares

Dividends paid to equity holders of the Company

Dividends paid to non-controlling interests

Net cash (used in)/provided by financing activities

6 months ended	
30/06/2016	30/06/2015
S\$'000	S\$'000
6,010	15,870
927	3,545
2,981	3,426
(3)	53
(1,028)	(74)
-	(233)
(172)	(18)
12	6
(91)	(157)
(860)	(3,697)
2,108	2,852
(1,132)	(1,388)
223	(95)
8,976	20,090
98,239	(1,985)
1,055	3,164
(3,396)	(19,287)
(10)	(12,267)
(31,842)	1,019
(517)	573
(8,504)	(3,648)
64,001	(12,341)
(4,496)	(1,058)
(2,294)	(3,339)
57,211	(16,738)
(6,190)	(18,814)
-	(993)
1,400	150
-	3,948
-	(756)
1,132	1,387
(3,658)	(15,078)
19,597	75,147
(1,891)	(2,788)
(95,766)	(66,034)
41	1,747
(82)	(2,482)
(3,318)	(3,327)
(399)	-
(81,817)	2,263

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

6 months ended	
30/06/2016 S\$'000	30/06/2015 S\$'000
(28,264)	(29,553)
62,766	73,698
(552)	(6)
33,950	44,139

Represented by :

CASH AND CASH EQUIVALENTS

Cash and bank balances

Restricted cash

35,632	45,940
(1,682)	(1,801)
33,950	44,139

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 01/01/2016	42,653	(12,919)	(441)	235,916	(8,004)	257,205	9,378	266,583
Profit for the financial period	-	-	-	6,033	-	6,033	(23)	6,010
Other comprehensive income/ (loss) for the period	-	-	29	-	(404)	(375)	810	435
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-	-	-	-	-
Warrants expired	-	-	1,785	-	-	1,785	(1,785)	-
Purchase of treasury shares	-	(82)	-	-	-	(82)	-	(82)
Dividend paid	-	-	-	(3,318)	-	(3,318)	(252)	(3,570)
Balance as at 30/06/2016	36,981	(7,329)	1,373	238,631	(8,408)	261,248	8,128	269,376
Balance as at 01/01/2015	45,320	(13,061)	(406)	211,365	(7,529)	235,689	9,246	244,935
Profit for the financial period	-	-	-	15,312	-	15,312	558	15,870
Other comprehensive income/ (loss) for the period	-	-	41	-	(285)	(244)	(586)	(830)
Cancellation of shares held in treasury shares	(2,667)	2,667	-	-	-	-	-	-
Purchase of treasury shares	-	(2,482)	-	-	-	(2,482)	-	(2,482)
Dividend paid	-	-	-	(3,327)	-	(3,327)	-	(3,327)
Balance as at 30/06/2015	42,653	(12,876)	(365)	223,350	(7,814)	244,948	9,218	254,166

	Attributable to equity holders of the Company			
	Share Capital	Treasury Shares	Retained Profits	TOTAL
<b>COMPANY (S\$'000)</b>				
Balance as at 01/01/2016	42,653	(12,919)	59,535	89,269
Total comprehensive income for the period	-	-	1,524	1,524
Purchase of treasury shares	-	(82)	-	(82)
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-
Dividend paid	-	-	(3,318)	(3,318)
Balance as at 30/06/2016	36,981	(7,329)	57,741	87,393
Balance as at 01/01/2015	45,320	(13,061)	57,780	90,039
Total comprehensive income for the period	-	-	4,999	4,999
Cancellation of shares held in treasury shares	(2,667)	2,667	-	-
Purchase of treasury shares	-	(2,482)	-	(2,482)
Dividend paid	-	-	(3,327)	(3,327)
Balance as at 30/06/2015	42,653	(12,876)	59,452	89,229

- 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  
Less: Cancellation of shares held in treasury  
End of financial period

No. of shares	
30/06/2016	31/12/2015
456,475,400	466,475,400
(18,475,400)	(10,000,000)
438,000,000	456,475,400

- 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	
30/06/2016	31/12/2015
414,695,000	414,980,000

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

Beginning of financial period  
Purchase of treasury shares  
Cancellation of shares held in treasury  
End of financial period

No. of shares
6 months ended 30/6/2016
41,495,400
285,000
(18,475,400)
23,305,000

- 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2015 except for the adoption of new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2016. The adoption of these new or revised FRS and INT FRS has no significant impact on the Group's consolidated financial statements.

- 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 above.

- 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:

- (i) Basic  
(ii) On a fully diluted basis

GROUP			
3 months ended		6 months ended	
30/06/2016 (cents)	30/06/2015 (cents)	30/06/2016 (cents)	30/06/2015 (cents)
0.64	2.53	1.45	3.66
0.64	2.53	1.45	3.66

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 414,884,348 ordinary shares (30 June 2015: 418,564,252 ordinary shares).

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	
30/06/2016 (cents)	31/12/2015 (cents)	30/06/2016 (cents)	31/12/2015 (cents)
63.00	61.98	21.07	21.51

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 414,695,000 ordinary shares as at 30 June 2016 (31 December 2015: 414,980,000 ordinary shares).

A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.

#### Review of Group performance

For the 3-month period ended 30 June 2016 ("2Q 2016"), the Group's sales amounted to S\$70.82 million, a decrease of 32% from the corresponding period a year ago ("2Q 2015"). The decrease was primarily due to lower contribution from the Real Estate division as the residential project that contributed significantly to sales in 2Q 2015 was completed in 4Q 2015. The Group's gross profit decreased by 62% to S\$5.66 million as compared to 2Q 2015 mainly due to absence of property development profit in 2Q 2016 and lower gross margin from the Construction and Building Material division.

Other income decreased by 28% to S\$0.80 million in 2Q 2016 mainly due to decrease in interest income. Other gains increased to S\$1.00 million in 2Q 2016 mainly due to gain on disposal of property, plant and equipment, fair value gain on long-term financial assets and financial liabilities as well as foreign exchange gain. The decrease in distribution expenses in 2Q 2016 was primarily resulted from a write-back of allowance made for impairment on trade receivables. Finance expenses decreased by 43% to S\$0.91 million in 2Q 2016 mainly due to repayment of bank borrowings. Depreciation expenses decreased from S\$1.91 million in 2Q 2015 to S\$1.45 million in 2Q 2016 mainly due to certain assets being fully depreciated.

Share of results of joint venture companies decreased by 69% to S\$1.82 million in 2Q 2016. This was mainly due to higher fair value gain on an investment property after the completion of its asset enhancement exercise a year ago.

The Group's profit before income tax decreased from S\$12.68 million in 2Q 2015 to S\$3.19 million in 2Q 2016. The Group's net profit attributable to shareholders decreased from S\$10.61 million in 2Q 2015 to S\$2.66 million in 2Q 2016.

The Group's sales for the half year ended 30 June 2016 ("1H 2016") decreased by 44% to S\$124.04 million, compared to S\$221.96 million for the corresponding period ended 30 June 2015 ("1H 2015"). The decrease was primarily resulted from lower contribution from the Real Estate division as the residential project that contributed significantly to sales in 1H 2015 was completed in 2015. In line with the lower sales, gross profit also decreased by 48% from S\$30.54 million in 1H 2015 to S\$15.91 million in 1H 2016.

Other income decreased by 15% to S\$1.56 million in 1H 2016 mainly due to decrease in interest income. Other gains of S\$0.74 million in 1H 2016 mainly due to gain on disposal of property, plant and equipment offset by foreign exchange loss. There was a credit in distribution expenses of S\$0.74 million in 1H 2016 because of a write-back of allowance made for impairment on trade receivables. Finance expenses decreased by 26% to S\$2.11 million in 1H 2016 mainly due to repayment of bank borrowings. Depreciation expenses decreased from S\$3.43 million in 1H 2015 to S\$2.98 million in 1H 2016 mainly due to certain assets being fully depreciated.

Share of results of joint venture companies decreased by 77% to S\$0.86 million in 1H 2016. This was mainly due to higher fair value gain on an investment property after the completion of its asset enhancement exercise a year ago.

The Group's profit before income tax decreased from S\$19.42 million in 1H 2015 to S\$6.94 million in 1H 2016. The Group's net profit attributable to shareholders decreased by 61% from S\$15.31 million in 1H 2015 to S\$6.03 million in 1H 2016.

Earnings per share decreased to 1.45 Singapore cents for 1H 2016 compared to 3.66 Singapore cents in 1H 2015.

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

The movements in assets and liabilities are as follows:

- 1) Decrease in cash and bank balances was mainly due to repayment of bank borrowings, purchase of property, plant and equipment and payment of dividend.
- 2) Decrease in trade receivables was mainly due to collection from buyers for a residential project.
- 3) Increase in amount due from customers on construction contracts was mainly due to construction work-in-progress in excess of progress billings.
- 4) Non-current assets increased by S\$6.32 million was mainly due to purchase of property, plant and equipment and increase in trade debts between the joint ventures and the Group.
- 5) Current liabilities decreased by S\$119.13 million. This was primarily due to reduction in short-term borrowings of S\$86.53 million, trade payables of S\$19.55 million and other liabilities of S\$11.75 million.
- 6) Non-current liabilities increased by S\$8.95 million mainly due to increase in long-term bank borrowings amounting to S\$9.57 million.

#### Review of changes in cashflow

The Group reported a net decrease in cash and cash equivalents mainly due to the usage of funds to purchase property, plant and equipment and repayment of bank borrowings.



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 31 March 2016.

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.

Latest statistics from the Ministry of Trade and Industry Singapore ("MTI") showed that the construction sector grew at a faster quarter-on-quarter seasonally-adjusted annualized rate of 5.3% compared to the 1.4% growth recorded in 1Q 2016, albeit a slowdown in growth on a year-on-year basis to 3.3% in 2Q 2016 from 4.0% in 1Q 2016 due to a decline in private sector construction works. Although we expect the outlook for the construction industry to remain challenging because of competition and higher labour cost, we are cautiously optimistic of the industry as we expect government expenditure on public sector projects to remain firm.

Latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties decreased by 0.4% in 2Q 2016, compared to the 0.7% decline in the previous quarter. With the various property cooling measures still in place, we expect prices in the residential property market to further moderate.

11 Dividend

(a) Current Financial Period Reported On:

(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.

No dividend has been declared or recommended for the period ended 30 June 2016.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period 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)
Koh Keng Siang	\$'000 333	\$'000 -
Koh Tiak Boon	423	-

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

15 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 second quarter and half year ended 30 June 2016 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

11 August 2016  
Singapore



## NEWS RELEASE

### KOH BROTHERS REPORTS 1H 2016 NET PROFIT OF S\$6.0 MILLION ON S\$124.0 MILLION REVENUE; PROPOSES DIVIDEND IN SPECIE

- *Balance sheet remains healthy with cash and cash equivalents of S\$35.6 million and low net gearing of 0.42 time*
- *Koh Brothers shareholders to receive 0.1 Koh Brothers Eco ordinary share for each Koh Brothers ordinary share held by way of a proposed dividend in specie*

**Singapore, August 11, 2016** – Koh Brothers Group Limited (“**Koh Brothers**”, 許兄弟有限公司, or the “**Group**”), a well-established construction, property development and specialist engineering solutions provider, announced today net profit of S\$6.0 million on S\$124.0 million revenue for the six-month financial period ended June 30, 2016 (“**1H 2016**”).

The 1H 2016 revenue was a 44% slip from S\$222.0 million recorded in the equivalent period a year ago (“**1H 2015**”), in the absence of a significant revenue recognition in 1H 2015 on completion of a residential project.

Coupled with a 15% decrease in other income on lower interest income earned, and a 77% decrease in the Group’s share of results of joint venture companies to S\$0.9 million in 1H 2016 in the absence of a fair value gain on an investment property following an asset enhancement exercise recorded a year ago, the Group’s net profit slipped 61% from S\$15.3 million in 1H 2015.

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented: “Over the past fifty years, we have remained resilient due to our strong fundamentals and track record, and our ability to adapt and evolve with the ever-changing operating environment. Recognising the challenges in the tepid property market in Singapore and competitive construction industry, we have restructured internally to sharpen our competitive edge to tap new growth opportunities.”

On July 1, 2016, Koh Brothers completed a restructuring exercise where its SGX Catalist-listed environmental and sustainable engineering solutions provider subsidiary, Koh Brothers Eco Engineering Limited (“**Koh Brothers Eco**”), acquired the Group’s building and civil engineering construction subsidiary, Koh Brothers Building & Civil Engineering (Pte.) Ltd. (“**KBCE**”), to tap opportunities in the water and wastewater treatment and hydro-engineering sectors.

To celebrate its 50<sup>th</sup> anniversary and unlock value for shareholders, Koh Brothers also announced today a proposed dividend in specie of up to 41,469,500 ordinary Koh Brothers Eco shares to the Group’s shareholders.

Subject to shareholders’ approval at an extraordinary general meeting to be convened and other relevant approvals required, shareholders will receive 0.1 ordinary Koh Brothers Eco share for each ordinary Koh Brothers share held.

Following the exercise, Koh Brothers’ stake in Koh Brothers Eco will decrease slightly from the current 70.1% to 64.6%, while 28.3% of Koh Brothers Eco’s shares will be held by the public.

“We’d like our shareholders to join us in participating in Koh Brothers Eco’s growth and enjoy the synergies that can be harnessed by putting together KBCE’s expertise and track record in civil engineering and Koh Brothers Eco’s strength in hydro-engineering solutions. As Singapore strives to be self-sufficient, the water industry presents large growth opportunities that we are now well-positioned and equipped to capitalise on.”

Shortly after the completion of the restructuring exercise, Koh Brothers Eco announced in August 2016 that it had secured a S\$31.3 million contract to provide infrastructure, buildings, all civil and structural, and mechanical and electrical work for the Wet Weather Facility as part of the Changi Water Reclamation Plant Phase 2 Expansion.

For the three-month period ended June 30, 2016, the Group reported lower revenue of S\$70.8 million compared to S\$104.5 million a year ago. Accordingly, net profit slipped to S\$2.7 million from S\$10.6 million across the same comparative periods.

As at June 30, 2016, the Group's balance sheet remains healthy with cash and cash equivalents of S\$35.6 million and shareholders' equity of approximately S\$261.2 million.

Earnings per share for the three months ended June 30, 2016 decreased to 0.64 Singapore cent from 2.53 Singapore cents a year ago, while net asset value per share rose to 63.00 Singapore cents from 61.98 Singapore cents across the comparative periods.

The Group's debt servicing ability with liquidity remains comfortable with a current ratio of 1.79 times, while net gearing ratio reduced to 0.42 time as at June 30, 2016, from 0.62 time as at December 31, 2015.

### **Outlook & Future Strategies**

Latest statistics from the Ministry of Trade and Industry Singapore ("**MTI**") showed the economy grew 2.1% on a year-on-year ("**y-o-y**") basis in 2Q2016, or 0.3% on a quarter-on-quarter seasonally-adjusted annualised basis ("**q-o-q**"), slightly faster than the 0.1% growth in 1Q2016<sup>1</sup>.

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<sup>1</sup> MTI narrows 2016 GDP growth forecast to 1.0 to 2.0 per cent – Ministry of Trade and Industry Singapore, August 11, 2016

In view of the weakened global economic outlook exacerbated by Brexit, the MTI narrowed its 2016 growth forecast to 1.0% to 2.0% from an earlier forecast of 1.0% to 3.0%<sup>1</sup>.

The MTI data also showed that the construction sector grew at a faster q-o-q seasonally-adjusted annualised rate of 5.3% compared to the 1.4% growth recorded in 1Q2016, albeit a slowdown in growth on a y-o-y basis to 3.3% in 2Q2016 from 4.0% in 1Q2016 due to a decline in private sector construction works<sup>1</sup>.

For 2016, the Building and Construction Authority remains optimistic on the industry's outlook and had forecasted S\$27 billion to S\$34 billion worth of construction contracts to be awarded this year, of which 65.0% will be derived from the public sector<sup>2</sup>.

On Koh Brothers' construction outlook, Mr Koh commented, "While we continue to pursue larger-scale projects such as our recent Changi Airport Runway 3 development works (Package 1) contract win to replenish our order book, internally, we will continue to raise productivity and efficiencies through innovation and embracing technology to drive margin efficiency amidst rising operational costs."

The Group recently won a landmark S\$1.12 billion project from Changi Airport Group, through an integrated joint venture with Samsung C&T Corporation, for development works to effect three-runway operations at Changi Airport.

On the property front, Urban Redevelopment Authority flash estimates showed an improvement in private residential property price index that declined 0.4% in 2Q2016, compared to a 0.7% decrease in the preceding quarter, marking the smallest quarter-on-quarter decrease since 1Q2014<sup>3</sup>.

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<sup>2</sup> BCA estimates \$27 billion to \$34 billion worth of construction contracts to be awarded this year – Building and Construction Authority, January 15, 2016

<sup>3</sup> Release of 2<sup>nd</sup> Quarter 2016 real estate statistics – Urban Redevelopment Authority, July 22, 2016

“We continue to be on the lookout for opportunities in Singapore and overseas to prudently replenish our land bank, with a view to create more unique lifestyle-themed developments that have so far been well-received by the market,” added Mr. Koh.

### **About Koh Brothers Group Limited**

Listed on Main Board of the SGX-ST in August 1994, Koh Brothers Group Limited (“**Koh Brothers**”, or together with its subsidiaries, the “**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. 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.

The Group’s diversified businesses present them with multiple revenue streams from three core areas:

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

The Group is also the single largest shareholder of SGX Catalist-listed Koh Brothers Eco Engineering Limited (“**Koh Brothers Eco**”), a sustainable engineering solutions group that provides engineering, procurement and construction services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects.

Following a restructuring exercise that combines the capabilities of Koh Brothers Eco with the Group's previously-owned civil engineering construction arm, Koh Brothers Building & Civil Engineering (Pte.) Ltd. ("**KBCE**"), through its shareholdings in Koh Brothers Eco, Koh Brothers can reap synergies and sharpen its competitive edge to offer turnkey engineering solutions and tap opportunities in the water, wastewater treatment and hydro-engineering sectors.

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August 11, 2016