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 2015

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		GROUP					
		3 months ended			6 months ended		
		30/06/2015	30/06/2014	Change	30/06/2015	30/06/2014	Change
	Notes	S$'000	S$'000	%	S$'000	S$'000	%
Sales	1	104,545	109,490	-5%	221,959	210,649	5%
Cost of sales		(89,837)	(91,653)	-2%	(191,416)	(178,523)	7%
Gross profit		14,708	17,837	-18%	30,543	32,126	-5%
Other gains - net	2	1,112	6,773	-84%	1,711	7,122	-76%
Expenses							
- Distribution		(1,710)	(3,071)	-44%	(2,147)	(3,859)	-44%
- Administrative		(5,805)	(6,623)	-12%	(11,449)	(13,118)	-13%
- Other		(110)	(27)	307%	(245)	(135)	81%
- Finance		(1,592)	(511)	212%	(2,852)	(836)	241%
Share of profit/(loss) (net of tax) of:							
- associated companies		105	103	2%	157	165	-5%
- joint ventures		5,969	(1,630)	N.M.	3,697	(2,082)	N.M.
Profit before income tax	3	12,677	12,851	-1%	19,415	19,383	-
Income tax expense	4	(2,133)	(1,380)	55%	(3,545)	(3,487)	2%
Profit after income tax		10,544	11,471	-8%	15,870	15,896	-
Other comprehensive (loss)/income, net of tax:							
Exchange differences on translating foreign operations		(224)	217	N.M.	(871)	(46)	1793%
Fair value (loss)/gain on available-for-sale financial assets		(88)	-	N.M.	41	-	N.M.
Other comprehensive (loss)/income, net of tax		(312)	217	N.M.	(830)	(46)	1704%
Total comprehensive income		10,232	11,688	-12%	15,040	15,850	-5%
Profit attributable to:							
Equity holders of the Company		10,605	11,529	-8%	15,312	16,256	-6%
Non-controlling interests		(61)	(58)	5%	558	(360)	N.M.
		10,544	11,471	-8%	15,870	15,896	-
Total comprehensive income attributable to:							
Equity holders of the Company		10,428	11,660	-11%	15,068	16,126	-7%
Non-controlling interests		(196)	28	N.M.	(28)	(276)	-90%
		10,232	11,688	-12%	15,040	15,850	-5%

N.M. - Not meaningful

Notes to the Consolidated Statement of Comprehensive Income

	GROUP			
	3 months ended		6 months ended	
	30/06/2015 S$'000	30/06/2014 S$'000	30/06/2015 S$'000	30/06/2014 S$'000
Note 1				
Sales include the following :				
Sales of products	29,100	37,612	54,055	67,622
Services rendered	2,700	129	4,625	1,934
Property development and rental	30,398	44,110	92,102	86,468
Contract revenue	42,347	27,639	71,177	54,625
	104,545	109,490	221,959	210,649
Note 2				
Other gains include the following :				
Rental income	118	93	212	194
Gain on disposal of property, plant and equipment	33	104	74	100
Gain on disposal of financial assets through profit or loss	30	-	233	-
Fair value gain on long-term financial assets and financial liabilities	36	421	18	405
Fair value gain/(loss) on financial assets through profit or loss	80	-	(6)	-
Fair value gain on investment properties	-	6,100	-	6,100
Net foreign exchange loss	(177)	(332)	(454)	(313)
Interest income	914	272	1,388	466
Other income	78	115	246	170
	1,112	6,773	1,711	7,122
Note 3				
Profit before income tax is stated after charging the following items:				
Allowance for impairment on trade and non-trade receivables	1,654	2,353	1,510	2,631
Impairment loss of investment in a joint venture	-	250	-	250
Depreciation of property, plant and equipment	1,908	1,327	3,426	2,667
Note 4				
Income tax includes the following :				
Current income tax				
- in respect of current period	872	41	1,264	855
- under/(over) provision in respect of prior period	528	(485)	1,377	(590)
Deferred income tax				
- in respect of current period	733	1,824	1,868	3,307
- over provision in respect of prior period	-	-	(964)	(85)
	2,133	1,380	3,545	3,487

The Group's income tax charge for the period ended 30 June 2015 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 and associated companies being unable to be offsetted against the profits of other subsidiaries.

1(b)(i) BALANCE SHEETS

	GROUP		COMPANY	
	30/06/2015 S$'000	31/12/2014 S$'000	30/06/2015 S$'000	31/12/2014 S$'000
ASSETS				
CURRENT ASSETS				
Cash and bank balances	45,940	77,331	1,048	2,737
Financial assets at fair value through profit or loss	56	2,783	-	1,149
Trade receivables	75,206	74,057	-	-
Due from customers on construction contracts	17,277	5,004	-	-
Amounts due from subsidiaries	-	-	57,544	56,237
Amounts due from an associated company	10	15	-	-
Amounts due from joint ventures	77,426	72,877	-	-
Inventories	12,678	15,842	-	-
Other assets	18,539	16,620	-	-
Development properties	150,338	137,280	-	-
	397,470	401,809	58,592	60,123
NON-CURRENT ASSETS				
Available-for-sale financial assets	8,020	7,980	-	-
Trade receivables	1,305	1,260	-	-
Amount due from subsidiaries	-	-	2,405	2,405
Amount due from joint ventures	-	641	-	-
Investments in associated companies	1,400	1,522	-	-
Investments in joint ventures	54,321	50,884	-	-
Investments in subsidiaries	-	-	86,568	86,237
Investment properties	90,197	89,446	-	-
Property, plant and equipment	103,569	85,978	-	-
Goodwill	5,078	5,078	-	-
	263,890	242,789	88,973	88,642
TOTAL ASSETS	661,360	644,598	147,565	148,765
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	75,630	76,371	-	-
Other liabilities	35,941	39,493	1,455	1,854
Due to customers on construction contracts	13,635	15,242	-	-
Amounts due to subsidiaries	-	-	29	20
Amounts due to an associated company	1,546	978	-	-
Amounts due to joint ventures	-	-	-	-
Current income tax liabilities	5,030	3,024	-	-
Short-term borrowings	39,011	56,963	-	-
	170,793	192,071	1,484	1,874
NON-CURRENT LIABILITIES				
Amounts due to subsidiaries	-	-	6,852	6,852
Trade payables	5,322	4,036	-	-
Finance lease	2,444	2,697	-	-
Bank borrowings	165,405	138,081	-	-
Notes payables	50,000	50,000	50,000	50,000
Deferred income tax liabilities	13,230	12,778	-	-
	236,401	207,592	56,852	56,852
TOTAL LIABILITIES	407,194	399,663	58,336	58,726
NET ASSETS	254,166	244,935	89,229	90,039
Capital and reserves attributable to equity holders of the Company				
Share capital	42,653	45,320	42,653	45,320
Treasury shares	(12,876)	(13,061)	(12,876)	(13,061)
Capital and other reserves	(365)	(406)	-	-
Retained profits	223,350	211,365	59,452	57,780
Currency translation reserve	(7,814)	(7,529)	-	-
	244,948	235,689	89,229	90,039
Non-controlling interests	9,218	9,246	-	-
Total equity	254,166	244,935	89,229	90,039

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

	As at 30/06/2015		As at 31/12/2014	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less, or on demand	10,268	28,743	33,375	23,588
Amount repayable after one year	167,849	50,000	140,222	50,556

Details of any collateral

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

1(c) CONSOLIDATED CASH FLOW STATEMENT

	6 months ended	
	30/06/2015 S$'000	30/06/2014 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total profit	15,870	15,896
Adjustments for non-cash items :		
Income tax	3,545	3,487
Depreciation of property, plant and equipment	3,426	2,667
Impairment loss of investment in a joint venture	-	250
Property, plant and equipment written off	53	13
Fair value gain on investment properties	-	(6,100)
Gain on disposal of property, plant and equipment	(74)	(100)
Gain on disposal of financial assets at fair value through profit or loss	(233)	-
Fair value gain on long-term financial asset and financial liabilities	(18)	(405)
Fair value loss on financial assets at fair value through profit or loss	6	-
Dividend income	-	(3)
Share of profit from associated companies	(157)	(165)
Share of (profit)/loss from joint ventures	(3,697)	2,082
Interest expense	2,852	518
Interest income	(1,388)	(466)
Unrealised foreign exchange gain	(95)	(64)
Operating profit before working capital changes	20,090	17,610
Working capital changes :		
- Receivables	(1,985)	15,205
- Inventories	3,164	1,427
- Due from/ to customers on construction contracts	(19,287)	(1,243)
- Development properties	(12,267)	(12,278)
- Payables	1,019	(4,993)
- Due from/ to associated companies	573	(214)
- Due from/ to joint ventures	(3,648)	(33,960)
Cash used in operations	(12,341)	(18,446)
Income tax paid	(1,058)	(818)
Interest paid	(3,339)	(1,739)
Net cash used in operating activities	(16,738)	(21,003)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in a joint venture company	-	(800)
Purchase of property, plant and equipment	(18,814)	(3,380)
Purchase of financial assets at fair value through profit or loss	(993)	-
Proceeds from disposal of property, plant and equipment	150	185
Proceeds from disposal of financial assets at fair value through profit or loss	3,948	-
Additions to investment properties	(756)	(1,717)
Dividend received	-	3
Interest received	1,387	466
Net cash used in investing activities	(15,078)	(5,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	75,147	55,664
Repayment of finance lease	(2,788)	(1,237)
Repayment of bank borrowings	(66,034)	(24,470)
Deposit pledge	1,747	(209)
Purchase of treasury shares	(2,482)	(2,964)
Payment of dividend	(3,327)	(3,082)
Net cash generated from financing activities	2,263	23,702

1(c) CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	6 months ended	
	30/06/2015 S$'000	30/06/2014 S$'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(29,553)	(2,544)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	73,698	34,021
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS	(6)	(57)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	44,139	31,420
Represented by :		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	45,940	35,340
Restricted cash	(1,801)	(3,920)
	44,139	31,420

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
GROUP (S$'000)	Share Capital	Treasury Shares	Capital and Other Reserves	Retained Profits	Currency Translation Reserve	TOTAL		
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)
Final dividend	-	-	-	(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
Balance as at 01/01/2014	45,320	(5,795)	(375)	184,918	(5,570)	218,498	10,404	228,902
Profit/(loss) for the financial period	-	-	-	16,256	-	16,256	(360)	15,896
Other comprehensive (loss)/ income for the period	-	-	-	-	(130)	(130)	84	(46)
Purchase of treasury shares	-	(2,964)	-	-	-	(2,964)	-	(2,964)
Final dividend	-	-	-	(3,082)	-	(3,082)	-	(3,082)
Balance as at 30/06/2014	45,320	(8,759)	(375)	198,092	(5,700)	228,578	10,128	238,706

	Attributable to equity holders of the Company			
COMPANY (S$'000)	Share Capital	Treasury Shares	Retained Profits	TOTAL
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)
Final dividend	-	-	(3,327)	(3,327)
Balance as at 30/06/2015	42,653	(12,876)	59,452	89,229
Balance as at 01/01/2014	45,320	(5,795)	51,724	91,249
Total comprehensive income for the period	-	-	5,777	5,777
Purchase of treasury shares	-	(2,964)	-	(2,964)
Final dividend	-	-	(3,082)	(3,082)
Balance as at 30/06/2014	45,320	(8,759)	54,419	90,980

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	
	30/06/2015	31/12/2014
Total number of issued shares	466,475,400	466,475,400
Less: Cancellation of shares held in treasury	(10,000,000)	-
End of financial period	456,475,400	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	
	30/06/2015	31/12/2014
Total number of issued shares excluding treasury shares	415,120,000	422,887,400

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

	No. of shares
	6 months ended 30/06/2015
Beginning of financial period	43,588,000
Purchase of treasury shares	7,767,400
Cancellation of shares held in treasury	(10,000,000)
End of financial period	41,355,400

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 2014 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 2015. 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:	GROUP			
	3 months ended		6 months ended	
	30/06/2015 (cents)	30/06/2014 (cents)	30/06/2015 (cents)	30/06/2014 (cents)
(i) Basic	2.53	2.60	3.66	3.67
(ii) On a fully diluted basis	2.53	2.60	3.66	3.67

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 418,564,252 ordinary shares (30 June 2014: 442,604,252 ordinary shares).

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

	GROUP		COMPANY	
	30/6/2015 (cents)	31/12/2014 (cents)	30/6/2015 (cents)	31/12/2014 (cents)
Net asset value backing per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on	59.01	55.73	21.49	21.29

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 415,120,000 ordinary shares as at 30 June 2015 (31 December 2014: 422,887,400 ordinary shares).

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

Review of Group performance

For the 3-month period ended 30 June 2015 ("2Q 2015"), sales amounted to S$104.55 million, a decrease of 5% compared to the corresponding period last year ("2Q 2014"). The decrease in sales was mainly due to lower sales recognised for an on-going Real Estate project. The Group's gross profit decreased from S$17.84 million in 2Q 2014 to S$14.71 in 2Q 2015 primarily due to lower gross margin from the Construction and Building Material division.

Other gains decreased 84% to S$1.11 million in 2Q 2015. There was a net gain of S$6.10 million in the fair value of investment properties a year ago. Distribution expenses decreased 44% to S$1.71 million in 2Q 2015 primarily resulting from a reduction in allowance made for impairment on trade receivables. Finance expenses increased 212% to S$1.59 million in 2Q 2015 mainly due to Notes interest expenses issued in early July 2014 and additional borrowings. Depreciation expenses increased from S$1.33 million in 2Q 2014 to S$1.91 million in 2Q 2015. The increase was primarily due to an increase in depreciable assets.

Share of results of joint venture companies recorded a profit of S$5.97 million in 2Q 2015. This was mainly due to fair value gain from investment property offset by initial setup cost for a residential project.

The Group's profit before income tax decreased from S$12.85 million in 2Q 2014 to S$12.68 million in 2Q 2015. The Group's net profit attributable to shareholders decreased from S$11.53 million in 2Q 2014 to S$10.61 million in 2Q 2015.

The Group's sales for the half year ended 30 June 2015 ("1H 2015") increased from S$210.65 million in 1H 2014 to S$221.96 million in 1H 2015. The increase was primarily resulted from higher sales from the Real Estate and Construction & Building Materials divisions. However, gross profit for 1H 2015 fell by 5% to S$30.54 million due to reduction in profit margins.

Other gains decreased 76% to S$1.71 million in 1H 2015. There was a net gain of S$6.10 million in the fair value of investment properties a year ago. Distribution expenses decreased 44% to S$2.15 million in 1H 2015 primarily resulting from a reduction in allowance made for impairment on trade receivables. Finance expenses increased 241% to S$2.85 million in 1H 2015 mainly due to Notes interest expenses issued in early July 2014 and additional borrowings. Depreciation expenses increased from S$2.67 million in 1H 2014 to S$3.43 million in 1H 2015. The increase was primarily due to an increase in depreciable assets.

Share of results of joint venture companies recorded a profit of S$3.70 million in 1H 2015. This was mainly due to fair value gain from investment property offset by initial setup cost for a residential project.

The Group's profit before income tax increased marginally from S$19.38 million in 1H 2014 to S$19.42 million in 1H 2015. The Group's net profit attributable to shareholders decreased from S$16.26 million in 1H 2014 to S$15.31 million in 1H 2015.

Earnings per share decreased to 3.66 cents for 1H 2015 compared to 3.67 cents in 1H 2014

Review of changes in working capital, assets and liabilities

The movements in assets and liabilities are as follows:

1) Decrease in cash and cash equivalents was mainly due to purchase of property, plant and equipment, increase deployment of cash on construction contracts and payment of dividend.

2) Increase in amount due from customers on construction contracts was mainly due to construcion work-in-progress in excess of progress billings.

3) Increase in amount due from joint ventures was mainly due to increase of the trade debts between the joint ventures and the Group.

4) Decrease in inventories was mainly due to lower inventory levels held in the building materials business.

5) Increase in development properties was mainly due to development cost incurred.

6) Non-current assets increased by S$21.10 million was mainly due to purchase of property, plant and equipment.

7) Current liabilities decreased by S$21.28 million. This was primarily due to reduction in short-term borrowings of S$17.95 million and other liabilities of S$3.55 million.

8) Non-current liabilities increased by S$28.81 million due to increase in long-term bank borrowings amounting to S$27.32 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 equipments, repayment of borrowings and cash used in operations for construction contracts.

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 2015.

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 advance estimates by the Ministry of Trade and Industry, the construction sector grew 2.7% year-on-year in 2Q2015 with growth supported by stronger expansion in public sector construction activities. However, we expect the outlook for the construction industry to be challenging because of competition and a tight labour market. We are cautiously optimistic of the industry amid expectation of stable Government expenditure on institutional and civil engineering projects.

Statistics from the Urban Redevelopment Authority showed that prices of private residential properties declined by 0.9% in 2Q2015 when compared to 1Q2015. This was the seventh straight quarter of price decline. As the various property cooling measures are still in place, we expect prices in the residential property market to further moderate in 2015.

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 2015.

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)
	$'000	$'000
Koh Keng Siang	358	-
Koh Tiak Boon	254	-

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

14 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 2015 to be false or misleading.

ON BEHALF OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

Koh Keng Hiong
Executive Director

05 August 2015
Singapore