



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

Unaudited First Quarter and 3 Months Financial Statement And Dividend Announcement for the Period Ended 31 March 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

|  | Note | 3 months ended        |                       | Change<br>% |
|--|------|-----------------------|-----------------------|-------------|
|  |      | 31/03/2015<br>S\$'000 | 31/03/2014<br>S\$'000 |             |
| Sales  | 1    | 117,414               | 101,159               | 16%         |
| Cost of sales  |      | (101,579)             | (86,721)              | 17%         |
| Gross profit   |      | 15,835                | 14,438                | 10%         |
| Other gains  | 2    | 599                   | 349                   | 72%         |
| Expenses   |      |                       |                       |             |
| - Distribution   |      | (437)                 | (788)                 | -45%        |
| - Administrative                                       |      | (5,644)               | (6,495)               | -13%        |
| - Other  |      | (135)                 | (108)                 | 25%         |
| - Finance  |      | (1,260)               | (474)                 | 166%        |
| Share of profit/(loss) from                            |      |                       |                       |             |
| - associated companies                                 |      | 52                    | 62                    | -16%        |
| - joint ventures                                       |      | (2,272)               | (452)                 | 403%        |
| Profit before income tax                               | 3    | 6,738                 | 6,532                 | 3%          |
| Income tax expense                                     | 4    | (1,412)               | (2,107)               | -33%        |
| Profit after income tax                                |      | 5,326                 | 4,425                 | 20%         |
| Other comprehensive loss, net of tax:                  |      |                       |                       |             |
| Exchange differences on translating foreign operations |      | (647)                 | (263)                 | 146%        |
| Fair value gain on available-for-sale financial assets |      | 129                   | -                     | N/M         |
| Other comprehensive loss, net of tax                   |      | (518)                 | (263)                 | 97%         |
| Total comprehensive income                             |      | 4,808                 | 4,162                 | 16%         |
| Profit/(Loss) attributable to:                         |      |                       |                       |             |
| Equity holders of the Company                          |      | 4,707                 | 4,727                 | 0%          |
| Non-controlling interests                              |      | 619                   | (302)                 | N/M         |
|  |      | 5,326                 | 4,425                 | 20%         |
| Total comprehensive income/(loss) attributable to:     |      |                       |                       |             |
| Equity holders of the Company                          |      | 4,640                 | 4,466                 | 4%          |
| Non-controlling interests                              |      | 168                   | (304)                 | N/M         |
|  |      | 4,808                 | 4,162                 | 16%         |

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

**Note 3**

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

|   |
|---|
| (Write-back of)/Allowance for impairment on trade and non-trade receivables |
| Depreciation of property, plant and equipment                               |

**Note 4**

Income tax includes the following:

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

| 3 months ended        |                       |
|-----------------------|-----------------------|
| 31/03/2015<br>S\$'000 | 31/03/2014<br>S\$'000 |
| 24,955                | 30,010                |
| 1,925                 | 1,805                 |
| 61,704                | 42,358                |
| 28,830                | 26,986                |
| 117,414               | 101,159               |
| 94                    | 101                   |
| 41                    | (4)                   |
| 203                   | -                     |
| (18)                  | (16)                  |
| (86)                  | (12)                  |
| 169                   | 67                    |
| (278)                 | 19                    |
| 474                   | 194                   |
| 599                   | 349                   |
| (144)                 | 278                   |
| 1,518                 | 1,340                 |
| 392                   | 814                   |
| 849                   | (105)                 |
| 1,135                 | 1,483                 |
| (964)                 | (85)                  |
| 1,412                 | 2,107                 |

The Group's taxation charge for the period ended 31 March 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 associated companies being unable to be offsetted against profits of other subsidiaries.

## 1(b)(i) BALANCE SHEET

**ASSETS**
**CURRENT ASSETS**

|   |         |         |        |        |
|---|---------|---------|--------|--------|
| Cash and bank balances                                | 57,147  | 77,331  | 502    | 2,737  |
| Financial assets at fair value through profit or loss | 2,115   | 2,783   | -      | 1,149  |
| Trade receivables                                     | 89,612  | 74,057  | -      | -      |
| Due from customers on construction contracts          | 17,295  | 5,004   | -      | -      |
| Amounts due from subsidiaries                         | -       | -       | 55,763 | 56,237 |
| Amounts due from an associated company                | 11      | 15      | -      | -      |
| Amount due from joint ventures                        | 74,414  | 72,877  | -      | -      |
| Inventories   | 14,609  | 15,842  | -      | -      |
| Other assets  | 19,099  | 16,620  | -      | -      |
| Development properties                                | 142,210 | 137,280 | -      | -      |

| GROUP                 |                       | COMPANY               |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 31/03/2015<br>S\$'000 | 31/12/2014<br>S\$'000 | 31/03/2015<br>S\$'000 | 31/12/2014<br>S\$'000 |
| 57,147                | 77,331                | 502                   | 2,737                 |
| 2,115                 | 2,783                 | -                     | 1,149                 |
| 89,612                | 74,057                | -                     | -                     |
| 17,295                | 5,004                 | -                     | -                     |
| -                     | -                     | 55,763                | 56,237                |
| 11                    | 15                    | -                     | -                     |
| 74,414                | 72,877                | -                     | -                     |
| 14,609                | 15,842                | -                     | -                     |
| 19,099                | 16,620                | -                     | -                     |
| 142,210               | 137,280               | -                     | -                     |
| 416,512               | 401,809               | 56,265                | 60,123                |

**NON-CURRENT ASSETS**

|                                     |        |        |        |        |
|-------------------------------------|--------|--------|--------|--------|
| Available-for-sale financial assets | 8,109  | 7,980  | -      | -      |
| Trade receivables                   | 1,305  | 1,260  | -      | -      |
| Amount due from subsidiaries        | -      | -      | 2,405  | 2,405  |
| Amount due from joint ventures      | 962    | 641    | -      | -      |
| Investments in associated companies | 1,574  | 1,522  | -      | -      |
| Investments in joint ventures       | 48,358 | 50,884 | -      | -      |
| Investments in subsidiaries         | -      | -      | 86,402 | 86,237 |
| Investment properties               | 90,340 | 89,446 | -      | -      |
| Property, plant and equipment       | 85,308 | 85,978 | -      | -      |
| Goodwill                            | 5,078  | 5,078  | -      | -      |

|         |         |        |        |
|---------|---------|--------|--------|
| 8,109   | 7,980   | -      | -      |
| 1,305   | 1,260   | -      | -      |
| -       | -       | 2,405  | 2,405  |
| 962     | 641     | -      | -      |
| 1,574   | 1,522   | -      | -      |
| 48,358  | 50,884  | -      | -      |
| -       | -       | 86,402 | 86,237 |
| 90,340  | 89,446  | -      | -      |
| 85,308  | 85,978  | -      | -      |
| 5,078   | 5,078   | -      | -      |
| 241,034 | 242,789 | 88,807 | 88,642 |

**TOTAL ASSETS**

|         |         |         |         |
|---------|---------|---------|---------|
| 657,546 | 644,598 | 145,072 | 148,765 |
|---------|---------|---------|---------|

**LIABILITIES**
**CURRENT LIABILITIES**

|  |        |        |       |       |
|--|--------|--------|-------|-------|
| Trade payables                             | 77,234 | 76,371 | -     | -     |
| Other liabilities                          | 36,769 | 39,493 | 1,234 | 1,854 |
| Due to customers on construction contracts | 17,512 | 15,242 | -     | -     |
| Amounts due to subsidiaries                | -      | -      | 20    | 20    |
| Amounts due to an associated company       | 828    | 978    | -     | -     |
| Current income tax liabilities             | 4,705  | 3,024  | -     | -     |
| Short-term borrowings                      | 36,638 | 56,963 | -     | -     |

|         |         |       |       |
|---------|---------|-------|-------|
| 77,234  | 76,371  | -     | -     |
| 36,769  | 39,493  | 1,234 | 1,854 |
| 17,512  | 15,242  | -     | -     |
| -       | -       | 20    | 20    |
| 828     | 978     | -     | -     |
| 4,705   | 3,024   | -     | -     |
| 36,638  | 56,963  | -     | -     |
| 173,686 | 192,071 | 1,254 | 1,874 |

**NON-CURRENT LIABILITIES**

|                                 |         |         |        |        |
|---------------------------------|---------|---------|--------|--------|
| Amounts due to subsidiaries     | -       | -       | 6,852  | 6,852  |
| Trade payables                  | 4,765   | 4,036   | -      | -      |
| Finance lease                   | 2,423   | 2,697   | -      | -      |
| Bank borrowings                 | 166,537 | 138,081 | -      | -      |
| Notes payables                  | 50,000  | 50,000  | 50,000 | 50,000 |
| Deferred income tax liabilities | 12,478  | 12,778  | -      | -      |

|         |         |        |        |
|---------|---------|--------|--------|
| -       | -       | 6,852  | 6,852  |
| 4,765   | 4,036   | -      | -      |
| 2,423   | 2,697   | -      | -      |
| 166,537 | 138,081 | -      | -      |
| 50,000  | 50,000  | 50,000 | 50,000 |
| 12,478  | 12,778  | -      | -      |
| 236,203 | 207,592 | 56,852 | 56,852 |

**TOTAL LIABILITIES**

|         |         |        |        |
|---------|---------|--------|--------|
| 409,889 | 399,663 | 58,106 | 58,726 |
|---------|---------|--------|--------|

**NET ASSETS**

|         |         |        |        |
|---------|---------|--------|--------|
| 247,657 | 244,935 | 86,966 | 90,039 |
|---------|---------|--------|--------|

**EQUITY**
**Capital and reserves attributable to equity holders of the Company**

|                              |          |          |          |          |
|------------------------------|----------|----------|----------|----------|
| Share capital                | 42,653   | 45,320   | 42,653   | 45,320   |
| Treasury shares              | (12,480) | (13,061) | (12,480) | (13,061) |
| Capital and other reserves   | (277)    | (406)    | -        | -        |
| Retained profits             | 216,072  | 211,365  | 56,793   | 57,780   |
| Currency translation reserve | (7,724)  | (7,529)  | -        | -        |

|          |          |          |          |
|----------|----------|----------|----------|
| 42,653   | 45,320   | 42,653   | 45,320   |
| (12,480) | (13,061) | (12,480) | (13,061) |
| (277)    | (406)    | -        | -        |
| 216,072  | 211,365  | 56,793   | 57,780   |
| (7,724)  | (7,529)  | -        | -        |

**Non-controlling interests**
**Total equity**

|         |         |        |        |
|---------|---------|--------|--------|
| 238,244 | 235,689 | 86,966 | 90,039 |
| 9,413   | 9,246   | -      | -      |
| 247,657 | 244,935 | 86,966 | 90,039 |

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

|  |         |        |         |        |
|--|---------|--------|---------|--------|
| Amount repayable in one year or less, or on demand | 11,321  | 25,317 | 33,375  | 23,588 |
| Amount repayable after one year                    | 168,960 | 50,000 | 140,222 | 50,556 |

| As at 31/03/2015   |                      | As at 31/12/2014   |                      |
|--------------------|----------------------|--------------------|----------------------|
| Secured<br>S\$'000 | Unsecured<br>S\$'000 | Secured<br>S\$'000 | Unsecured<br>S\$'000 |
| 11,321             | 25,317               | 33,375             | 23,588               |
| 168,960            | 50,000               | 140,222            | 50,556               |

**Details of any collateral**

The Group's secured borrowings are secured by the Group's freehold and leasehold properties, development properties, investment properties, plant and machinery and motor vehicles.

## 1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

|   | 3 months ended        |                       |
|---|-----------------------|-----------------------|
|   | 31/03/2015<br>S\$'000 | 31/03/2014<br>S\$'000 |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                              |                       |                       |
| Profit after income tax   | 5,326                 | 4,425                 |
| Adjustments for non-cash items:   |                       |                       |
| Income tax  | 1,412                 | 2,107                 |
| Depreciation of property, plant and equipment                                   | 1,518                 | 1,340                 |
| Property, plant and equipment written off                                       | 44                    | -                     |
| (Gain)/Loss on disposal of property, plant and equipment                        | (41)                  | 4                     |
| Gain on disposal of financial assets at fair value through profit or loss       | (203)                 | -                     |
| Fair value loss on long-term financial assets and financial liabilities         | 18                    | 16                    |
| Fair value loss on financial assets at fair value through profit or loss        | 86                    | 12                    |
| Share of profit from associated companies                                       | (52)                  | (62)                  |
| Share of loss from joint ventures   | 2,272                 | 452                   |
| Interest expense  | 1,260                 | 474                   |
| Interest income   | (474)                 | (194)                 |
| Unrealised foreign exchange gain  | (18)                  | (285)                 |
| Operating profit before working capital changes                                 | 11,148                | 8,289                 |
| Working capital changes:  |                       |                       |
| - Receivables   | (18,303)              | 11,942                |
| - Inventories   | 1,233                 | (500)                 |
| - Due from/to customers on construction contracts                               | (16,073)              | 11,411                |
| - Development properties  | (4,502)               | (54,183)              |
| - Payables  | 3,258                 | (12,977)              |
| Cash used in operations   | (23,239)              | (36,018)              |
| Income tax paid   | (29)                  | (48)                  |
| Interest paid   | (2,044)               | (1,052)               |
| Net cash used in operating activities   | (25,312)              | (37,118)              |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                              |                       |                       |
| Purchase of financial assets at fair value through profit or loss               | (2,063)               | -                     |
| Purchase of property, plant and equipment                                       | (748)                 | (83)                  |
| Proceeds from disposal of property, plant and equipment                         | 20                    | 5                     |
| Proceeds from disposal of financial assets at fair value through profit or loss | 2,848                 | -                     |
| Additions to investment properties  | (894)                 | -                     |
| Interest received   | 474                   | 194                   |
| Net cash(used in)/provided by investing activities                              | (363)                 | 116                   |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>                              |                       |                       |
| Proceeds from bank borrowings   | 41,882                | 43,515                |
| Purchase of treasury shares   | (2,086)               | (1,380)               |
| Repayment of finance lease  | (378)                 | (598)                 |
| Repayment of bank borrowings  | (33,905)              | (9,574)               |
| Deposit pledge  | 805                   | (197)                 |
| Net cash provided by financing activities                                       | 6,318                 | 31,766                |
| NET CHANGE IN CASH AND CASH EQUIVALENTS   | (19,357)              | (5,236)               |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD                  | 73,698                | 34,021                |
| EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS                    | 6                     | (28)                  |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD                        | 54,347                | 28,757                |
| Represented by:   |                       |                       |
| CASH AND CASH EQUIVALENTS   |                       |                       |
| Cash and bank balances  | 57,147                | 32,665                |
| Restricted cash   | (2,800)               | (3,908)               |
|   | 54,347                | 28,757                |

## 1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE GROUP AND THE COMPANY

|  | Attributable to equity holders of the Group |                 |                            |                  |                              |         | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
|--|---|-----------------|----------------------------|------------------|------------------------------|---------|---------------------------|--------------|
|  | Share Capital                               | Treasury Shares | Capital and Other Reserves | Retained Profits | Currency Translation Reserve | TOTAL   |                           |              |
| <b>GROUP (\$S'000)</b>                           |   |                 |                            |                  |                              |         |                           |              |
| Balance as at 01/01/2015                         | 45,320                                      | (13,061)        | (406)                      | 211,365          | (7,529)                      | 235,689 | 9,246                     | 244,935      |
| Profit for the financial period                  | -   | -               | -                          | 4,707            | -                            | 4,707   | 619                       | 5,326        |
| Other comprehensive income/(loss) for the period | -   | -               | 129                        | -                | (195)                        | (66)    | (452)                     | (518)        |
| Cancellation of shares held in treasury shares   | (2,667)                                     | 2,667           | -                          | -                | -                            | -       | -                         | -            |
| Purchase of treasury shares                      | -   | (2,086)         | -                          | -                | -                            | (2,086) | -                         | (2,086)      |
| Balance as at 31/03/2015                         | 42,653                                      | (12,480)        | (277)                      | 216,072          | (7,724)                      | 238,244 | 9,413                     | 247,657      |
| Balance as at 01/01/2014                         | 45,320                                      | (5,795)         | (375)                      | 184,918          | (5,570)                      | 218,498 | 10,404                    | 228,902      |
| Profit for the financial period                  | -   | -               | -                          | 4,727            | -                            | 4,727   | (302)                     | 4,424        |
| Other comprehensive loss for the period          | -   | -               | -                          | -                | (261)                        | (261)   | (2)                       | (263)        |
| Purchase of treasury shares                      | -   | (1,380)         | -                          | -                | -                            | (1,380) | -                         | (1,380)      |
| Balance as at 31/03/2014                         | 45,320                                      | (7,175)         | (375)                      | 189,645          | (5,831)                      | 221,584 | 10,100                    | 231,683      |

|  | Attributable to equity holders of the Company |                 |                  |         |
|--|---|-----------------|------------------|---------|
|  | Share Capital                                 | Treasury Shares | Retained Profits | TOTAL   |
| <b>COMPANY (\$S'000)</b>                       |   |                 |                  |         |
| Balance as at 01/01/2015                       | 45,320  | (13,061)        | 57,780           | 90,039  |
| Total comprehensive loss for the period        | -   | -               | (987)            | (987)   |
| Cancellation of shares held in treasury shares | (2,667)                                       | 2,667           | -                | -       |
| Purchase of treasury shares                    | -   | (2,086)         | -                | (2,086) |
| Balance as at 31/03/2015                       | 42,653  | (12,480)        | 56,793           | 86,966  |
| Balance as at 01/01/2014                       | 45,320  | (5,795)         | 51,724           | 91,249  |
| Total comprehensive income for the period      | -   | -               | 912              | 912     |
| Purchase of treasury shares                    | -   | (1,380)         | -                | (1,380) |
| Balance as at 31/03/2014                       | 45,320  | (7,175)         | 52,636           | 90,781  |

- 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 |             |
|---------------|-------------|
| 31/03/2015    | 31/12/2014  |
| 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.

Total number of issued shares excluding treasury shares

| No. of shares |             |
|---------------|-------------|
| 31/03/2015    | 31/12/2014  |
| 416,340,900   | 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.

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

| No. of shares  |
|----------------|
| 3 months ended |
| 31/03/2015     |
| 43,588,000     |
| 6,546,500      |
| (10,000,000)   |
| 40,134,500     |

- 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:

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

| GROUP                 |                       |
|-----------------------|-----------------------|
| 3 months ended        |                       |
| 31/03/2015<br>(cents) | 31/03/2014<br>(cents) |
| 1.12                  | 1.06                  |
| 1.12                  | 1.06                  |

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 421,194,621 ordinary shares (2014: 444,904,522 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               |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 31/03/2015<br>(cents) | 31/12/2014<br>(cents) | 31/03/2015<br>(cents) | 31/12/2014<br>(cents) |
| 57.22                 | 55.73                 | 20.89                 | 21.29                 |

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 416,340,900 ordinary shares as at 31 March 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

Group sales for the first quarter ended 31 March 2015 ("1Q 2015") amounted to S\$117.41 million, an increase of 16% from the previous corresponding period in 2014 ("1Q 2014"). The increase was primarily due to higher revenue from the real estate division. The Group's gross profit improved by 10% from S\$14.44 million to S\$15.84 million in 1Q 2015.

Other gains increased by 72% to S\$0.60 million. This was mainly due to gain on disposal of financial assets at fair value through profit or loss which amounted to S\$0.20 million. Distribution expenses decreased by 45% to S\$0.44 million mainly due to write-back of allowance for doubtful trade receivables. Finance expenses for 1Q 2015 increased by 166% to S\$1.26 million mainly due to Notes interest expenses issued in early July 2014. Depreciation expenses increased from S\$1.34 million in 1Q 2014 to S\$1.52 million in 1Q 2015. The increase was primarily due to an increase in depreciable assets.

Share of loss from joint ventures amounting to S\$2.27 million in 1Q 2015 was higher mainly due to lower contribution from a property that is currently undertaking an asset enhancement exercise.

The Group's profit before tax increased by 3% in 1Q 2015 to S\$6.74 million compared to S\$6.53 million in 1Q 2014.

The Group's net profit attributable to shareholders decreased marginally to S\$4.71 million in 1Q 2015 from S\$4.73 million in 1Q 2014.

Earnings per share improved to 1.12 cents in 1Q 2015 compared to 1.06 cents in 1Q 2014

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

The main movements in assets and liabilities are as follows:

- 1) Decrease in cash and cash equivalents was mainly due to increase deployment of cash on construction contracts and development properties.
- 2) Increase in trade receivables was in line with the increase in sales.
- 3) Increased 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 decreased marginally by S\$1.76 million mainly due to decrease in investments in joint ventures.
- 5) Current liabilities decreased by S\$18.39 million. This was primarily due to reduction in short-term borrowings of S\$20.32 million.
- 6) Non-current liabilities increased by S\$28.61 million due to increase in long-term bank borrowings amounting to S\$28.46 million.

#### Review of changes in cashflow

The Group reported a net decrease in cash and cash equivalents mainly due to cash used in operations for construction contracts and development properties.

- 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 year ended 31 December 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.

The outlook for the construction industry for the next 12 months is expected to be challenging because of keen competition and a tight labour market. The latter will invariably increase labour cost. However, we are cautiously optimistic of the industry as we expect Government expenditure on institutional and civil engineering projects to remain firm.

According to the Urban Redevelopment Authority, prices of private residential properties declined by 1% in 1Q 2015 when compared to 4Q 2014. This was the sixth 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:

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable

13 Interested Person Transaction

The Group has not obtained a general mandate from shareholders for IPTs.

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 first quarter ended 31 March 2015 to be false or misleading.

**ON BEHALF OF THE BOARD**

Koh Keng Siang  
Managing Director & Group CEO

Koh Keng Hiong  
Executive Director

12 May 2015  
Singapore