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 2014

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended 31/03/2014 S$'000	3 months ended 31/03/2013 (restated) * S$'000	Change %
Sales	1	101,159	80,522	26%
Cost of sales		(86,721)	(69,605)	25%
Gross profit		14,438	10,917	32%
Other gains	2	330	371	-11%
Expenses				
- Distribution		(788)	(910)	-13%
- Administrative		(6,495)	(5,617)	16%
- Other		(89)	(125)	-29%
- Finance		(474)	(535)	-11%
Share of (loss)/profit from				
- associated companies		62	59	5%
- joint ventures accounted for using equity method		(452)	380	-219%
Profit before income tax	3	6,532	4,540	44%
Income tax expense	4	(2,107)	(1,194)	76%
Profit after income tax		4,425	3,346	32%
Other comprehensive loss, net of tax:				
Exchange differences on translating foreign operations		(263)	(112)	135%
Total comprehensive income		4,162	3,234	29%
Profit/(Loss) attributable to:				
Equity holders of the Company		4,727	3,262	45%
Non-controlling interests		(302)	84	-460%
		4,425	3,346	32%
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		4,466	3,295	36%
Non-controlling interests		(304)	(61)	-402%
		4,162	3,234	29%

(*) - Certain comparative figures have been restated due to the adoption of the new FRS 111 Joint Arrangements.
Please refer to paragraph 5 of this announcement for details.

Notes to the Consolidated Statement of Comprehensive Income

	3 months ended	
	31/03/2014 S$'000	31/03/2013 (restated) S$'000
Note 1		
Sales include the following:		
Sales of products	30,010	23,260
Services rendered	1,805	1,820
Property development and rental	42,358	23,172
Contract revenue	26,986	32,270
	101,159	80,522
Note 2		
Other gains include the following:		
Rental income	101	116
(Loss)/Profit on disposal of property, plant and equipment	(4)	7
Fair value loss on long-term financial assets and financial liabilities	(16)	(51)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(12)	4
Other income	67	143
Interest income	194	152
	330	371
Note 3		
Profit before income tax is stated after charging/(crediting) the following items:		
Allowance for/(Write-back of) impairment on trade and non-trade receivables	278	(1,085)
Depreciation of property, plant and equipment	1,340	958
Net foreign exchange (gain)/loss	(19)	19
Note 4		
Income tax includes the following:		
Current income tax		
- in respect of current period	814	385
- (over)/under provision in respect of prior period	(105)	101
Deferred income tax		
- in respect of current period	1,483	604
- (over)/under provision in respect of prior period	(85)	104
	2,107	1,194

The Group's taxation charge for the period ended 31 March 2014 is higher than that determined by applying the Singapore income tax rate of 17% to the Group's profit before income tax mainly due to losses of certain subsidiaries being unable to be offsetted against profits of other subsidiaries and some of the costs incurred were non-deductble under tax law.

1(b)(i) BALANCE SHEETS

	GROUP			COMPANY	
	31/03/2014 S$'000	31/12/2013 (restated) S$'000	31/12/2012 (restated) S$'000	31/03/2014 S$'000	31/12/2013 S$'000
ASSETS					
CURRENT ASSETS					
Cash and bank balances	32,665	37,732	45,003	408	464
Financial assets at fair value through profit or loss	147	159	176	1,149	1,149
Trade receivables	65,173	77,554	67,770	-	-
Due from customers on construction contracts	11,895	12,873	7,047	-	-
Amounts due from subsidiaries	-	-	-	7,974	9,379
Amounts due from an associated company	13	15	7	-	-
Amount due from joint ventures	33,354	35,966	28,613	-	-
Inventories	13,077	12,577	12,526	-	-
Other assets	15,786	16,012	14,355	-	-
Development properties	187,110	132,356	158,573	-	-
	359,220	325,244	334,070	9,531	10,992
NON-CURRENT ASSETS					
Amount due from subsidiaries	-	-	-	2,405	2,405
Trade receivables	471	466	745	-	-
Investments in associated companies	1,572	1,510	800	-	-
Investments in joint ventures	52,156	52,608	50,215	-	-
Investments in subsidiaries	-	-	-	91,798	91,015
Investment properties	82,023	82,023	79,161	-	-
Property, plant and equipment	85,496	87,063	60,015	-	-
Goodwill	5,078	5,078	-	-	
	226,796	228,748	190,936	94,203	93,420
TOTAL ASSETS	586,016	553,992	525,006	103,734	104,412
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	48,425	63,791	51,225	-	-
Other liabilities	39,505	39,782	36,344	578	610
Due to customers on construction contracts	52,166	42,934	34,619	-	-
Amounts due to subsidiaries	-	-	-	2,913	3,040
Amounts due to an associated company	584	950	1,005	-	-
Amounts due to joint ventures	-	-	1,660	-	-
Current income tax liabilities	4,353	3,487	3,562	-	10
Short-term borrowings	23,146	23,536	34,308	-	-
	168,179	174,480	162,723	3,491	3,660
NON-CURRENT LIABILITIES					
Amounts due to subsidiaries	-	-	-	9,423	9,464
Trade payables	1,850	1,438	3,956	-	-
Finance lease	2,778	3,201	497	-	-
Bank borrowings	170,498	136,107	144,993	-	-
Other liabilities	1,098	1,137	-	39	39
Deferred income tax liabilities	9,929	8,727	7,061	-	-
	186,153	150,610	156,507	9,462	9,503
TOTAL LIABILITIES	354,332	325,090	319,230	12,953	13,163
NET ASSETS	231,684	228,902	205,776	90,781	91,249
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	45,320	45,320	45,320	45,320	45,320
Treasury shares	(7,175)	(5,795)	(854)	(7,175)	(5,795)
Capital and other reserves	(375)	(375)	1,411	-	-
Retained profits	189,645	184,918	165,196	52,636	51,724
Currency translation reserve	(5,831)	(5,570)	(6,052)	-	-
	221,584	218,498	205,021	90,781	91,249
Non-controlling interests	10,100	10,404	755	-	-
Total equity	231,684	228,902	205,776	90,781	91,249

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

	As at 31/03/2014		As at 31/12/2013	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	4,343	18,803	3,054	20,482
Amount repayable after one year	172,490	786	138,450	858

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	
	31/03/2014 S$'000	31/03/2013 (restated) S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after income tax	4,425	3,346
Adjustments for non-cash items:		
Income tax	2,107	1,194
Depreciation of property, plant and equipment	1,340	958
Loss/(Profit) on disposal of property, plant and equipment	4	(7)
Fair value loss on long-term financial assets and financial liabilities	16	51
Fair value loss/(gain) on financial assets at fair value through profit or loss	12	(4)
Share of profit from associated companies	(62)	(59)
Share of loss/(profit) from joint ventures	452	(380)
Interest expense	474	535
Interest income	(194)	(152)
Unrealised foreign exchange gain	(285)	(66)
Operating profit before working capital changes	8,289	5,416
Working capital changes:		
- Receivables	11,942	7,713
- Inventories	(500)	155
- Due from/to customers on construction contracts	11,411	7,643
- Development properties	(54,183)	3,676
- Payables	(12,977)	(19,291)
Cash (used in)/provided by operations	(36,018)	5,312
Income tax paid/(refunded)	(48)	33
Interest paid	(1,052)	(2,110)
Net cash (used in)/provided by operating activities	(37,118)	3,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-	11,845
Purchase of property, plant and equipment	(83)	(7,691)
Proceeds from disposal of property, plant and equipment	5	6
Additions to investment properties	-	(686)
Interest received	194	152
Net cash provided by investing activities	116	3,626
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	43,515	8,823
Purchase of treasury shares	(1,380)	(854)
Repayment of finance lease	(598)	(614)
Repayment of bank borrowings	(9,574)	(15,432)
Deposit pledge	(197)	-
Net cash provided by/(used in) financing activities	31,766	(8,077)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,236)	(1,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	34,021	44,803
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS	(28)	93
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	28,757	43,680
Represented by:		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	32,665	45,318
Restricted cash	(3,908)	(1,638)
	28,757	43,680

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

GROUP (S$'000)	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		
Balance as at 01/01/2014	45,320	(5,795)	(375)	184,918	(5,570)	218,498	10,404	228,902
Total comprehensive income/(loss) for the period	-	-	-	4,727	(261)	4,466	(304)	4,162
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	231,684
Balance as at 01/01/2013	45,320	(854)	1,411	165,196	(6,052)	205,021	755	205,776
Total comprehensive income/(loss) for the period	-	-	-	3,262	33	3,295	(61)	3,234
Purchase of treasury shares	-	(854)	-	-	-	(854)	-	(854)
Warrants issued by a subsidiary	-	-	(1,786)	-	-	(1,786)	1,786	-
Acquisition of a subsidiary	-	-	-	-	-	-	7,742	7,742
Balance as at 31/03/2013	45,320	(1,708)	(375)	168,458	(6,019)	205,676	10,222	215,898

COMPANY (S$'000)	Attributable to equity holders of the Company			
	Share Capital	Tresuary Shares	Retained Profits	TOTAL
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
Balance as at 01/01/2013	45,320	(854)	37,249	81,715
Total comprehensive income for the period	-	-	11,403	11,403
Purchase of treasury shares	-	(854)	-	(854)
Balance as at 31/03/2013	45,320	(1,708)	48,652	92,264

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

	No. of shares	
	31/03/2014	31/12/2013
Total number of issued shares	466,475,400	466,475,400

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

	No. of shares	
	31/03/2014	31/12/2013
Total number of issued shares excluding treasury shares	441,730,400	446,177,400

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

Not applicable.

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

The figures have neither been audited nor reviewed.

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

Not applicable.

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

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

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

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

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

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

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

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

	Group	
	31/12/2013	31/12/2012
	Increase/ (Decrease) S$'000	Increase/ (Decrease) S$'000
ASSETS		
CURRENT ASSETS		
Cash and bank balances	(5,433)	(8,978)
Trade receivables	(26)	(1,786)
Amounts due from joint ventures	35,965	28,612
Other assets	(327)	(66)
Development properties	(106,996)	(109,523)
	(76,817)	(91,741)
NON-CURRENT ASSETS		
Investments in joint ventures	52,608	50,215
Investment properties	(126,202)	(125,000)
Property, plant and equipment	(2)	(4)
	(73,596)	(74,789)
TOTAL ASSETS	(150,413)	(166,530)
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	(2,029)	(5,140)
Other liabilities	(2,499)	(2,954)
Amounts due to joint ventures	-	1,660
Current income tax liabilities	(539)	(2,116)
Short-term borrowings	(76,895)	(15,500)
	(81,962)	(24,050)
NON-CURRENT LIABILITIES		
Bank borrowings	(68,500)	(142,145)
Deferred income tax liabilities	49	(335)
	(68,451)	(142,480)
TOTAL LIABILITIES	(150,413)	(166,530)
NET ASSETS	-	-

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

	Group
	3 months ended 31/03/2013
	Increase/ (Decrease) S$'000
Sales	(3,670)
Cost of sales	2,765
Other gains	122
Distribution expenses	53
Administrative expenses	217
Other expenses	46
Share of profit from joint ventures	380
Income tax expenses	87
Profit attributable to equity holders of the Company	- *

(*) - No impact on earnings per share.

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

	Group 3 months ended 31/03/2013 Increase/ (Decrease) S$'000
CASH FLOWS FROM OPERATINGACTIVITIES	
Cash generated from operations	(4,044)
Income tax paid	277
Interest paid	9
CASH FLOWS FROM INVESTING ACTIVITIES	
Addition to investment properties	28
Interest received	570
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of bank borrowings	2,500
NET CHANGE IN CASH AND CASH EQUIVALENTS	(660)

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 31/03/2014 (cents)	 31/03/2013 (cent)
(i) Basic	1.06	0.71
(ii) On a fully diluted basis	1.06	0.71

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 444,904,522 ordinary shares (2013: 461,492,467 ordinary shares).

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

	GROUP		COMPANY	
	31/03/2014 (cents)	31/12/2013 (cents)	31/03/2014 (cents)	31/12/2013 (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	50.16	48.97	20.55	20.45

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 441,730,400 ordinary shares as at 31 March 2014 (31 December 2013: 446,177,400 ordinary shares).

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

Review of Group performance

Group sales for the first quarter ended 31 March 2014 ("1Q2014") amounted to S$101.2 million, an increase of 26% when compared to S$80.5 million for the corresponding period ended 31 March 2013 ("1Q2013"). The increase primarily resulted from higher revenue from the real estate division. The Group's profit before tax increased by 44% in 1Q2014 to S$6.5 million compared to S$4.5 million in 1Q2013 primarily due to higher profit contributed by the real estate division. The Group's net profit attributable to shareholders increased by 45% to S$4.7 million in 1Q2014 from S$3.3 million in 1Q2013.

Earnings per share improved to 1.06 cents in 1Q2014 compared to 0.71 cent in 1Q2013.

8 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 repayment of bank borrowings.

2) Decrease in trade receivables was mainly due to improved collection from customers.

3) Increase in development properties was mainly due to land acquisition and development cost incurred.

4) Decrease in trade payables was mainly due to settlement of debt in line with progress of project works.

5) The net increase in amount due to customers on construction contracts was mainly due to progress billings in excess of construction work-in-progress.

6) Increase in bank borrowings was mainly due to drawdown of bank loans for development properties.

Review of changes in cashflow

The Group reported a net decrease in cash and cash equivalents mainly due to usage of funds for 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 2013.

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 Building and Construction Authority has estimated construction demand in 2014 to be between $31 billion and $38 billion. The demand is expected to be generated more from the public sector and as a group with an established track record in this sector, we are cautiously optimistic.

According to flash estimates by the URA, prices of private residential properties declined by 1.3% in 1Q2014. This follows the decline of 0.9% in the last quarter of 2013. The number of transactions in 1Q2014 was 1,791 units, down from 2,568 units in the fourth quarter of 2013. With the residential property market being affected by various property cooling measures by the government, in particular the total debt servicing rules, we expect prices in the residential property market to further moderate in 2014.

11 Dividend

(a) Current Financial Period Reported On: 31 March 2014

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

(ii) Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable

13 Interested Person Transaction

There is no interested person transaction more than S$100,000 during the period under review.

14 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation for the current financial period.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter ended 31 March 2014 to be false or misleading.

ON BEHALF OF THE BOARD

Koh Keng Siang	**Koh Keng Hiong**
Managing Director & Group CEO	**Executive Director**

9 May 2014
Singapore