



NEWS RELEASE

KOH BROTHERS REPORTS 1Q2016 NET PROFIT OF S\$3.4 MILLION ON S\$53.2 MILLION REVENUE

- ***Balance sheet remains healthy with cash and cash equivalents of S\$34.1 million***
- ***Net gearing reduces to 0.39 time from 0.62 time***

Singapore, May 10, 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 a net profit of S\$3.4 million on revenue of S\$53.2 million for the financial quarter ended March 31, 2016 (“1Q 2016”).

The Group’s revenue decreased 55% to S\$53.2 million from S\$117.4 million in the corresponding period a year ago (“1Q 2015”) due mainly to lower revenue recognised upon completion of a residential project that had contributed significant sales in 1Q 2015. Net profit attributable to shareholders declined in tandem with the lower topline to S\$3.4 million, 28% lower than S\$4.7 million in 1Q 2015.

Mr. Francis Koh (“许庆祥”), Managing Director and Group CEO of Koh Brothers, commented: “We continue to press on to sharpen our competitive edge and drive productivity and efficiencies especially in the current challenging climate. We will continue to aggressively tender for new construction projects, with a view to undertake larger-scale projects such as our recent Changi Airport Runway 3 development works (Package 1) contract win, as well as to prudently replenish our land bank and explore opportunities to bring the strong Koh Brothers brand and capabilities overseas.”

Koh Brothers had announced in January 2016 a proposal for its 41%-owned SGX Catalist-listed subsidiary, KB Eco Engineering Limited, to acquire its building and civil engineering construction subsidiary to reap synergies and tap opportunities in the water and wastewater treatment and hydro-engineering sectors.

The Group also 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.

As at March 31, 2016, the Group's balance sheet remains healthy with cash and cash equivalents of S\$36.2 million and shareholders' equity of approximately S\$261.7 million.

Earnings per share for the three months ended March 31, 2016 decreased to 0.81 Singapore cent from 1.12 Singapore cents a year ago, while net asset value per share rose to 63.06 Singapore cents from 61.98 Singapore cents across the same comparative periods.

The Group's debt servicing ability with liquidity remains comfortable with a current ratio of 1.76 times, while net gearing ratio reduced significantly to 0.39 time as at March 31, 2016, from 0.62 time as at December 31, 2015.

Based on advance estimates by the Ministry of Trade and Industry, the Singapore economy grew by 1.8% in 1Q 2016 on a year-on-year basis with the construction sector growing by 6.2% over the same period. Koh Brothers remains cautiously optimistic on the coming financial year amidst challenging conditions within the construction sector. This is mitigated by a 10.2% growth in the construction sector in 1Q 2016 on a year-on-year basis¹, and healthy construction demand for 2016 forecasted by the Building and Construction Authority of between S\$32 billion and S\$34 billion².

¹ *Singapore's economy grew 1.8% in Q1 2016 – Gov.sg, April 14, 2016*

² *Public sector, civil engineering projects to drive construction demand this year: BCA – Business Times, January 16 – 17, 2016*

On the property front, prices of private residential properties declined a further 0.7% in 1Q 2016³. The Group expects prices in this sector to moderate further and will continue to aggressively market its projects to boost sales.

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 (“BCA”). It is currently the highest grade for contractors’ registration in this category, and allows the Group to tender for public sector construction projects of unlimited value. In addition, the Group has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

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.

In 2013, the Group also broadened its reach into the environmental engineering sector, with a strategic acquisition of a 41.0% stake in SGX Catalist Board-listed Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited).

³ Release of 1st Quarter 2016 real estate statistics – Urban Redevelopment Agency, April 22, 2016

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May 10, 2016