

KOH BROTHERS GROUP LIMITED

Half Year Financial Statement And Dividend Announcement for the Period Ended 30/06/2004

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),

HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the

corresponding period of the immediately preceding financial year.

	Group			
		S\$'000		%
	Note	30/06/2004	30/06/2003	Change
Sales	1	151,194	146,810	3%
Cost of sales		(133,380)	(131,429)	1%
Gross Profit		17,814	15,381	16%
Other operating income	2	643	1,098	-41%
Distribution costs		(3,544)	(2,995)	18%
Administrative expenses		(6,998)	(6,795)	3%
Other operating expenses		(3,679)	(3,957)	-7%
Operating profit		4,236	2,732	55%
Investment income	3	48	9	433%

Finance income		391	346	13%
Finance costs		(2,954)	(2,902)	2%
Profits from associated companies		35	18	94%
Profit before taxation	4	1,756	203	765%
Taxation	5	(451)	(689)	-35%
Profit/(Loss) from ordinary activities before minority interest		1,305	(486)	369%
Minority interest		(267)	(106)	152%
Net Profit/(Loss) attributable to shareholders		1,038	(592)	275%
		S\$'000		%
		30/06/2004	30/06/2003	Change
Note 1				
Sales includes the following:-				
-Sale of products		71,847	58,601	23%
-Services rendered		2,780	2,385	17%
-Property development and rental		13,272	3,074	332%
-Contract revenue		63,295	82,750	-24%
		151,194	146,810	3%
Note 2				
Other Operating income includes the following:-				
-Rental income		95	3	3,067%
-Bad debts recovered		45	48	-6%
-Profit on disposal of fixed assets		172	0	NM
-Management fees		47	42	12%
-Net exchange gain		0	492	-100%

-Gain from settlement of secured loan	0	272	-100%
-Miscellaneous	284	241	18%
	643	1,098	-41%
Note 3			
Investment income includes the following:-			
-Dividend income	55	3	1,733%
-Write-back of provision for diminution in value of long-term quoted investments	0	6	-100%
-Loss on disposal of short-term quoted investment	(3)	0	NM
-Loss on disposal of long-term unquoted investment	(4)	0	NM
	48	9	433%
Note 4			
<u>Profit before taxation is stated after (crediting)/charging the following items:-</u>			
Amortisation of goodwill	(177)	20	-985%
Amortisation of other long-term assets	145	0	NM
Bad trade debts written-off	149	0	NM
Depreciation of fixed assets	3,696	3,661	1%
Insurance recoverable written-off	0	630	-100%
Loss on disposal of fixed assets	0	336	-100%
Net exchange loss	379	0	NM
Provision for diminution in value of short-term quoted investments	52	70	-26%
Provision for diminution in value for cost of investment in an associated company	0	108	-100%
Provision for doubtful trade debts	975	700	39%
Provision for warranty	187	400	-53%
Write-back of provision for diminution in value for cost of investment in associated companies	0	(30)	-100%
Write-back of provision for diminution in value of long-term unquoted investments	(4)	0	NM

Write-off of investments in associated companies	0	33	-100%
Note 5			
Taxation includes the following :-			
Current taxation			
-in respect of current period	668	753	-11%
-in respect of prior period	(171)	(69)	148%
Deferred taxation			
-in respect of current period	102	0	NM
-in respect of prior period	(17)	0	NM
-in respect of changes in tax rates	(190)	0	NM
Associated companies			
- in respect of current period	59	5	1,080%
	451	689	-35%

NM = Not Meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement

as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30/06/2004 S\$'000	31/12/2003 S\$'000	30/06/2004 S\$'000	31/12/2003 S\$'000
FIXED ASSETS	94,242	97,110	0	0
INTANGIBLE	(2,230)	(2,344)	0	0
SUBSIDIARY COMPANIES	0	0	66,979	63,457
ASSOCIATED COMPANIES	1,162	1,185	0	0
OTHER LONG-TERM ASSETS	95,246	95,829	0	0
CURRENT ASSETS				
Stocks	19,011	18,808	0	0

Contract work-in-progress less progress billing	19,768	24,098	0	0
Trade debtors	88,449	89,650	0	0
Other assets	12,414	10,277	894	86
Development properties	58,085	57,363	0	0
Properties held for sale	16,191	16,210	0	0
Short-term investments	200	257	0	0
Amounts due from subsidiaries	0	0	11,353	16,695
Amount due from associated companies	4,386	3,966	0	0
Cash and bank balances	32,126	32,685	58	737
	250,630	253,314	12,305	17,518
CURRENT LIABILITIES				
Trade creditors	63,527	70,731	0	0
Other liabilities	24,554	26,089	737	390
Progress billings in excess of contract work-in-progress	4,705	8,360	0	0
Provision for income tax	2,770	3,050	0	0
Amount due to bankers	107,207	97,698	8,054	8,700
Amount due to subsidiaries	0	0	1,030	1,895
Amount due to associated companies	1,317	1,274	0	0
	204,080	207,202	9,821	10,985
NET CURRENT ASSETS	46,550	46,112	2,484	6,533
NON-CURRENT LIABILITIES				
Deferred taxation	2,015	2,121	0	0
Hire purchase creditors(secured)	2,200	2,563	0	0

Bank term loans	101,773	105,455	0	0
	105,988	110,139	0	0
NET ASSETS	128,982	127,753	69,463	69,990
SHARE CAPITAL	47,957	47,955	47,957	47,955
SHARE PREMIUM ACCOUNT	3,931	3,929	3,931	3,929
CAPITAL RESERVE	22,918	22,919	2,052	2,053
REVENUE RESERVE	13,795	13,136	15,523	16,053
CURRENCY TRANSLATION RESERVE	(5,957)	(6,284)	0	0
SHARE CAPITAL AND RESERVE	82,644	81,655	69,463	69,990
MINORITY INTEREST	46,338	46,098	0	0
	128,982	127,753	69,463	69,990

Review of changes in working capital, assets and liabilities

(1) The decrease in fixed assets was mainly due to depreciation charge which was partially offset by new additions.

(2) The decrease in current assets was mainly due to reduction in contract work-in-progress.

(3) The decrease in current liabilities was mainly due to settlement of trade creditors partially offset by increased bank borrowings.

(4) The increase in working capital was mainly due to the combined effect of (2) and (3) above.

(5) The decrease in non-current liabilities was mainly due to reclassification of non-current borrowings to current.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.
Amount repayable in one year or less, or on demand**

As at 30/06/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured

\$39,616,000	\$69,014,000	\$42,364,000	\$57,357,000
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Amount repayable after one year

As at 30/06/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
\$101,974,000	\$2,000,000	\$104,218,000	\$3,800,000

Details of any collateral

The Group's secured borrowings are secured by the Group's freehold and leasehold properties, properties held for sale, development properties, long-term properties under development, quoted investments, fixed deposits, plant and machinery, motor vehicles and ordinary shares of a listed company.

1(c) A cash flow statement (for the group), together with a comparative statement for

the corresponding period of the immediately preceding financial year.

	30/06/2004	30/06/2003
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,756	203
Adjustments for non cash items :		
Depreciation of fixed assets	3,696	3,661
Amortisation of goodwill	(177)	20
Amortisation of other long-term assets	145	0
Loss on disposal of short-term quoted investments	3	0
Provision for diminution in value of short-term quoted investments	52	70
(Profit)/ Loss on disposal of fixed assets	(172)	336
Valuation gain for long-term quoted investments	0	(6)
Write-off of investments in associated companies	0	33
Dividend income	(55)	(3)

Provision for diminution in value of investments in associated companies	0	78
Share of associated companies' profit	(35)	(18)
Surplus on early redemption of convertible loans	0	(272)
Finance costs	2,954	2,902
Interest income	(391)	(346)
Provision for warranty	187	0
Operating profit before working capital changes	7,963	6,658
Working capital changes :		
(Increase)/Decrease in debtors	(1,906)	25,688
Decrease in long-term receivables	43	202
Increase in stocks	(15)	(2,401)
Decrease in net contract work-in-progress	1,311	2,250
Decrease/(Increase) in development properties	162	(23,869)
Increase in properties held for sale	0	(2,028)
Decrease in creditors	(8,175)	(38,956)
Decrease in associated companies	640	804
Currency translation adjustment	662	214
Cash generated from / (used in) operations	685	(31,438)
Income tax paid	(903)	(1,207)
Interest paid	(3,695)	(3,038)
Net cash used in operating activities	(3,913)	(35,683)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on disposal of subsidiary	(122)	0
Purchase of quoted investments	(3)	(63)
Purchase of fixed assets	(1,324)	(559)
Proceeds from sale of fixed assets	195	124
Proceeds from sale of quoted investments	11	0
Additions to long-term properties under development	(2)	0
Dividend received	55	3
Interest received	391	346

Net cash used in investing activities	(799)	(149)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bank loans	6,915	18,290
Proceeds from long-term bank loans	1,784	27,214
Repayment of hire-purchase loans	(1,312)	(862)
Repayment of short-term bank loans	(6,300)	(1,150)
Repayment of long-term bank loans	(8,190)	(17,218)
Payment of dividend	(384)	(374)
Proceeds from exercise of Warrants 2004	4	0
Net cash (used in)/ generated from financing activities	(7,483)	25,900
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,195)	(9,932)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	14,401	15,476
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,206	5,544
Represented by :		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	32,126	34,662
Bank overdrafts	(29,920)	(29,118)
	2,206	5,544

Review of changes in cashflow :

The net change in cashflow was mainly due to the combined effect of :-

(i) Net cashflow used in the group's operating activities mainly arising from settlement of creditors;

(ii) Net cashflow used in investing activities mainly arising from purchase of fixed assets; and

(iii) Net cashflow used in repayment of bank borrowings.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or

(ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>GROUP (S\$'000)</u>	SHARE CAPITAL	SHARE PREMIUM	CAPITAL RESERVE	REVENUE RESERVE	CURRENCY TRANSLATION RESERVE	TOTAL
Balance as at 1.1.2003	47,955	3,929	13,919	26,220	(5,068)	86,955
Net gain not recognised in the income statement	0	0	0	0	356	356
Net profit for the period	0	0	0	(592)	0	(592)
Dividend for 2002	0	0	0	(374)	0	(374)
Balance as at 30.06.2003	47,955	3,929	13,919	25,254	(4,712)	86,345
Balance as at 1.1.2004	47,955	3,929	22,919	13,136	(6,284)	81,655
Exercised of Warrants 2004	2	2	(1)	0	0	3
Net gain not recognised in the income statement	0	0	0	0	327	327
Net gain for the period	0	0	0	1,038	0	1,038
Dividend for 2003	0	0	0	(384)	0	(384)
Transfer to reserve fund	0	0	0	5	0	5
Balance as at 30.06.2004	47,957	3,931	22,918	13,795	(5,957)	82,644
<u>COMPANY (S\$ '000)</u>	SHARE CAPITAL	SHARE PREMIUM	CAPITAL RESERVE	REVENUE RESERVE	CURRENCY TRANSLATION RESERVE	TOTAL
Balance as at 1.1.2003	47,955	3,929	2,053	16,720	0	70,657

Net profit for the period	0	0	0	(150)	0	(150)
Dividend for 2002	0	0	0	(374)	0	(374)
Balance as at 30.06.2003	47,955	3,929	2,053	16,196	0	70,133
Balance as at 1.1.2004	47,955	3,929	2,053	16,053	0	69,990
Exercised of Warrants 2004	2	2	(1)	0	0	3
Net loss for the period	0	0	0	(146)	0	(146)
Dividend for 2003	0	0	0	(384)	0	(384)
Balance as at 30.06.2004	47,957	3,931	2,052	15,523	0	69,463

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.

Since the previous period reported, the Company issued 20,000 new ordinary shares from the exercise of Warrants 2004.

	30 June 2004	30 June 2003
Options under Koh Brothers Executives' Share Option Scheme	1,510,000	3,840,000
Warrants 2004 at exercise price of S\$0.17	95,545,800	95,565,800
	97,055,800	99,405,800

Share options under the Option Scheme granted on 28 April 1999 has expired on 27 April 2004.

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

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including

any qualifications or emphasis of a matter).

N.A.

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 had adopted the same accounting policies and methods of computation in the financial statements for the current period as those adopted in the latest audited 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.

NA

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.

Group Figures
30/06/2004 30/06/2003

Earnings per ordinary share for the period after deducting any provision for preference dividends:-

(i) Based on weighted average number of ordinary shares in issue (1a)	0.22 cents	(0.12) cents
(ii) On a fully diluted basis (1b)	0.22 cents	N.A. cents

Note :

The net earnings per share is calculated based on weighted average share capital in issue during the period of :-

(1a) 479,574,200 ordinary shares (2003: 479,554,200 ordinary shares) in respect of net earnings per share computed based on existing capital basis.

(1b) Not applicable for the previous period because the options under the Koh Brothers Executives' Share Option Scheme and Warrants 2004 were anti-dilutive for the previous financial period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share

capital of the issuer at the end of the:-

**(a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	30/06/2004	31/12/2003	30/06/2004	31/12/2003
	(cents)	(cents)	(cents)	(cents)
Net asset value backing per ordinary share base on	26.90	26.64	14.48	14.59

existing issued share capital as at the end of the period reported on				
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Note :

(1) The net asset value per share is calculated based on the issued share capital of 479,574,200 ordinary shares as at 30 June 2004 (2003 : 479,554,200 ordinary shares)

(2) Net assets means total assets less total liabilities in accordance to Rule 1002(3)(a) of the Listing Manual

8. A review of the performance of the group, to the extent necessary for a reasonable

understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group reported a 3% increase in sales at \$151.2 million for the first half year of 2004 as compared to \$146.8 million for the previous corresponding period. At the profit before taxation level, the Group reported a significant improvement of 765% from \$203,000 in 2003 to \$1.8 million in 2004. The stronger results posted was due to improvement in results from most divisions of the Group.

Please refer to Note 1(b)(i) for review of changes in working capital, assets and liabilities and Note 1(c) for review of changes in cashflow.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The actual results were consistent with the prospect statement made in the announcement of results in February 2004.

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.

Business conditions for the Construction Division are expected to remain competitive. The Division will continue to focus on its core competitive strengths in securing projects from the public civil engineering sector.

The Real Estate Division successfully launched the first three phases of its Starville project, achieving 80% sales level out of the units launched. Following the successful launch of the first phase of its property development project in Shenyang, the second phase will be launched in the second half of 2004.

The Division expects these projects to continue contributing positively to the Group's results in the second half of 2004.

The Building Materials Division is expected to continue to operate under challenging business conditions. Being a complete chain provider, the Division will continue to leverage on its good track record and competitive strengths.

The Oil & Gas Division expects regional demand for oil and gas to increase in the second half of 2004.

The Leisure & Hospitality Division has shown gradual business improvement. It will continue to focus on customer service delivery and cost-reduction to maintain its competitiveness.

The Group is currently considering a restructuring exercise to review its current business operations with the primary objective of sharpening its business focus. Announcements will be made by the Directors to update Shareholders if and when there are developments in relation to the proposed restructuring exercise. Barring unforeseen circumstances, the Group in its present structure expects its results for full year 2004 to be better than 2003.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

N.A.

(d) Books closure date

N.A.

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

There is no dividend to be declared or recommended for the period ending 30 June 2004.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the

group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable for half year results.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable for half year results.

15. A breakdown of sales.

Not applicable for half year results.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest

full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary	0	0
Preference	0	0
Total:	0	0

Not applicable for half year results.

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year/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)
Ah Boon Civil Engineering and Building Contractor Pte Ltd	\$'000 NIL	\$'000 2,296

BY ORDER OF THE BOARD

LEE SUYIN
COMPANY SECRETARY
14 August 2004