KOH BROTHERS ECO ENGINEERING LIMITED
(Company Registration No. 197500111H)

Unaudited Half Year Financial Statement for the Period Ended 30 June 2016

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

1(a) Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	6 months ended 30/06/2016 S$'000	6 months ended 30/06/2015 S$'000	Increase/ (Decrease) %
Revenue		20,933	27,015	(23)
Cost of work done		(16,991)	(22,140)	(23)
Gross profit		3,942	4,875	(19)
Other income	1	107	136	(21)
Other (losses)/gains, net	2	(419)	470	NM
Selling and distribution expenses		18	(1,107)	NM
Administrative expenses		(2,396)	(2,226)	8
Finance expenses		(38)	(46)	(17)
Profit before income tax	3	1,214	2,102	(42)
Income tax expense	4	(619)	(632)	(2)
Profit after income tax		595	1,470	(60)
Other comprehensive income/(loss):				
Currency translation difference arising from consolidation		41	(762)	NM
Total comprehensive income		636	708	(10)
Profit attributable to:				
Equity holders of the Company		340	974	(65)
Non-controlling interests		255	496	(49)
		595	1,470	(60)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		745	372	100
Non-controlling interests		(109)	336	NM
		636	708	(10)

NM – not meaningful

Notes to the Statement of Comprehensive Income (for the Group)

	6 months ended	
	30/06/2016 S$'000	30/06/2015 S$'000
Note 1		
Other income include the following:		
Rental income	81	81
Interest income	20	25
Other income	6	30
	107	136
Note 2		
Other (losses)/gains include the following:		
Net foreign exchange (losses)/gains	(419)	470
	(419)	470
Note 3		
Profit before income tax is stated after crediting/(charging) the following items:		
Property, plant and equipment written off	*	-
Gain on disposal of property, plant and equipment	3	-
Write-back/(Allowance) for impairment on trade receivables	189	(950)
Allowance made for foreseeable losses on projects	-	(82)
Depreciation of property, plant and equipment	(75)	(79)
Note 4		
Income tax expense includes the following:		
Current income tax		
- in respect of current period	(619)	(631)
- under provision in respect of prior period	-	(1)
	(619)	(632)

The Group's taxation charge for the period ended 30 June 2016 is higher than that determined by applying the Singapore income tax rate of 17% to the Group profit before income tax mainly due to certain disallowed expenses coupled with certain losses of local subsidiaries being unable to offset against the profits of foreign subsidiaries.

* – less than S$1,000

1(b)(i) A Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30/06/2016 S$'000	31/12/2015 S$'000	30/06/2016 S$'000	31/12/2015 S$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	16,829	16,047	774	956
Trade and other receivables	12,399	11,977	1,614	2,627
Due from customers on construction contracts	7,011	4,948	-	-
Inventories	742	636	-	-
	36,981	33,608	2,388	3,583
NON-CURRENT ASSETS				
Associated company	1,333	1,332	640	640
Subsidiaries	-	-	16,669	16,669
Goodwill	6,857	6,857	-	-
Property, plant and equipment	2,879	2,931	1,734	1,783
Deferred tax assets	110	108	-	-
	11,179	11,228	19,043	19,092
TOTAL ASSETS	48,160	44,836	21,431	22,675
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	19,388	16,476	19,388	16,476
Warrants reserve	-	3,112	-	3,112
(Accumulated losses)/retained profits	(1,462)	(2,464)	773	133
Currency translation reserve	(2,227)	(2,170)	-	-
	15,699	14,954	20,161	19,721
Non-controlling interests	2,696	3,057	-	-
TOTAL EQUITY	18,395	18,011	20,161	19,721
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	16,757	14,036	1,260	2,945
Due to customers on contruction contracts	10,133	10,244	10	9
Borrowings	1,800	1,800	-	-
Current income tax liabilities	1,075	745	-	-
	29,765	26,825	1,270	2,954
TOTAL LIABILITIES	29,765	26,825	1,270	2,954
TOTAL EQUITY AND LIABILITIES	48,160	44,836	21,431	22,675

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

	As at 30/06/2016		As at 31/12/2015	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	-	1,800	-	1,800
Amount repayable after one year	-	-	-	-

1(c) CONSOLIDATED CASH FLOW STATEMENT

	6 months ended	
	30/06/2016 S$'000	30/06/2015 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	1,214	2,102
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	75	79
Interest expense	28	46
Interest income	(20)	(25)
Property, plant and equipment written off	*	-
Gain on disposal of property, plant and equipment	(3)	-
Effects of foreign exchange arising from translation of foreign subsidiaries	(4)	-
Operating profit before working capital changes	1,290	2,202
Working capital changes:		
- Receivables	(1,017)	2,103
- Inventories	(96)	20
- Due from/(to) customers on construction contracts	(5,141)	(1,146)
- Payables	6,302	3,198
Cash generated from operations	1,338	6,377
Income tax paid	(387)	(233)
Net cash generated from operating activities	951	6,144
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14)	(31)
Proceed from disposal of property, plant and equipment	12	-
Interest received	20	25
Net cash generated from/(used in) investing activities	18	(6)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit (pledge)/release	(44)	2,066
Interest paid	(28)	(42)
Proceeds from bank borrowings	-	54
Repayment of amounts owing to shareholders	-	(871)
Dividend paid to non-controlling interests	(399)	-
Net cash (used in)/generated from financing activities	(471)	1,207
NET CHANGE IN CASH AND CASH EQUIVALENTS	498	7,345
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,609	6,317
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS	240	(286)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	15,347	13,376
Represented by:		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	16,829	14,911
Restricted cash	(1,482)	(1,535)
	15,347	13,376

* – less than S$1,000

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.

	Attributable to equity holders of the Group						
GROUP (S$'000)	Share Capital	Warrants Reserve	Accumulated Losses	Currency Translation Reserve	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at 01/01/2016	16,476	3,112	(2,464)	(2,170)	14,954	3,057	18,011
Warrants expired	2,912	(3,112)	200	-	-	-	-
Other comprehensive income/(loss) for the period	-	-	462	(57)	405	(364)	41
Dividend paid	-	-	-	-	-	(252)	(252)
Profit for the period	-	-	340	-	340	255	595
Balance as at 30/06/2016	19,388	-	(1,462)	(2,227)	15,699	2,696	18,395
Balance as at 01/01/2015	30,003	3,112	(18,077)	(881)	14,157	2,748	16,905
Share capital reduction	(13,527)	-	13,527	-	-	-	-
Other comprehensive loss for the period	-	-	-	(602)	(602)	(160)	(762)
Profit for the period	-	-	974	-	974	496	1,470
Balance as at 30/06/2015	16,476	3,112	(3,576)	(1,483)	14,529	3,084	17,613

	Attributable to equity holders of the Company			
COMPANY (S$'000)	Share Capital	Warrants Reserve	Retained Profits/ (Accumulated Losses)	TOTAL
Balance as at 01/01/2016	16,476	3,112	133	19,721
Warrants expired	2,912	(3,112)	200	-
Profit for the period	-	-	440	440
Balance as at 30/06/2016	19,388	-	773	20,161
Balance as at 01/01/2015	30,003	3,112	(13,527)	19,588
Share capital reduction	(13,527)	-	13,527	-
Profit for the period	-	-	48	48
Balance as at 30/06/2015	16,476	3,112	48	19,636

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	
	30/06/2016	31/12/2015
Total number of issued shares	378,408,576	378,408,576
Number of shares that may be issued on exercise of warrants	-	205,000,000

Warrants of 165,000,000 and 40,000,000 non-listed and non-transferable warrants issued on 28 February 2013 were due to expire on 27 February 2016 ("Exercise Period"). No warrant was exercised at the expiry of the Exercise Period.

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	
	30/06/2016	31/12/2015
Total number of issued shares excluding treasury shares	378,408,576	378,408,576

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 as there were no treasury shares as at the end of the current financial period reported on.

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 by the Company's Auditors.

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 information for the current reporting period as that of the audited financial statements as at 31 December 2015. The adoption of the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016 has no material impact to the Group.

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.

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	
	6 months ended	
	30/06/2016 S'pore (cent)	30/06/2015 S'pore (cent)
(i) Basic earnings per shares	0.09	0.26
(ii) On a fully diluted basis	0.09	0.17

The basic earning 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 378,408,576 ordinary shares (30 June 2015: 378,408,576 ordinary shares).

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue during the current period after adjusting for the dilutive effect on the exercise of all outstanding warrants.

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	
	30/06/2016 S'pore (cents)	31/12/2015 S'pore (cents)	30/06/2016 S'pore (cents)	31/12/2015 S'pore (cents)
Net asset value per ordinary share based on number of issued shares at the end of period	4.15	3.95	5.33	5.21

The net asset value per ordinary share is computed based on the issued share capital of 378,408,576 ordinary shares as at 30 June 2016 (31 December 2015: 378,408,576 ordinary shares).

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 currency financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) 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 operating result

Revenue
The Group's revenue retreated 23% from S$27.0 million for the half year ended 30 June 2015 ("HY2015") to S$20.9 million for the half year ended 30 June 2016 ("HY2016"). The reduction in revenue is mainly due to the fact that certain projects were fully completed during the period under review resulting in lower revenue recognised.

Gross profit
Overall gross profit retreated by 19% in HY2016 from S$4.9 million to S$3.9 million compared to the decrease in revenue of 23%. Average gross profit reduction is lesser than the average reduction in revenue mainly due to the completion of some low margin projects in the Water and Wastewater Treatment and Hydro-Engineering sector.

Other (losses)/gains, net
Other losses include the net losses and gains from foreign exchange. In HY2016, the Group reported S$0.4 million net losses for HY2016 compared with S$0.5 million net gains for HY2015.

Selling & distribution expenses
Included in the selling and distribution expenses are the write backs and impairment of doubtful trade debts. For HY2016, the Group reported write backs of doubtful trade debts of S$0.2 million compared with S$1.0 million impairment in HY2015.

Administrative expenses
Administrative expenses for HY2016 is higher by 8% compared with HY2015 mainly due to increase in legal and professional fees during the period under review.

Profit before income tax
The Group's profit before income tax fell to S$1.2 million in HY2016 from S$2.1 million in HY2015. This is mainly due to lower revenue and gross profit recognised as explained above.

Profit attributable to equity holders of the Company
The Group's profit attributable to equity shareholders fell to S$0.3 million from S$1.0 million in HY2015. This is mainly due to lower revenue and gross profit recognised as explained above.

Review of financial position

The Group's net asset value increased from S$15.0 million as at 31 December 2015 to S$15.7 million as at 30 June 2016.

The Group's current assets recorded an increase of S$3.4 million at 30 June 2016 as compared to 31 December 2015 mainly due to an increase in cash and cash equivalents of S$0.8 million and an increase in due from customers on construction contracts of S$2.0 million.

The Group's current liabilities increased by S$2.9 million at 30 June 2016 as compared to 31 December 2015 mainly due to an increase in trade and other payables of S$2.7 million.

The Group's share capital see an increase of S$2.9 million as a result from the capitalisation of warrants reserve following the expiration of the non-listed and non-transferable warrants on 27 February 2016.

Review of cash flow

The Group generated overall net cash inflow of S$0.5 million in HY2016 is mainly due to net cash generated from operating activities.

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

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

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.**

Civil & Structure and Water & Wastewater Treatment and Hydro-Engineering Sectors

Based on advance estimates by the Ministry of Trade and Industry, Singapore's economy grew by 2.2% in 2Q 2016 on a year-on-year basis with construction sector growing by 2.7% over the same period. On a quarter-on-quarter basis, economic growth grew by 0.8% while construction sector grew by 0.6% over the same period. For 2016, Building and Construction Authority expects construction demand to be between S$27 billion and S$34 billion. Nevertheless, we are cautiously optimistic as the construction industry is still challenging amid intense competition and high labour costs.

Following the announcement on the Receipt of Whitewash Waiver released on 12 February 2016, the Group's acquisition of the entire issued and paid-up capital of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd from Construction Consortium Pte. Ltd. (a wholly-owned subsidiary of the ultimate holding company (Koh Brothers Group Limited)) was completed on 1 July 2016. For the Second Half of the Financial Year 2016, the construction arm on civil engineering, namely (Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd), will have a material impact on the Group's results.

Bio-refining and Bio-energy Sector

Oiltek Sdn. Bhd.("Oiltek"), our subsidiary is an integrated supplier with process expertise that covers the complete supply chain in the edible oil industry, renewable and bio-energy sector, as well as high value downstream processes. Selling to 28 countries in the global market, our business model also provides us with a geographical edge. We are cautiously confident of the performance of Oiltek and outlook of the market.

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 2016.

13 Interested person transactions

The Company has obtained an IPT mandate from shareholders for transactions with Koh Brothers Group Limited and its subsidiaries and associated companies on 27 April 2016.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year/period under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd	NIL	177

14 Requirement under Rule 705(5) of the Listing Manual Section B: Rules of Catalist

We, Koh Keng Siang and Koh Choon Leng, being Directors of Koh Brothers Eco Engineering Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to our attention which may render the financial statements for the half year ended 30 June 2016 to be false or misleading in any material aspect.

15 Requirement under Rule 720(1) of the Listing Manual Section B: Rules of Catalist

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix H) under Rule 720(1).

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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