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

Unaudited Half Year Financial Statement for the Period Ended 30 June 2017

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		Increase/ (Decrease)
		30/06/2017 S$'000	30/06/2016 S$'000	%
Revenue		120,405	20,933	475
Cost of sales		(113,380)	(16,991)	567
Gross profit		7,025	3,942	78
Other income	1	736	107	588
Other losses - net	2	(617)	(419)	47
Selling and distribution expenses		37	18	106
Administrative expenses		(4,389)	(2,396)	83
Finance expenses		(309)	(38)	713
Profit before income tax	3	2,483	1,214	105
Income tax expense	4	(200)	(619)	(68)
Profit after income tax		2,283	595	284
Other comprehensive (loss)/income:				
Fair value loss from available-for-sale financial assets		(93)	-	NM
Currency translation difference arising from consolidation		(125)	41	NM
Other comprehensive (loss)/income, net of tax		(218)	41	NM
Total comprehensive income		2,065	636	225
Profit attributable to:				
Equity holders of the Company		2,213	340	551
Non-controlling interests		70	255	(73)
		2,283	595	284
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		1,996	745	168
Non-controlling interests		69	(109)	NM
		2,065	636	225

NM – not meaningful

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

	6 months ended	
	30/06/2017 S$'000	30/06/2016 S$'000
Note 1		
Other income includes the following:		
Rental income	**81**	**81**
Interest income	**115**	**20**
Other income	**540**	**6**
	736	**107**
Note 2		
Other losses - net include the following:		
Fair value loss on financial assets at fair value through profit or loss	**(5)**	**-**
Fair value loss on long term financial assets and financial liabilities	**(71)**	**-**
Gain on disposal of property, plant and equipment	**7**	**-**
Net foreign exchange losses	**(548)**	**(419)**
	(617)	**(419)**
Note 3		
Profit before income tax is stated after crediting/(charging) the following items:		
Write-back for impairment on trade receivables	**245**	**189**
Depreciation of property, plant and equipment	**(277)**	**(75)**
Note 4		
Income tax expense includes the following:		
Current income tax		
- in respect of current period	**(250)**	**(619)**
- over provision in respect of prior period	**50**	**-**
	(200)	**(619)**

The Group's taxation charge for the period ended 30 June 2017 is lower than that determined by applying the Singapore income tax rate of 17% to the Group profit before income tax mainly due to utilisation of carry forward tax losses of certain subsidiaries.

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	
	30/06/2017 S$'000	31/12/2016 S$'000	30/06/2017 S$'000	31/12/2016 S$'000
ASSETS				
CURRENT ASSETS				
Cash and bank balances	16,287	20,460	30	164
Trade and other receivables	103,066	87,094	4,263	1,682
Inventories	658	646	-	-
Due from customers on construction contracts	52,335	36,533	-	-
Financial assets, at fair value through profit or loss	35	40	-	-
Available-for-sale financial assets	910	7,529	-	-
	173,291	152,302	4,293	1,846
NON-CURRENT ASSETS				
Trade and other receivables	21,316	15,187	-	-
Investment in an associated company	1,355	1,355	640	640
Investments in subsidiaries	-	-	37,238	36,159
Property, plant and equipment	30,276	28,636	1,660	1,696
Goodwill	6,857	6,857	-	-
	59,804	52,035	39,538	38,495
TOTAL ASSETS	233,095	204,337	43,831	40,341
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	38,391	38,391	38,391	38,391
Other reserves	(534)	(441)	-	-
Retained profits	5,692	3,877	1,246	1,091
Currency translation reserve	(2,576)	(2,458)	-	-
	40,973	39,369	39,637	39,482
Non-controlling interests	2,888	3,033	-	-
TOTAL EQUITY	43,861	42,402	39,637	39,482
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	119,775	97,513	4,194	849
Current income tax liabilities	683	680	-	-
Due to customers on contruction contracts	22,046	29,514	-	10
Short term borrowings and finance leases	24,706	16,709	-	-
	167,210	144,416	4,194	859
NON-CURRENT LIABILITIES				
Trade and other payables	17,878	14,829	-	-
Finance leases	3,693	2,237	-	-
Deferred tax liabilities	453	453	-	-
	22,024	17,519	-	-
TOTAL LIABILITIES	189,234	161,935	4,194	859
TOTAL EQUITY AND LIABILITIES	233,095	204,337	43,831	40,341

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

	As at 30/06/2017		As at 31/12/2016	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	2,406	22,300	1,409	15,300
Amount repayable after one year	3,693	-	2,237	-

Details of any collaterals

The Group's secured borrowings are secured by the Group's plant and equipment.

1(c) CONSOLIDATED CASH FLOW STATEMENT

	6 months ended	
	30/06/2017 S$'000	30/06/2016 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after income tax	2,283	595
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	277	75
Fair value loss on financial assets at fair value through profit or loss	5	-
Fair value loss on long term financial assets and financial liabilities	71	-
Gain on disposal of property, plant and equipment	(7)	(3)
Income tax expense	200	619
Interest expense	309	28
Interest income	(115)	(20)
Property, plant and equipment written off	*	*
Unrealised foreign exchange loss/(gain)	445	(4)
Operating profit before working capital changes	3,468	1,290
Working capital changes:		
- Trade and other receivables	(22,577)	(1,017)
- Inventories	(12)	(96)
- Due to customers on construction contracts	(20,946)	(5,141)
- Trade and other payables	25,544	6,302
Cash (used in)/generated from operations	(14,523)	1,338
Income tax paid	(195)	(387)
Interest paid	(324)	(28)
Net cash (used in)/generated from operating activities	(15,042)	923
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(794)	(14)
Proceeds from disposal of property, plant and equipment	8	12
Proceeds from redemption of available-for-sale financial assets	6,500	-
Interest received	329	20
Net cash generated from investing activities	6,043	18
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit pledge	(167)	(44)
Proceeds from bank borrowings	7,000	-
Payment of finance lease installments	(1,007)	-
Acquisition of non-controlling interests in a subsidiary	*	-
Dividend paid to equity holders of the Company	(448)	-
Dividend paid to non-controlling interests	(158)	(399)
Net cash generated from/(used in) financing activities	5,220	(443)
NET CHANGE IN CASH AND BANK BALANCES	(3,779)	498
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD	19,323	14,609
EFFECTS OF CURRENCY TRANSLATION ON CASH AND BANK BALANCES	(561)	240
CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD	14,983	15,347
Represented by:		
CASH AND BANK BALANCES		
Cash and bank balances	16,287	16,829
Restricted cash	(1,304)	(1,482)
	14,983	15,347

* – 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**	**Other Reserves**	**Retained profits / (Accumulated losses)**	**Currency Translation Reserve**	**TOTAL**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
Balance as at 01/01/2017	**38,391**	**-**	**(441)**	**3,877**	**(2,458)**	**39,369**	**3,033**	**42,402**
Profit for the period	**-**	**-**	**-**	**2,213**	**-**	**2,213**	**70**	**2,283**
Other comprehensive loss for the period	**-**	**-**	**(93)**	**-**	**(124)**	**(217)**	**(1)**	**(218)**
Acquisition of non-controlling interests without a change in control	**-**	**-**	**-**	**50**	**6**	**56**	**(56)**	**-**
Dividend paid	**-**	**-**	**-**	**(448)**	**-**	**(448)**	**(158)**	**(606)**
Balance as at 30/06/2017	**38,391**	**-**	**(534)**	**5,692**	**(2,576)**	**40,973**	**2,888**	**43,861**
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**	**-**	**-**	**-**	**-**
Profit for the period	**-**	**-**	**-**	**340**	**-**	**340**	**255**	**595**
Other comprehensive income/(loss) for the period	**-**	**-**	**-**	**462**	**(57)**	**405**	**(364)**	**41**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**(252)**	**(252)**
Balance as at 30/06/2016	**19,388**	**-**	**-**	**(1,462)**	**(2,227)**	**15,699**	**2,696**	**18,395**

	Attributable to equity holders of the Company			
COMPANY (S$'000)	**Share Capital**	**Warrants Reserve**	**Retained Profits**	**TOTAL**
Balance as at 01/01/2017	**38,391**	**-**	**1,091**	**39,482**
Profit for the period	**-**	**-**	**603**	**603**
Dividend Paid	**-**	**-**	**(448)**	**(448)**
Balance as at 30/06/2017	**38,391**	**-**	**1,246**	**39,637**
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**

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

There is no change in the Company's share capital since the end of the previous period reported on.

There are no outstanding convertibles as at 30 June 2017 and as at 30 June 2016.

There are no treasury shares and subsidiary holdings as at 30 June 2017 and as at 30 June 2016.

	No. of shares	
	30/06/2017	31/12/2016
Total number of issued shares	747,554,207	747,554,207

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	
	30/06/2017	31/12/2016
Total number of issued shares excluding treasury shares	747,554,207	747,554,207

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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the 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 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 2016. 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 2017 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	
	30/06/2017 S'pore (cent)	30/06/2016 S'pore (cent)
(i) Basic earnings per share	0.30	0.09
(ii) On a fully diluted basis	0.30	0.09

The 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 747,554,207 ordinary shares (financial period ended 30 June 2016: 378,408,576 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	
	30/06/2017 S'pore (cents)	31/12/2016 S'pore (cents)	30/06/2017 S'pore (cents)	31/12/2016 S'pore (cents)
Net asset value per ordinary share based on total number of issued shares at the end of period	5.48	5.27	5.30	5.28

The net asset value per ordinary share is computed based on the issued share capital of 747,554,207 ordinary shares as at 30 June 2017 (31 December 2016: 747,554,207 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 current 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

The improved financial performance for 30 June 2017 is largely due to the acquisition of Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd, which was completed on 1 July 2016.

Revenue
The Group's revenue increased by 475% from S$20.9 million for the half year ended 30 June 2016 ("HY2016") to S$120.4 million for the half year ended 30 June 2017 ("HY2017"). The increase of S$99.5 million was mainly due to contribution by Engineering & Construction Division.

Cost of sales
The Group's cost of sales increased by 567% from S$17.0 million in HY2016 to S$113.4 million in HY2017. The increase of S$96.4 million was mainly due to contribution by Engineering & Construction Division.

Gross profit
In line with higher revenue, the Group's gross profit increased by 78% from S$3.9 million in HY2016 to S$7.0 million in HY2017.

Other income
Other income increased from S$0.1 million in HY2016 to S$0.7 million in HY2017 mainly due to the forfeiture of deposit received from a customer.

Other losses - net
Other losses increased from S$0.4 million in HY2016 to S$0.6 million in HY2017. This was mainly due to net foreign exchange losses arising from trade receivables and bank balances.

Selling and distribution expenses
There was no significant difference in selling and distribution expenses between HY2016 and HY2017.

Administrative expenses

Administrative expenses increased by 83% from S$2.4 million in HY2016 to S$4.4 million in HY2017 mainly due to Engineering & Construction Division.

Finance expenses
Finance expenses increased by 713% from S$0.1 million in HY2016 to S$0.3 million in HY2017 mainly due to the increase in the Group's borrowings.

Profit before income tax
The Group's profit before income tax increased by 105% from S$1.2 million in HY2016 to S$2.5 million in HY2017. This is mainly due to contribution from Engineering & Construction Division.

Review of financial position
The Group's net asset value increased from S$39.4 million as at 31 December 2016 to S$41.0 million as at 30 June 2017.

The Group's current assets recorded an increase of S$21.0 million at 30 June 2017 as compared to 31 December 2016 mainly due to the increase in trade and other receivables of S$16.0 million and an increase in amount due from customers on construction contracts of S$16.0 million, partially offset by the decrease in cash and bank balances of S$4.2 million and a decrease in available-for-sale financial assets of S$6.6 million.

Increase in trade and other receivables was mainly due to the increase in amount of progress claims certified for construction projects in progress. Decrease in available-for-sale financial assets was mainly due to redemption of bonds at maturity. Increase in net amount due from customers on construction contracts was mainly due to construction works-in-progress in excess of progress billings.

The Group's non-current assets recorded an increase of S$7.8 million at 30 June 2017 as compared to 31 December 2016 mainly due to an increase in trade and other receivables of S$6.1 million and an increase in property, plant and equipment of S$1.6 million.

The Group's current liabilities increased by S$22.8 million as at 30 June 2017 as compared to 31 December 2016 mainly due to an increase in trade payables.

The Group's non-current liabilities increased by S$4.5 million as at 30 June 2017 as compared to 31 December 2016 mainly due to an increase in trade and other payables of S$3.0 million and an increased in finance leases of S$1.5 million.

Review of cash flow

The Group's overall net cash outflow of S$3.8 million in HY2017 is mainly due to net cash used in operating activities, offset by the proceeds from redemption of available-for-sale financial assets from investing activities and proceeds from bank borrowings from financing activities.

Net cash used in operating activities is mainly due to increase in trade and other receivables and amount due to customers on construction contracts.

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.

Engineering and Construction Sector

According to advance estimates by the Ministry of Trade and Industry, the Singapore economy grew by 2.5% in 2Q 2017 on a year-on-year basis, the same pace of growth as in the previous quarter. On a quarter-on-quarter basis seasonally adjusted annualised basis, the economy expanded by 0.4%, in contrast to the 1.9% contraction in the preceding quarter. The construction sector contracted by 5.6% on a year-on-year basis in the second quarter, following the 6.1% decline in the previous quarter. The sector was weighed down by a weakness in both private and public sector construction activities.

For 2017, the Building and Construction Authority (BCA) announced that construction demand over the next few years will see positive growth, 70% of which will be largely driven by public sector demand. The average construction demand in the next few years shall range between S$26 billion to S$35 billion for 2018/2019 and between S$26 billion to S$37 billion for 2020/2021. Out of the demand between S$28 billion to S$35 billion for this year, S$20 billion to S$24 billion shall go to the public construction sector due to an anticipated increase in the demand for building and civil engineering works.

The construction industry is still challenging because of stiff competition amongst peers within the construction industry, more stringent government regulatory controls and emphasis on compliance with workplace safety. However, being an established building and civil engineering contractor, emphasising on safety, productivity and quality, we are poised to tender for larger construction projects.

Bio-refining and Bio-energy Sector

Oiltek Sdn. Bhd., our subsidiary, is an integrated supplier with process expertise that covers the complete supply chain in the edible oil industry, renewable and bioenergy sector, as well as high value downstream processes. Oiltek continues to develop new proprietory technology in the refining process to provide continual innovation to the industry. We remain cautiously optimistic on the long term growth prospects for Oiltek despite the current challenges faced in the commodities industry.

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 2017.

13 Interested person transactions

The general mandate for interested person transactions was approved at the Annual General Meeting held on 28 March 2017.

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
Transactions for the Sale of Goods and Services		
KBD Westwood Pte Ltd	-	19,413
Koh Keng Siang	-	536
Transactions for the Purchase of Goods and Services		
G & W Ready-Mix Pte Ltd	-	4,532
Koh Brothers Group Ltd	-	946
G & W Precast Pte Ltd	-	297
Koh Brothers Holdings Pte Ltd	-	121
Hi Con (S) Pte Ltd	-	104

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 2017 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 7H) 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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