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

Unaudited First Quarter and 3 Months Financial Statement for the Period Ended 31 March 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, 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	3 months ended 31/03/2018 S$'000	3 months ended 31/03/2017 S$'000	Increase/ (Decrease) %
Revenue		52,776	70,616	(25)
Cost of sales		(49,754)	(67,028)	(26)
Gross profit		3,022	3,588	(16)
Other income	1	112	101	11
Other gains/(losses) - net	2	85	(124)	n.m.
Selling and distribution expenses		(98)	52	n.m.
Administrative expenses		(2,462)	(2,002)	23
Finance expenses		(128)	(129)	(1)
Profit before income tax	3	531	1,486	(64)
Income tax expense	4	(141)	(46)	206
Profit after income tax		390	1,440	(73)
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation		475	(542)	n.m.
Total comprehensive income		865	898	(4)
Profit attributable to:				
Equity holders of the Company		363	1,397	(74)
Non-controlling interests		27	43	(37)
		390	1,440	(73)
Total comprehensive income attributable to:				
Equity holders of the Company		762	901	(15)
Non-controlling interests		103	(3)	n.m.
		865	898	(4)

n.m. – not meaningful

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

	3 months ended	
	31/03/2018 S$'000	31/03/2017 S$'000
Note 1		
Other income includes the following:		
Rental income	**41**	**41**
Interest income	**50**	**57**
Other income	**21**	**3**
	112	**101**
Note 2		
Other gains/(losses) includes the following:		
Fair value gain/(loss) on financial assets at fair value through profit or loss	**1**	**(1)**
Fair value gain on long term financial assets and financial liabilities	**484**	**66**
Gain on disposal of property, plant and equipment	**55**	**1**
Net exchange loss	**(455)**	**(190)**
	85	**(124)**
Note 3		
Profit before income tax is stated after crediting/(charging) the following items:		
Write back of doubtful trade and non-trade receivables	**55**	**233**
Depreciation of property, plant and equipment	**(152)**	**(138)**
Note 4		
Income tax expense includes the following:		
Current income tax		
- in respect of current period	**141**	**46**

The Group's taxation charge for the period ended 31 March 2018 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.

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	
	31/03/2018	01/01/2018 (restated)	01/01/2017 (restated)	31/03/2018	31/12/2017
	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS					
CURRENT ASSETS					
Cash and bank balances	19,077	24,864	20,460	1,376	5,977
Trade and other receivables	87,246	64,927	75,851	7,309	4,052
Inventories	164	190	646	-	-
Contract assets	73,842	68,930	50,766	-	-
Financial assets, at fair value through profit or loss	37	37	40	-	-
Available-for-sale financial assets	-	-	7,529		
Financial assets, at FVOCI	740	765	-	-	-
	181,106	159,713	155,292	8,685	10,029
NON-CURRENT ASSETS					
Trade and other receivables	-	-	-	10,000	10,000
Contract assets	26,706	24,589	15,187	-	-
Investment in an associated company	1,448	1,448	1,355	640	640
Investments in subsidiaries	-	-	-	37,238	37,238
Property, plant and equipment	30,500	31,269	28,636	1,604	1,623
Goodwill	6,857	6,857	6,857	-	-
Deferred tax asset	455	-	-	-	-
	65,966	64,163	52,035	49,482	49,501
TOTAL ASSETS	247,072	223,876	207,327	58,167	59,530
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	52,143	52,143	38,391	52,143	52,143
Other reserves	1,827	1,827	(441)	2,482	2,482
Retained profits	10,887	10,524	3,877	1,674	1,730
Currency translation reserve	(1,890)	(2,289)	(2,458)	-	-
	62,967	62,205	39,369	56,299	56,355
Non-controlling interests	3,148	3,045	3,033	-	-
TOTAL EQUITY	66,115	65,250	42,402	56,299	56,355
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	97,707	96,982	94,191	1,868	3,175
Current income tax liabilities	98	751	680	-	-
Contract liabilities	36,307	35,412	35,826	-	-
Short term borrowings and finance leases	31,196	11,191	16,709	-	-
	165,308	144,336	147,406	1,868	3,175
NON-CURRENT LIABILITIES					
Trade and other payables	13,520	11,483	14,829	-	-
Finance leases	2,129	2,731	2,237	-	-
Deferred tax liabilities	-	76	453	-	-
	15,649	14,290	17,519	-	-
TOTAL LIABILITIES	180,957	158,626	164,925	1,868	3,175
TOTAL EQUITY AND LIABILITIES	247,073	223,876	207,327	58,168	59,530

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

	As at 31/03/2018		As at 31/12/2017	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less, or on demand	2,396	28,800	2,391	8,800
Amount repayable after one year	2,129	-	2,731	-

Details of any collateral

The Group's secured borrowings are secured by some of the Group's plant and machinery.

1(c) CONSOLIDATED CASH FLOW STATEMENT

	3 months ended	
	31/03/2018	31/03/2017 (restated)
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after income tax	390	1,440
Adjustments for non-cash items:		
Income tax expense	141	46
Depreciation of property, plant and equipment	152	138
Fair value gain on long term financial assets and financial liabilities	(484)	(66)
Gain on disposal of property, plant and equipment	(55)	(1)
Interest expense	128	129
Interest income	(50)	(57)
Unrealised foreign exchange loss	410	204
Operating profit before working capital changes	632	1,833
Working capital changes:		
- Receivables	(21,827)	(40,822)
- Inventories	26	73
- Contract assets	(5,023)	(17,406)
- Contract liabilities	895	39,868
- Payables	2,442	(2,353)
Cash used in operations	(22,855)	(18,807)
Income tax (paid)/refund	(1,793)	19
Interest paid	(165)	(144)
Net cash used in operating activities	(24,813)	(18,932)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(508)	(18)
Proceeds from disposal of property, plant and equipment	56	2
Proceeds from redemption of financial assets, at FVOCI	25	-
Proceeds from redemption of available-for-sale financial assets	-	5,000
Interest received	36	230
Net cash (used in)/generated from investing activities	(391)	5,214
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit pledged	(55)	(140)
Proceeds from bank borrowings	20,000	15,000
Payment of finance lease instalments	(597)	(434)
Net cash generated from financing activities	19,348	14,426
NET CHANGE IN CASH AND BANK BALANCES	(5,856)	708
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR	23,509	19,323
EFFECTS OF CURRENCY TRANSLATION ON CASH AND BANK BALANCES	14	(514)
CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR	17,667	19,517
Represented by:		
CASH AND BANK BALANCES		
Cash and bank balances	19,077	20,794
Restricted cash	(1,410)	(1,277)
	17,667	19,517

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**	**Currency Translation Reserve**	**TOTAL**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
Balance as at 01/01/2018	**52,143**	**2,482**	**(655)**	**10,524**	**(2,289)**	**62,205**	**3,045**	**65,250**
Profit for the period	**-**	**-**	**-**	**363**	**-**	**363**	**27**	**390**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**399**	**399**	**76**	**475**
Balance as at 31/03/2018	**52,143**	**2,482**	**(655)**	**10,887**	**(1,890)**	**62,967**	**3,148**	**66,115**
Balance as at 01/01/2017	**38,391**	**-**	**(441)**	**3,877**	**(2,458)**	**39,369**	**3,033**	**42,402**
Profit for the period	**-**	**-**	**-**	**1,397**	**-**	**1,397**	**43**	**1,440**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**(496)**	**(496)**	**(46)**	**(542)**
Balance as at 31/03/2017	**38,391**	**-**	**(441)**	**5,274**	**(2,954)**	**40,270**	**3,030**	**43,300**

	Attributable to equity holders of the Company			
COMPANY (S$'000)	**Share Capital**	**Warrants Reserve**	**Retained profits**	**TOTAL**
Balance as at 01/01/2018	**52,143**	**2,482**	**1,730**	**56,355**
Loss for the period	**-**	**-**	**(56)**	**(56)**
Balance as at 31/03/2018	**52,143**	**2,482**	**1,674**	**56,299**
Balance as at 01/01/2017	**38,391**	**-**	**1,091**	**39,482**
Loss for the period	**-**	**-**	**(69)**	**(69)**
Balance as at 31/03/2017	**38,391**	**-**	**1,022**	**39,413**

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	
	31/03/2018	31/12/2017
Total number of issued shares	1,046,635,889	1,046,635,889
Number of shares that may be issued on exercise of warrants	298,961,682	298,961,682

Warrants

(a) Pursuant to the proposed renounceable non-underwritten rights cum warrants issue, the Company issued 299,021,682 warrants on 14 November 2017. Each warrant carries the right to subscribe for one (1) ordinary share in the capital of the Company at the exercise price ranging from S$0.09 to S$0.11 per warrant for each ordinary share. Each warrant may be exercised at any time during the period of four (4) years commencing on and including the date of issue of the warrants and expiring on the 4th anniversary of the date of issue of the warrants. 60,000 warrants had been exercised as at 31 December 2017. The remaining 298,961,682 warrants will expire on 11 November 2022.

Shares

(a) Pursuant to the proposed renounceable non-underwritten rights cum warrants issue, the Company issued 299,021,682 rights shares in the capital of the Company on 14 November 2017 at the issue price of S$0.055 for each ordinary share. The new shares rank pari passu in all respects with all other existing shares in issue. Following the completion of the above issuance, the total number of issued shares in the capital of the Company increased from 747,554,207 shares to 1,046,575,889 shares.

On 4 December 2017, the Company issued 60,000 rights shares in the capital of the Company pursuant to the exercise of warrants at a exercise price of S$0.09 per warrant, under the Deed Poll dated 13 October 2017. The new shares rank pari passu in all respects with all other existing shares in issue. Following the completion of the above issuance, the total number of issued shares in the capital of the Company increased from 1,046,575,889 shares to 1,046,635,889 shares.

Save as disclosed above, the Company has no outstanding convertibles and no treasury shares as at 31 March 2018 and 31 December 2017.

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	
	31/03/2018	31/12/2017
Total number of issued shares excluding treasury shares	1,046,635,889	1,046,635,889

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.

Except as diclosed 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 compared with the audited financial statements as at 31 December 2017.

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.

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to be 'Singapore Financial Reporting Standards (International)' ["SFRS(I)s"] hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the period ended 31 March 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group also concurrently applied new major SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers.

The impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

	GROUP	
	31/12/2017 Increase/ (Decrease) S$'000	01/01/2017 Increase/ (Decrease) S$'000
ASSETS		
CURRENT ASSETS		
Trade and other receivables	**(11,057)**	**(11,243)**
Due from customers on construction contracts	**(53,440)**	**(36,533)**
Contract assets	**68,930**	**50,766**
Available-for-sale financial assets	**(765)**	**-**
Financial assets, at FVOCI	**765**	**-**
	4,433	**2,990**
NON-CURRENT ASSETS		
Trade and other receivables	**(24,589)**	**(15,187)**
Contract assets	**24,589**	**15,187**
	-	**-**
TOTAL ASSETS	**4,433**	**2,990**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**(20,424)**	**(3,322)**
Due to customers on contruction contracts	**(10,555)**	**(29,514)**
Contract liabilities	**35,412**	**35,826**
	4,433	**2,990**
TOTAL LIABILITIES	**4,433**	**2,990**
NET ASSETS	**-**	**-**

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	
	31/03/2018 S'pore (cent)	31/03/2017 S'pore (cent)
(i) Basic	0.03	0.16
(ii) On a fully diluted basis	0.03	0.16

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 1,046,635,889 ordinary shares (Financial period ended 31 March 2017: based on adjusted 860,893,071 ordinary shares).

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue during the 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	
	31/03/2018 S'pore (cents)	31/12/2017 S'pore (cents)	31/03/2018 S'pore (cents)	31/12/2017 S'pore (cents)
Net asset value per ordinary share based on total number of issued shares at the end of period	6.02	5.94	5.38	5.38

The net asset value per ordinary share is computed based on the issued share capital of 1,046,635,889 ordinary shares as at 31 March 2018 (31 December 2017: 1,046,635,889 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
Group's revenue for the first quarter ended 31 March 2018 ("1Q 2018") amounted to S$52.8 million, a decrease of 25% from the previous corresponding period in 2017 ("1Q 2017"). The decrease was mainly due to a decline in revenue contribution from the Engineering and Construction division following the completion of certain projects.

Cost of sales
In line with lower revenue recorded, the Group's cost of sales decreased by 26% from S$67.0 million in 1Q 2017 to S$49.8 million in 1Q 2018.

Gross Profit
Overall gross profit retreated by 16% from S$3.6 million in 1Q 2017 to S$3.0 million in 1Q 2018.

Other income
Other income increased by 11% mainly due to increase in sundry income.

Other gains/(losses) - net
Other gains amounted to S$0.1 million in 1Q 2018 compared to other losses of S$0.1 million in 1Q 2017. This was mainly due to fair value gain on long term financial assets and financial liabilities.

Selling and Distribution Expenses
Included in the selling and distribution expenses are the write back of doubtful debts.

Administrative expenses
Administrative expenses increased by 23% from S$2.0 million in 1Q 2017 to S$2.5 million in 1Q 2018 mainly due to higher expenses incurred by the Engineering and Construction Division as a result of higher staff cost and professional fees.

Finance expenses
There was no significant difference in finance expenses between 1Q 2017 and 1Q 2018.

Profit before income tax
The Group's profit before income tax fell to S$0.5 million in 1Q 2018 from S$1.5 million in 1Q 2017. This was mainly due to lower revenue and gross profit recognised as explained above.

Review of financial position

The Group's net asset value attributable to shareholders increased from S$62.2 million as at 31 December 2017 to S$63.0 million as at 31 March 2018.

The Group's current assets recorded an increase of S$21.4 million as at 31 March 2018 as compared to 31 December 2017 mainly due to increase in trade and other receivables, resulting from increase in progress billings on construction contracts.

The Group's non-current assets recorded an increase of S$1.8 million as at 31 March 2018 as compared to 31 December 2017 mainly due to increase in contract assets.

The Group's current liabilities recorded an increase of S$21.0 million as at 31 March 2018 as compared to 31 December 2017 mainly due to increase in short term borrowings and finance leases.

The Group's non-current liabilities showed an increase of S$1.3 million as at 31 March 2018 as compared to 31 December 2017 mainly due to higher subcontractor retention recorded in trade and other payables.

Review of cash flow

The Group's overall net cash outflow of S$5.9 million in 1Q 2018 was mainly due to net cash used in operating activities, offset by proceeds from bank borrowings under financing activities. The net cash used in operating activities in 1Q 2018 was largely attributable to working capital changes.

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 period ended 31 December 2017.

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 the latest advance estimates from the Ministry of Trade and Industry advance estimates announced on 13 April 2018, the Singapore economy grew by 4.3% on a year-on-year basis in the first quarter of 2018, higher than the 3.6% growth in the previous quarter. However, the construction sector contracted by 4.4% on a year-on-year basis in the first quarter, following a 5% decline in the previous quarter. The weak performance of the sector was due to a fall in both private sector and public sector construction activities.

The Building & Construction Authority projected the total construction contracts to be awarded in 2018 to range between S$26.0 billion to S$31.0 billion with public sector construction demand contributing to about 60% of the total construction demand.

Although, the construction demand is expected to improve both from public and private sectors, the construction industry is still challenging because of keen competition and higher cost of construction materials. As an established building and engineering contractor, we will continue to leverage on our strength to secure more projects in order to replenish our order book for substainable long term growth.

Bio-refining and Bio-energy Sector

Our subsidiary, Oiltek Sdn. Bhd. 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, will continue to develop new proprietory technology in the refining process to provide continual innovation to the industry. Oiltek remains optimistic about the long term growth prospects 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 31 March 2018.

13 Interested Person Transaction

The general mandate for interested persons transactions was approved at the Annual General Meeting held on 26 April 2018.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year 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$100,000)
	S$'000	S$'000
Transactions for the Sale of Goods and Services		
KBD Westwood Pte Ltd	-	106
Transactions for the Purchase of Goods and Services		
G & W Ready-Mix Pte Ltd	-	2,701
G & W Precast Pte Ltd	-	163
G & W Industries Pte Ltd	-	165
Koh Brothers Group Limited	-	1,222

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 first quarter ended 31 March 2018 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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