

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Notes	GROUP				
		3 months ended		Change %	9 months ended	
		30/09/2019 S\$'000	30/09/2018 S\$'000		30/09/2019 S\$'000	30/09/2018 S\$'000
Revenue		79,069	95,034	-17	208,581	214,005
Cost of sales		(74,978)	(90,651)	-17	(197,958)	(203,250)
Gross profit		4,091	4,383	-7	10,623	10,755
Other income	1	49	46	7	116	208
Other gains - net	2	449	753	-40	832	2,631
Selling and distribution expenses		(325)	(304)	7	(417)	(647)
Administrative expenses		(2,545)	(3,155)	-19	(6,851)	(7,944)
Finance expenses		(652)	(276)	136	(1,525)	(624)
Share of profit from associated companies, net of tax		239	-	N.M.	638	9
Profit before income tax	3	1,306	1,447	-10	3,416	4,388
Income tax expense	4	(36)	(64)	-44	(395)	(502)
Profit after income tax		1,270	1,383	-8	3,021	3,886
Other comprehensive income/(loss), net of tax:						
Fair value (loss)/gain on debts instruments		(2)	41	N.M.	(39)	84
Currency translation differences arising from consolidation		99	(364)	N.M.	46	83
Other comprehensive income/(loss), net of tax		97	(323)	N.M.	7	167
Total comprehensive income		1,367	1,060	29	3,028	4,053
Profit attributable to:						
Equity holders of the Company		1,118	1,327	-16	2,790	3,624
Non-controlling interests		152	56	171	231	262
Total comprehensive income attributable to:		1,270	1,383	-8	3,021	3,886
Equity holders of the Company		1,195	1,079	11	2,789	3,796
Non-controlling interests		172	(19)	N.M.	239	257
		1,367	1,060	29	3,028	4,053

N.M. - Not meaningful

**Notes to the Statement of Comprehensive Income**

**Note 1**

Other income include the following :

Rental income  
Interest income  
Other income

**Note 2**

Other gains include the following :

Fair value loss on financial assets at fair value through profit or loss  
Gain on disposal of property, plant and equipment  
Net foreign exchange gains  
Others

**Note 3**

Profit before income tax is stated after (charging)/crediting the following items:

(Allowance for)/write-back of allowance for impairment of trade and non-trade receivables  
Depreciation of property, plant and equipment

**Note 4**

Income tax expense includes the following :

Current income tax  
- in respect of current period  
- over provision in respect of prior period

GROUP			
3 months ended		9 months ended	
30/09/2019 S\$'000	30/09/2018 S\$'000	30/09/2019 S\$'000	30/09/2018 S\$'000
-	-	-	42
41	42	101	127
8	4	15	39
49	46	116	208
-	-	-	(11)
268	515	377	1,953
181	238	455	205
-	-	-	484
449	753	832	2,631
(116)	(134)	125	(126)
(3,823)	(1,098)	(7,419)	(3,683)
166	85	525	523
(130)	(21)	(130)	(21)
36	64	395	502

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	
	30/09/2019 S\$'000	31/12/2018 S\$'000	30/09/2019 S\$'000	31/12/2018 S\$'000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and bank balances	24,428	20,553	448	429
Trade and other receivables	36,912	53,536	14,783	12,496
Inventories	215	116	-	-
Contract assets	147,516	105,077	-	-
Financial assets, at FVOCI	716	763	-	-
Income tax receivables	1,055	773	-	-
Other current assets	3,229	3,229	-	-
	<b>214,071</b>	<b>184,047</b>	<b>15,231</b>	<b>12,925</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	21,977	5,640	29,000	30,000
Contract assets	1,859	10,882	-	-
Investments in associated companies	2,402	1,765	640	640
Investments in subsidiaries	-	-	48,238	37,238
Property, plant and equipment	50,879	40,854	2	6
Right-of-use assets	1,981	-	-	-
Goodwill	6,857	6,857	-	-
Deferred tax assets	52	52	-	-
	<b>86,007</b>	<b>66,050</b>	<b>77,880</b>	<b>67,884</b>
<b>TOTAL ASSETS</b>	<b>300,078</b>	<b>250,097</b>	<b>93,111</b>	<b>80,809</b>
<b>EQUITY</b>				
Capital and reserves attributable to equity holders of the Company				
Share capital	83,983	73,145	83,983	73,145
Other reserves	3,078	3,900	3,724	4,507
Retained profits	17,094	15,868	3,017	2,189
Currency translation reserve	(2,479)	(2,517)	-	-
	<b>101,676</b>	<b>90,396</b>	<b>90,724</b>	<b>79,841</b>
Non-controlling interests	2,649	3,079	-	-
<b>TOTAL EQUITY</b>	<b>104,325</b>	<b>93,475</b>	<b>90,724</b>	<b>79,841</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	105,750	98,803	2,387	968
Contract liabilities	11,503	4,990	-	-
Short term borrowings and finance leases	60,682	45,895	-	-
Lease payables	1,608	-	-	-
	<b>179,543</b>	<b>149,688</b>	<b>2,387</b>	<b>968</b>
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables	3,373	4,808	-	-
Finance lease	11,951	1,632	-	-
Lease payables	392	-	-	-
Deferred tax liabilities	494	494	-	-
	<b>16,210</b>	<b>6,934</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>195,753</b>	<b>156,622</b>	<b>2,387</b>	<b>968</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>300,078</b>	<b>250,097</b>	<b>93,111</b>	<b>80,809</b>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As at 30/09/2019		As at 31/12/2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	5,182	55,500	2,556	43,339
Amount repayable after one year	11,951	-	1,632	-

Details of any collateral

The Group's secured borrowings are secured by the Group's plant and machinery and motor vehicles.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit after income tax

Adjustments for non-cash items :

Income tax expense

Depreciation of property, plant and equipment

Fair value loss on financial assets at fair value through profit or loss

Gain on disposal of property, plant and equipment

Share of profit from associated companies

Interest expense

Interest income

Unrealised foreign exchange gain

Operating profit before working capital changes

Working capital changes :

- Receivables

- Inventories

- Contract assets and liabilities

- Payables

Cash used in operations

Income tax paid

Interest paid

Net cash used in operating activities

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property, plant and equipment

Proceeds from disposal of property, plant and equipment

Proceeds from redemption of financial assets, at FVOCI

Interest received

Net cash (used in)/generated from investing activities

**CASH FLOWS FROM FINANCING ACTIVITIES**

Deposit pledged

Proceeds from issuance of shares

Proceeds from issuance of rights cum warrants

Proceeds from exercise of warrants

Share issuance expenses

Proceeds from bank borrowings

Payment of finance lease instalments

Repayment of lease payables

Dividends paid to equity holders of the Company

Dividends paid to non-controlling interest

Net cash generated from financing activities

NET INCREASE IN CASH AND BANK BALANCES

CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD

EFFECTS OF CURRENCY TRANSLATION ON CASH AND BANK BALANCES

CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD

9 months ended	
30/09/2019	30/09/2018
S\$'000	S\$'000
3,021	3,886
395	502
7,419	3,683
-	11
(377)	(1,953)
(638)	(9)
1,525	624
(101)	(127)
(50)	(132)
11,194	6,485
293	6,738
(99)	(93)
(26,902)	(32,983)
5,413	(10,619)
(10,101)	(30,472)
(676)	(2,176)
(1,628)	(661)
(12,405)	(33,309)
(9,801)	(711)
592	3,571
-	50
103	106
(9,106)	3,016
-	1,355
55	-
-	23,287
10,000	-
-	(252)
24,000	23,500
(4,774)	(1,920)
(1,752)	-
(1,564)	(1,047)
(669)	(274)
25,296	44,649
3,785	14,356
20,553	23,509
90	209
24,428	38,074

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.

GROUP (\$'000)	Attributable to equity holders of the Group					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Share Capital	Warrants Reserve	Other Reserves	Retained Profits	Currency Translation Reserve		
Balance as at 01/01/2019	73,145	4,507	(607)	15,868	(2,517)	3,079	93,475
Issuance of shares <sup>#</sup>	55	-	-	-	-	-	55
Exercise of warrants	10,783	(783)	-	-	-	-	10,000
Profit for the financial period	-	-	-	2,790	-	231	3,021
Other comprehensive (loss)/income for the financial period	-	-	(39)	-	38	8	7
Dividend paid	-	-	-	(1,564)	-	(669)	(2,233)
Balance as at 30/09/2019	83,983	3,724	(646)	17,094	(2,479)	2,649	104,325
Balance as at 01/01/2018	52,143	2,482	(655)	11,308	(2,289)	3,045	66,034
Issuance of rights cum warrants <sup>*</sup>	21,262	2,025	-	-	-	-	23,287
Share issuance expenses	(252)	-	-	-	-	-	(252)
Profit for the financial period	-	-	-	3,624	-	262	3,886
Other comprehensive income/(loss) for the financial period	-	-	84	-	88	(5)	167
Dividend paid	-	-	-	(1,047)	-	(274)	(1,321)
Balance as at 30/09/2018	73,153	4,507	(571)	13,885	(2,201)	3,028	91,801

COMPANY (\$'000)	Attributable to equity holders of the Company			
	Share Capital	Warrants Reserve	Retained Profits	TOTAL
Balance as at 01/01/2019	73,145	4,507	2,189	79,841
Issuance of shares <sup>#</sup>	55	-	-	55
Exercise of warrants	10,783	(783)	-	10,000
Profit for the financial period	-	-	2,392	2,392
Dividend paid	-	-	(1,564)	(1,564)
Balance as at 30/09/2019	83,983	3,724	3,017	90,724
Balance as at 01/01/2018	52,143	2,482	1,730	56,355
Issuance of rights cum warrants <sup>*</sup>	21,262	2,025	-	23,287
Share issuance expenses	(252)	-	-	(252)
Profit for the financial period	-	-	1,722	1,722
Dividend paid	-	-	(1,047)	(1,047)
Balance as at 30/09/2018	73,153	4,507	2,405	80,065

<sup>#</sup> The issuance of shares was approved pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017. The share capital increase was effected on 22 July 2019.

<sup>\*</sup> The issuance of rights cum warrants was approved by way of the renewal of the Share Issue Mandate at the Annual General Meeting held on 26 April 2018. The share capital increase was effected on 27 September 2018.

- 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.

As at 30 September 2019, the Company's issued and fully paid-up capital (excluding treasury shares and subsidiary holdings) comprises 1,765,516,843 (30 June 2019: 1,764,128,735) ordinary shares. Movements in the Company's issued and fully paid-up capital since the end of the previous period reported on were as follows:

	No. of shares
As at 30/06/2019	1,764,128,735
Issue of new shares pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017	1,388,058
Exercise of warrants	50
As at 30/09/2019	<u>1,765,516,843</u>

The number of shares that may be issued on conversion of all the outstanding convertibles against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company 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 was as follows:

	No. of shares
As at 30/09/2018	855,647,177
Exercise of warrants	(200,000,050)
As at 30/09/2019	<u>655,647,127</u>

As at 30 September 2019, the Company does not have any treasury shares or subsidiary holdings.

The number of issued shares excluding treasury shares and subsidiary holdings of the Company as at 30 September 2019 and 30 September 2018 was 1,765,516,843 and 1,564,128,735 respectively.

#### Warrants

- (a) Pursuant to the renounceable non-underwritten rights cum warrants issue announced on 15 May 2017 (the "2017 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 new share depending on the date of exercise. 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 were exercised at S\$0.09 per warrant for each new share as at 30 September 2019. The remaining 298,961,682 warrants ("Existing Warrants") will expire on 12 November 2021. As announced by the Company on 13 April 2018, the net proceeds raised from the renounceable non-underwritten rights cum warrants issue have been fully utilised.

Pursuant to the terms and conditions of the deed poll dated 13 October 2017 (the "Deed Poll" relating to the 2017 Rights cum Warrants Issue), the renounceable non-underwritten rights cum warrants issue, as announced by the Company on 29 June 2018 (the "2018 Rights cum Warrants Issue"), constitutes an event giving rise to an adjustment to the exercise price and the number of the Existing Warrants. Accordingly, 39,192,649 adjusted warrants have been issued and allotted on 18 October 2018 (the "Adjustment Warrants"). Following the allotment and issuance of the Adjustment Warrants, the total number of Existing Warrants has increased from 298,961,682 to 338,154,331. Each one Adjustment Warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at exercise price ranging from S\$0.08 to S\$0.10.

- (b) Pursuant to the 2018 Rights cum Warrants Issue, the Company issued 517,492,846 warrants on 26 September 2018. Each warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.05 per warrant for each new share. Each warrant may be exercised at any time during the period of five (5) years commencing on and including the date of issue of the warrants and expiring on the 5th anniversary of the date of issue of the warrants. 200,000,050 warrants were exercised at S\$0.05 per warrant for each new share as at 30 September 2019. The remaining 317,492,796 warrants will expire on 25 September 2023. On 12 March 2019, the Company announced that the net proceeds raised from the 2018 Rights cum Warrants Issue have been fully utilised.

#### Performance Share Plan

- (a) Pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017, the Company awarded 1,888,278 new ordinary shares of the Company to its employees on 22 July 2019. Awards comprised (i) 1,388,058 fully paid-up ordinary shares of the Company, free of payment, which vested on 22 July 2019; and (ii) 500,220 fully paid-up ordinary shares of the Company, free of payment, which will be vested in accordance with a vesting schedule that commenced on 22 July 2019 and ending on the ninth anniversary of the date of the grant, subject to certain vesting conditions.

Save as disclosed above, the Company has no outstanding convertibles and no treasury shares or subsidiary holdings as at 30 September 2019 and 30 September 2018.

- 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.

Total number of issued shares excluding treasury shares

No. of shares	
30/09/2019	31/12/2018
1,765,516,843	1,564,128,735

- 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, transfer, disposal, cancellation and/or use of subsidiary holdings as at end of the current financial period reported on.

Not applicable as there were no subsidiary holdings 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 neither been audited nor reviewed.

- 3 Where the figures have been audited or reviewed, a statement on whether there are 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 disclosed 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 2018.

**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.**

On 1 January 2019, the Group adopted the standards, amendments and interpretations to existing standards that are mandatory for application from that date. The adoption of the new/revised standards did not have any significant impact on the financial statement of the Group, except for SFRS(I) 16 Leases.

**SFRS(I) 16 Leases**

SFRS(I) 16 Leases introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognised a Right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the outstanding lease liabilities.

On date of initial adoption, ROU assets are measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to leases recognised in the balance sheet as at 31 December 2018.

The estimated impact arising from the adoption of SFRS(I) 16 Leases on the Group's balance sheet are set out as follows:

**CONSOLIDATED BALANCE SHEET**

GROUP		
31/12/2018 S\$'000	Adjustment S\$'000	01/01/2019 S\$'000
Right-of-use assets	3,751	3,751
Lease payables (Current)	2,360	2,360
Lease payables (Non-current)	1,391	1,391

The Group is still in the progress of finalising its assessment of impact arising from adoption of SFRS(I) 16 Leases and thus the finalised impact may differ from the provisional figures determined at the moment.

**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		9 months ended	
30/09/2019 (cent)	30/09/2018 (cent)	30/09/2019 (cent)	30/09/2018 (cent)
0.07	0.12	0.17	0.34
0.07	0.12	0.17	0.34

(i) Basic

(ii) On a fully diluted basis

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 1,665,588,639 ordinary shares (financial period ended 30 September 2018: 1,054,218,202 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 effects of such shares that have been awarded pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017 that have not been vested. The Company's warrants are not included in the calculation of diluted earnings per share above because they are anti-dilutive for the financial period presented.

**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	
30/09/2019 (cents)	31/12/2018 (cents)	30/09/2019 (cents)	31/12/2018 (cents)
5.76	5.78	5.14	5.10

Net asset value per ordinary share based on total number of issued shares at the end of period

The net asset value per ordinary share is computed based on the issued share capital of 1,765,516,843 ordinary shares as at 30 September 2019 (31 December 2018: 1,564,128,735 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**

For the 3-month period ended 30 September 2019 ("3Q 2019"), Group's revenue amounted to S\$79.1 million, a decrease of 17% as compared to S\$95.0 million recognised in the corresponding period a year ago ("3Q 2018"). This was mainly due to decrease in revenue from the Engineering and Construction division.

The Group's revenue for the nine months ended 30 September 2019 ("9M 2019") decreased from S\$214.0 million in the corresponding period in 2018 ("9M 2018") to S\$208.6 million. This was mainly due to decrease in revenue from the Engineering and Construction division as certain construction projects were nearing their completion stage.

**Gross profit**

In line with the reduction in revenue, the Group's gross profit retreated by S\$0.3 million in 3Q 2019 as compared to 3Q 2018. For 9M 2019, Group's gross profit recorded a slight decrease of S\$0.1 million as compared to 9M 2018.

**Other gains - net**

Other gains reduced by S\$0.3 million in 3Q 2019 and S\$1.8 million in 9M 2019 as compared to the corresponding periods 3Q 2018 and 9M 2018, mainly due to higher gain on disposal of property, plant and equipment a year ago.

**Selling and distribution expenses**

Selling and distribution expenses recorded an increase of S\$21,000 in 3Q 2019 as compared to 3Q 2018. There was a decrease of S\$230,000 in 9M 2019 as compared to 9M 2018 mainly due to write-back of allowance made for impairment of trade receivables.

#### Administrative expenses

Administrative expenses decreased from S\$3.2 million in 3Q 2018 to S\$2.5 million in 3Q 2019, and from S\$7.9 million in 9M 2018 to S\$6.9 million in 9M 2019. This was mainly due to lower professional fees and tender expenses.

#### Depreciation expenses

Depreciation expenses increased by 87% to S\$2.1 million in 3Q 2019 and 53% to S\$5.6 million in 9M 2019, mainly due to increase in depreciable assets and depreciation charge for ROU assets arising from the adoption of SFRS(I) 16 Leases.

#### Finance expenses

Increase in finance expenses for both 3Q 2019 and 9M 2019 was mainly due to increase in the Group's bank borrowings.

#### Profit before income tax

Overall, the Group's profit before income tax decreased by S\$0.2 million from S\$1.4 million in 3Q 2018 to S\$1.3 million in 3Q 2019. The Group's profit before income tax decreased by S\$1.0 million from S\$4.4 million in 9M 2018 to S\$3.4 million in 9M 2019.

#### Profit after income tax

Overall, the Group's profit after income tax decreased by S\$0.1 million from S\$1.4 million in 3Q 2018 to S\$1.3 million in 3Q 2019. The Group's profit after income tax decreased by S\$0.9 million from S\$3.9 million in 9M 2018 to S\$3.0 million in 9M 2019. This decrease was mainly due to the absence of a one-time gain of S\$1.4 million that the Group received in 9M 2018 from the sale of a property.

#### Review of financial position

The Group's net asset value attributable to shareholders increased from S\$90.4 million as at 31 December 2018 to S\$101.7 million as at 30 September 2019 mainly due to increase in share capital.

The Group's current assets recorded an increase of S\$30.0 million mainly due to increase in contract assets, partially offset by the decrease in trade and other receivables. The increase in contract assets was mainly due to revenue recognised during the period and timing of billings to customers, and reclassification of retention receivables for certain construction projects from non-current to current in view of those projects nearing completion stage.

The Group's non-current assets recorded an increase of S\$20.0 million, mainly due to: (i) increase in trade and other receivables which was due to increase in deposits received from customers; (ii) decrease in contract assets mainly due to reclassification of retention receivables as explained above; (iii) increase in property, plant and equipment mainly due to purchase of plant and equipment under the Engineering and Construction division; and (iv) right-of-use assets pertaining to land leases under the Engineering and Construction division which arose from the adoption of SFRS(I) 16 Leases on 1 January 2019.

The Group's current liabilities recorded an increase of S\$29.9 million, mainly due to: (i) increase in trade and other payables which was due to higher construction cost payable; (ii) increase in contract liabilities mainly due to increase in advances received from customers; and (iii) increase in short-term borrowings and finance leases mainly due to increase in working capital requirements.

The Group's non-current liabilities showed an increase of S\$9.3 million mainly due to increase in finance lease payables.

#### Review of cash flow

The Group reported a net cash inflow of S\$3.8 million in 9M 2019.

Net cash of S\$12.4 million used in operating activities was mainly due to increase in contract assets and liabilities.

Net cash used in investing activities of S\$9.1 million was mainly due to purchase of plant and equipment under the Engineering and Construction division.

Net cash generated from financing activities was S\$25.3 million mainly contributed by proceeds from exercise of warrants and bank borrowings.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, an explanation of 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 30 June 2019.

**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

On 14 October 2019, the Ministry of Trade and Industry announced that based on advance estimates, the Singapore economy grew by 0.1 % on a year-on-year basis in the third quarter of 2019, the same pace of growth as in the second quarter of 2019. The construction sector grew by 2.7% in the third quarter on a year-on-year basis extending the 2.8% expansion in the previous quarter. Growth was mainly supported by pick up in both public and private sector construction activities.

Construction demand, according to the Building and Construction Authority, is expected to be between S\$27.0 billion and S\$34.0 billion per year for 2020 to 2021. This could potentially pick up to between S\$28.0 billion and S\$35.0 billion per year for 2022 to 2023. The increase is due to both public sector construction demand, such as the Cross-Island Line, developments at Jurong Lake District and Changi Terminal 5, and private sector construction activities.

In spite of the increase in demand, the construction industry is expected to continue to face keen competition and higher operating costs. We have a strong track record in civil engineering projects and are well positioned to continue to secure more projects. With the recent award of the Influent Pumping Stations Contract for Tuas Water Reclamation Plant from the PUB, under a joint venture, the Group's order book, as at 30 September 2019, has been lifted to S\$906.6 million.

#### Bio-Refinery and Bio-Energy Sector

Our subsidiary, Oiltek Sdn. Bhd. ("Oiltek"), is an integrated supplier with process expertise that covers the complete global supply chain in the edible oil industry, renewable and bioenergy sector, as well as high value downstream processes. Oiltek owns leading and advance sophisticated proprietary technologies and will continue to develop new technologies in the refining process so as 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 and the reason(s) for the decision.**

Not applicable. It is not the practice for the Company to declare quarterly dividend.

**13 Interested Person Transaction**

The general mandate for interested persons transactions was approved at the Annual General Meeting held on 17 April 2019.

Name of Interested Person	Aggregate value of all interested person transactions during the financial 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)
	\$'000	\$'000
<u>Transactions for the Sale of Goods and Services</u>		
KBD Westwood Pte Ltd	-	819
KBD Holland Pte Ltd	-	1,148
<u>Transactions for the Purchase of Goods and Services</u>		
G & W Ready-Mix Pte Ltd	-	1,577
G & W Precast Pte Ltd	-	143
G & W Industries Pte Ltd	-	577
Hi Con (S) Pte Ltd	-	109
Koh Brothers Group Limited	-	1,664
Koh Brothers Holdings Pte Ltd	-	346

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

We, Koh Keng Siang and Shin Yong Seub, 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 third quarter and nine months ended 30 September 2019 to be false or misleading in any material aspect.

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

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).

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*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").*

*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.*

*The contact person for the Sponsor is Mr Ng Joo Khin:  
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