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

Unaudited First Quarter and 3 Months Financial Statement for the Period Ended 31 March 2019

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 31/03/2019 S$'000	3 months ended 31/03/2018 S$'000	Increase/ (Decrease) %
Revenue		56,783	52,776	8
Cost of sales		(53,235)	(49,754)	7
Gross profit		3,548	3,022	17
Other income	1	39	112	(65)
Other gains - net	2	105	85	23
Selling and distribution expenses		(128)	(98)	31
Administrative expenses		(2,217)	(2,462)	(10)
Finance expenses		(366)	(128)	186
Profit before income tax	3	981	531	85
Income tax expense	4	(241)	(141)	71
Profit after income tax		740	390	90
Other comprehensive income/(loss):				
Currency translation differences arising from		162	475	(66)
Fair value loss on financial assets, at FVOCI		(9)	-	n.m.
Total comprehensive income		893	865	3
Profit attributable to:				
Equity holders of the Company		680	363	87
Non-controlling interests		60	27	120
		740	390	90
Total comprehensive income attributable to:				
Equity holders of the Company		857	762	12
Non-controlling interests		36	103	(65)
		893	865	3

n.m. – not meaningful

Notes to the Statement of Comprehensive Income

	GROUP 3 months ended 31/03/2019 S$'000	GROUP 3 months ended 31/03/2018 S$'000
Note 1		
Other income include the following:		
Rental income	-	41
Interest income	38	50
Other income	1	21
	39	112
Note 2		
Other gains include the following:		
Fair value gain on financial assets at fair value through profit or loss	-	1
Gain on disposal of property, plant and equipment	18	55
Net foreign exchange gains/(losses)	87	(455)
Others	-	484
	105	85
Note 3		
Profit before income tax is stated after crediting/(charging) the following items:		
Write-back of allowance for impairment of trade and non-trade receivables	55	55
Depreciation of property, plant and equipment	(1,773)	(1,315)
Note 4		
Income tax expense includes the following:		
Current income tax		
- in respect of current period	241	141

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	
	31/03/2019 S$'000	31/12/2018 S$'000	31/03/2019 S$'000	31/12/2018 S$'000
ASSETS				
CURRENT ASSETS				
Cash and bank balances	18,038	20,553	91	429
Trade and other receivables	49,881	53,536	13,826	12,496
Inventories	209	116	-	-
Contract assets	111,850	105,077	-	-
Financial assets, at FVOCI	751	763	-	-
Income tax receivables	676	773	-	-
Other current assets	3,229	3,229	-	-
	184,634	184,047	13,917	12,925
NON-CURRENT ASSETS				
Trade and other receivables	11,207	5,640	19,000	30,000
Contract assets	1,064	10,882	-	-
Investment in associated companies	1,765	1,765	640	640
Investments in subsidiaries	-	-	48,238	37,238
Property, plant and equipment	44,910	40,854	5	6
Goodwill	6,857	6,857	-	-
Deferred tax assets	52	52	-	-
	65,855	66,050	67,883	67,884
TOTAL ASSETS	250,489	250,097	81,800	80,809
EQUITY				
Capital and reserves attributable to equity				
Share capital	73,145	73,145	73,145	73,145
Other reserves	3,891	3,900	4,507	4,507
Retained profits	16,548	15,868	2,197	2,189
Currency translation reserve	(2,331)	(2,517)	-	-
	91,253	90,396	79,849	79,841
Non-controlling interests	3,115	3,079	-	-
TOTAL EQUITY	94,368	93,475	79,849	79,841
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	80,639	98,803	1,951	968
Contract liabilities	6,989	4,990	-	-
Short term borrowings and finance leases	52,233	45,895	-	-
	139,861	149,688	1,951	968
NON-CURRENT LIABILITIES				
Trade and other payables	1,839	4,808	-	-
Finance leases	13,927	1,632	-	-
Deferred tax liabilities	494	494	-	-
	16,260	6,934	-	-
TOTAL LIABILITIES	156,121	156,622	1,951	968
TOTAL EQUITY AND LIABILITIES	250,489	250,097	81,800	80,809

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

	As at 31/03/2019		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	5,733	46,500	2,556	43,339
Amount repayable after one year	13,927	-	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) CONSOLIDATED CASH FLOW STATEMENT

	3 months ended	
	31/03/2019	31/03/2018
	S$'000	S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after income tax	740	390
Adjustments for non-cash items:		
Income tax expense	241	141
Depreciation of property, plant and equipment	1,773	1,315
Gain on disposal of property, plant and equipment	(18)	(55)
Interest expense	366	128
Interest income	(38)	(50)
Unrealised foreign exchange loss	247	410
Operating profit before working capital changes	3,311	2,279
Working capital changes:		
- Receivables	(1,891)	(22,669)
- Inventories	(93)	26
- Contract assets and liabilities	5,044	(5,291)
- Payables	(21,263)	2,800
Cash used in operations	(14,891)	(22,855)
Income tax paid	(141)	(1,793)
Interest paid	(439)	(165)
Net cash used in operating activities	(15,471)	(24,813)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(482)	(508)
Proceeds from disposal of property, plant and equipment	70	56
Proceeds from redemption of financial assets, at FVOCI	-	25
Interest received	19	36
Net cash used in investing activities	(393)	(391)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit pledged	-	(55)
Proceeds from bank borrowings	15,000	20,000
Payment of finance lease instalments	(1,551)	(597)
Net cash generated from financing activities	13,449	19,348
NET CHANGE IN CASH AND BANK BALANCES	(2,415)	(5,856)
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD	20,553	23,509
EFFECTS OF CURRENCY TRANSLATION ON CASH AND BANK	(100)	14
CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD	18,038	17,667
Represented by:		
CASH AND BANK BALANCES		
Cash and bank balances	18,038	19,077
Restricted cash	-	(1,410)
	18,038	17,667

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 01/01/2019	**73,145**	**4,507**	**(607)**	**15,868**	**(2,517)**	**90,396**	**3,079**	**93,475**
Profit for the period	**-**	**-**	**-**	**680**	**-**	**680**	**60**	**740**
Other comprehensive (loss)/income for the period	**-**	**-**	**(9)**	**-**	**186**	**177**	**(24)**	**153**
Balance as at 31/03/2019	**73,145**	**4,507**	**(616)**	**16,548**	**(2,331)**	**91,253**	**3,115**	**94,368**
Balance as at	**52,143**	**2,482**	**(655)**	**11,308**	**(2,289)**	**62,989**	**3,045**	**66,034**
Profit for the period	**-**	**-**	**-**	**363**	**-**	**363**	**27**	**390**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**399**	**399**	**76**	**475**
Balance as at	**52,143**	**2,482**	**(655)**	**11,671**	**(1,890)**	**63,751**	**3,148**	**66,899**

	Attributable to equity holders of the Company			
COMPANY (S$'000)	**Share Capital**	**Warrants Reserve**	**Retained Profits**	**TOTAL**
Balance as at 01/01/2019	**73,145**	**4,507**	**2,189**	**79,841**
Profit for the period	**-**	**-**	**8**	**8**
Balance as at 31/03/2019	**73,145**	**4,507**	**2,197**	**79,849**
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**

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	
	31/03/2019	31/12/2018
Total number of issued shares (excluding treasury shares and subsidiary holdings)	1,564,128,735	1,564,128,735
Number of shares that may be issued on exercise of warrants	816,454,528	816,454,528

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 31 March 2019. The remaining 298,961,682 warrants ("Existing Warrants") will expire on 11 November 2022. As announced by the Company on 13 April 2018, the net proceeds raised from the renounceable non-underwritten rights cum warrants

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 alloted on 18 October 2018 (the "Adjustement 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

(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$0.050 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. No warrants have been exercised as at 31 March 2019. On 12 March 2019, the Company announced that the net proceeds raised from the 2018 Rights cum Warrants Issue have been fully utilised.

Save as disclosed above, the Company has no outstanding convertibles and no treasury shares or subsidiary holdings as at 31 March 2019 and 31 December 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.

	No. of shares	
	31/03/2019	31/12/2018
Total number of issued shares excluding treasury shares	1,564,128,735	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, the auditors' report (including any qualifications or emphasis of

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 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.

The Group has adopted new /revised SFRS(I) that are effective for the financial periods beginning on or after 1 January 2019.

SFRS(I) 16 Leases

SFRS(I) 16 Leases introduced a single,on-balance sheet lease accounting model for leasees. 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 payments. 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.

The Group has applied the simplified transition approach and will not restate comparative amounts for the financial year ended 31 December 2018. The Group is still in the progress of finalising its assessment of impact arising from adoption of SFRS (I) 16 and account for the impact accordingly once finalised.

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	
	31/03/2019 S'pore (cent)	31/03/2018 S'pore (cent)
(i) Basic	0.04	0.03
(ii) On a fully diluted basis	0.04	0.03

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 1,564,128,735 ordinary shares (financial period ended 31 March 2018: 1,046,635,889 ordinary shares).

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue during the period. The Company's warrants are not included in the calculation of diluted earnings per share above because they are antidilutive 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	
	31/03/2019 S'pore (cents)	31/12/2018 S'pore (cents)	31/03/2019 S'pore (cents)	31/12/2018 S'pore (cents)
Net asset value per ordinary share based on total number of issued shares at the end of period	5.83	5.78	5.10	5.10

The net asset value per ordinary share is computed based on the issued share capital of 1,564,128,735 ordinary shares as at 31 March 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 results

Revenue
Group's revenue for the first quarter ended 31 March 2019 ("1Q 2019") amounted to S$56.8 million or 8% higher than the revenue for the previous corresponding period in 2018 ("1Q 2018"). The increase was due to higher contributions from both the Engineering and Construction division and the Bio-refinery and Bio-energy division.

Cost of sales and Gross profit
Cost of sales and gross profit for 1Q 2019 increased by 7% and 17% respectively. As a result, gross profit margin improved from 5.7% in 1Q 2018 to 6.2% in 1Q 2019.

Other income
Other income was S$39,000 in 1Q 2019 as compared to S$112,000 in 1Q 2018 representing a decrease of S$73,000. The decrease was mainly due to the absence of rental income and lower interest income in 1Q 2019.

Other gains - net
Other gains of S$105,000 in 1Q 2019 comprised of net foreign exchange gain of S$87,000 and gain on disposal of property, plant and equipment of S$18,000.

Selling and distribution expenses
Selling and distribution expenses were S$128,000 in 1Q 2019 as compared to S$98,000 in 1Q 2018 or an increase of S$30,000. Included within these was S$55,000 of write-back of allowance for impairment of receivables.

Administrative expenses
Administrative expenses reduced marginally to S$2.2 million in 1Q 2019 as compared to S$2.5 million in 1Q 2018. This was mainly due to lower staff cost.

Depreciation expenses
Depreciation expenses increased from S$1.3 million in 1Q 2018 to S$1.8 million in 1Q 2019. This was mainly due to increase in depreciable assets.

Finance expenses
Finance expenses was S$0.4 million in 1Q 2019 as compared to S$0.1 million in 1Q 2018 or an increase of S$0.3 million. This was mainly due to increase in the Group's borrowings.

Profit before income tax
As a result of the above, the Group's profit before income tax increased by 85% to S$1.0 million in 1Q 2019.

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$91.3 million as at 31 March 2019.

The Group's current assets increased marginally from S$184.0 million as at 31 December 2018 to S$184.6 million as at 31 March 2019. Cash and bank balances decreased by S$2.5 million. Current trade and other receivables decreased by S$3.7 million. Contract assets increased by S$6.8 million mainly due to 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 decreased marginally from S$66.1 million as at 31 December 2018 to S$65.9 million as at 31 March 2019. Non-current trade and other receivables increased by S$5.6 million mainly due to prepayments pertaining to certain property, plant and equipment which have not been delivered as at 31 March 2019. Contract assets decreased by S$9.8 million mainly due to reclassification of retention receivables as explained above. Property, plant and equipment increased by S$4.1 million mainly due to the purchase of plant and equipment under the Engineering and Contruction division.

The Group's current liabilities decreased S$9.8 million from S$149.7 million as at 31 December 2018 to S$139.9 million as at 31 March 2019. Trade and other payables decreased by S$18.2 million mainly due to Engineering and Construction division. Contract liabilities increased by S$2 million mainly due to advance received from customers for construction contracts for Bio-refinery and Bio-energy division. Short-term borrowings and finance leases increased by S$6.4 million mainly due to increase in working capital requirements for the Engineering and Construction division.

The Group's non-current liabilities increased by S$9.3 million mainly due to increase in finance lease payables of S$12.3 million, partially offset by the decrease in trade and other payables of S$3.0 million.

Review of cash flow

The Group reported a net cash outflow of S$2.4 million in 1Q 2019.

Net cash used in operating activities was S$15.5 million mainly due to settlement of payables during the period.

Net cash of S$0.4 million was used in investing activities mainly for the purchase of property, plant and equipment.

Net cash generated from financing activities was S$13.4 million mainly contributed by the proceeds from bank borrowings due to increase in working capital requirements.

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 2018.

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 12 April 2019, the Ministry of Trade and Industry, announced that the Singapore economy grew by 1.3 % on a year-on-year basis in the first quarter of 2019, moderating from the 1.9% growth in the fourth quarter of 2018. The construction sector grew by 1.4% on a year-on-year basis representing a turnaround from the 1% decline in the previous quarter. It also marked the first quarter of positive growth following 10 consecutive quarters of decline.

Construction demand, according to the Building and Construction Authority, is expected to be between S$27.0 billion to S$32.0 billion in 2019. This 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

Bio-refinery 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 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. 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 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	-	569
KBD Holland Pte Ltd	-	237
Transactions for the Purchase of Goods and Services		
G & W Ready-Mix Pte Ltd	-	555
G & W Industries Pte Ltd	-	225
Koh Brothers Group Limited	-	702

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 2019 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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