KOH BROTHERS ECO ENGINEERING LIMITED

(Incorporated in Singapore. Registration Number: 197500111H)

Condensed Interim Financial Statements for the Six Months Period Ended 30 June 2021

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST 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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KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months financial period ended 30 June 2021

	Note	6 months ended 30 June 2021 S$'000	30 June 2020 S$'000	Change %
Revenue	4(a)	**109,480**	78,725	39
Cost of sales		**(104,013)**	(88,267)	18
Gross profit		**5,467**	(9,542)	N.M
Other income	5	**19**	65	(71)
Other gains - net	5	**722**	984	(27)
Expenses				
- Selling and distribution		**(114)**	(68)	68
- Administrative		**(3,342)**	(3,225)	4
- Finance		**(767)**	(1,152)	(33)
Share of loss of associated companies		**(5)**	(75)	(93)
Profit/(loss) before income tax		**1,980**	(13,013)	N.M
Income tax expense	7	**(495)**	(245)	102
Profit/(loss) after income tax		**1,485**	(13,258)	N.M
Profit/(loss) attributable to:				
Equity holders of the Company		**1,202**	(13,639)	N.M
Non-controlling interests		**283**	381	(26)
		1,485	(13,258)	N.M
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company:				
- Basic earnings/(loss) per share (in cent)		**0.06**	(0.70)	N.M
- Diluted earnings/(loss) per share (in cent)		**0.06**	(0.70)	N.M
Profit/(loss) after income tax		**1,485**	(13,258)	N.M
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation		**(175)**	(147)	19
Fair value loss on debt financial assets, at FVOCI		**(3)**	(166)	(98)
- **Other comprehensive loss, net of tax**		**(178)**	(313)	(43)
Total comprehensive income/(loss)		**1,307**	(13,571)	N.M
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		**1,058**	(13,904)	N.M
Non-controlling interests		**249**	333	(26)
		1,307	(13,571)	N.M

N.M – Not Meaningful

B. CONDENSED INTERIM BALANCE SHEETS – Group and Company

As at 30 June 2021

	Note	Group		Company	
		30 June 2021 S$'000	31 December 2020 S$'000	**30 June 2021 S$'000**	31 December 2020 S$'000
ASSETS					
Current assets					
Cash and bank balances		**61,140**	56,215	**2,206**	1,296
Trade and other receivables		**20,984**	29,483	**24,660**	22,892
Contract assets		**130,290**	116,702	**-**	-
Inventories		**220**	355	**-**	-
Financial assets, at FVOCI	9	**486**	489	**-**	-
Other assets		**5,216**	5,940	**-**	-
		218,336	209,184	**26,866**	24,188
Non-current assets					
Trade and other receivables		**-**	-	**76,000**	40,000
Contract assets		**4,822**	3,869	**-**	-
Investments in associated companies		**1,064**	1,069	**640**	640
Investments in subsidiaries		**-**	-	**45,638**	45,638
Property, plant and equipment	11	**51,000**	56,739	**-**	-
Goodwill	10	**6,857**	6,857	**-**	-
Deferred tax assets		**5**	11	**-**	-
		63,748	68,545	**122,278**	86,278
Total assets		**282,084**	277,729	**149,144**	110,466
LIABILITIES					
Current liabilities					
Trade and other payables		**52,876**	73,532	**4,656**	3,715
Current income tax liabilities		**138**	361	**-**	-
Contract liabilities		**6,889**	7,347	**-**	-
Bank borrowings and lease liabilities	12	**54,472**	62,318	**-**	-
		114,375	143,558	**4,656**	3,715
Non-current liabilities					
Trade and other payables		**5,571**	4,649	**-**	-
Bank borrowings and lease liabilities	12	**17,228**	23,009	**-**	-
Deferred tax liabilities		**565**	502	**-**	-
		23,364	28,160	**-**	-
Total liabilities		**137,739**	171,718	**4,656**	3,715
NET ASSETS		**144,345**	106,011	**144,488**	106,751
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	**133,949**	96,564	**133,949**	96,564
Warrants reserve		**2,778**	2,812	**2,778**	2,812
Currency translation reserve		**(2,680)**	(2,539)	**-**	-
Other reserves		**(856)**	(853)	**9**	9
Retained profits		**8,982**	7,780	**7,752**	7,366
		142,173	103,764	**144,488**	106,751
Non-controlling interests		**2,172**	2,247	**-**	-
Total equity		**144,345**	106,011	**144,488**	106,751

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

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months financial period ended 30 June 2021

		← Attributable to equity holders of the Company →							
	Note	Share capital S$'000	Warrants reserve S$'000	Currency translation reserve S$'000	Other reserves S$'000	Retained profits S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 January 2021		96,564	2,812	(2,539)	(853)	7,780	103,764	2,247	106,011
Profit for the financial year		-	-	-	-	1,202	1,202	283	1,485
Other comprehensive loss for the financial year		-	-	(141)	(3)	-	(144)	(34)	(178)
Total comprehensive (loss)/income for the financial year		-	-	(141)	(3)	1,202	1,058	249	1,307
Issuance of new shares, net of expenses		36,914	-	-	-	-	36,914	-	36,914
Exercise of warrants		471	(34)	-	-	-	437	-	437
Dividend paid		-	-	-	-	-	-	(324)	(324)
Total transactions with owners, recognised directly in equity		37,385	(34)	-	-	-	37,351	(324)	37,027
Balance at 30 June 2021		**133,949**	**2,778**	**(2,680)**	**(856)**	**8,982**	**142,173**	**2,172**	**144,345**
Balance at 1 January 2020		83,983	3,724	(2,484)	(643)	19,958	104,538	2,443	106,981
Profit for the financial year		-	-	-	-	(13,639)	(13,639)	381	(13,258)
Other comprehensive income/(loss) for the financial year		-	-	(99)	(166)	-	(265)	(48)	(313)
Total comprehensive income/(loss) for the financial year		-	-	(99)	(166)	(13,639)	(13,904)	(99)	(13,571)
Issuance of new shares pursuant to Performance Share Plan		-	-	-	-	-	-	-	-
Exercise of warrants		12,562	(912)	-	-	-	11,650	-	11,650
Share based payment pursuant to Performance Share Plan		-	-	-	4	-	4	-	4
Dividend paid		-	-	-	-	(399)	(399)	(977)	(1,376)
Total transactions with owners, recognised directly in equity		12,562	(912)	-	4	(399)	11,255	(977)	10,278
Balance at 30 June 2020		**96,545**	**2,812**	**(2,583)**	**(805)**	**5,920**	**101,889**	**1,799**	**103,688**

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months financial period ended 30 June 2021

COMPANY (S$'000)	Share capital	Warrants reserves	Other reserves	Retained profits	Total equity
Balance at 1 January 2021	96,564	2,812	9	7,366	106,751
Exercise of warrants	471	(34)	-	-	437
Profit for the financial period	-	-	-	386	386
Issuance of new shares	36,914	-	-	-	36,914
Balance at 30 June 2021	**133,949**	**2,778**	**9**	**7,752**	**144,488**
Balance at 1 January 2020	83,983	3,724	4	7,144	94,855
Exercise of warrants	12,562	(912)	-	-	11,650
Profit for the financial period	-	-	-	1,654	1,654
Share based payment pursuant to Performance Share Plan		-	4	-	4
Dividend	-	-	-	(399)	(399)
Balance at 30 June 2020	**96,545**	**2,812**	**8**	**8,399**	**107,764**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months financial period ended 30 June 2021

	Group 6 months ended	
	30 June 2020	30 June 2020
	S$'000	S$'000
Cash flows from operating activities		
Profit/(loss) after income tax	**1,485**	(13,258)
Adjustments for:		
- Income tax expense	**495**	245
- Depreciation of property, plant and equipment	**5,803**	7,274
- Gain on disposal of property, plant and equipment	**(448)**	(400)
- Share of loss of associated companies	**5**	75
- Interest expense	**767**	1,152
- Interest income	**(19)**	(60)
- Unrealised translation loss	**(265)**	(482)
	7,823	(5,454)
Changes in working capital:		
- Trade and other receivables	**9,256**	17,114
- Inventories	**135**	93
- Contract assets and liabilities	**(14,999)**	44,287
- Trade and other payables	**(19,814)**	(42,137)
Cash (used in)/provided by operations	**(17,599)**	13,903
Income tax paid	**(646)**	(234)
Net cash (used in)/provided by operating activities	**(18,245)**	13,669
Cash flows from investing activities		
Purchase of property, plant and equipment	**(99)**	(452)
Proceeds from disposal of property, plant and equipment	**467**	539
Proceeds from redemption of financial assets, at FVOCI	**-**	5
Interest received	**19**	59
Net cash provided by investing activities	**387**	151
Cash flows from financing activities		
Issuance of new shares, net of expenses	**38,070**	-
Share issuance expenses	**(1,156)**	-
Proceeds from bank borrowings	**-**	11,650
Proceeds from exercise of warrants	**437**	8,000
Repayment of bank borrowings	**(10,467)**	(4,909)
Principal repayment of lease liabilities	**(3,160)**	(4,332)
Dividends paid to non-controlling interests	**(324)**	(651)
Interest paid	**(687)**	(1,246)
Net cash provided by financing activities	**22,713**	8,512
Net change in cash and bank balances	**4,855**	22,332
Beginning of financial year	**56,215**	47,206
Effect of currency translation on cash and bank balances	**70**	343
End of financial year	**61,140**	69,881

The accompanying notes form an integral part of these financial statements.

1. Corporate information

Koh Brothers Eco Engineering Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the Group are:

(a) Building and civil engineering contracting;
(b) Specialist engineers

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and the Group's performance since the last audited annual financial statements for the year ended 31 December 2020.

The financial statements are presented in Singapore Dollars, which is the Group's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

The accounting policies and method of computations used in the condensed interim financial statements are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out as below:

2.1 New and amended Standards adopted by the Group

The Group has adopted the new and revised SFRS(I)s and SFRS(I) Interpretations and amendments to SFRS(I)s that are mandatory for application from 1 January 2021:

- Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above amendments to SFRS(I)s did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

2. Basis of preparation (continued)

2.1 Use of judgment and estimates

In the process of applying the Group's accounting policies, there is no instance of application of judgments with significant updates since the audited financial statements as at 31 December 2020 and is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimation of total contract sum and contract costs for construction contracts
(b) Assessment on impairment of goodwill

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Revenue and segment information

(a) Disaggregation of revenue

	Group 6 months ended	
	30 June 2021 S$'000	30 June 2020 S$'000
Engineering and Construction		
Contract revenue – over time	**94,153**	65,011
Bio-Refinery and Renewable Energy		
Contract revenue – over time	**13,809**	12,266
Sales of goods – point in time	**1,518**	1,448
	15,327	13,714
Total	**109,480**	78,725

(b) Segment information

The Group considers the business from a business segment perspective. Management manages and monitors the business in two main business segments which are "Engineering and Construction" and "Bio-Refinery and Renewable Energy". The CEO assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months financial period ended 30 June 2021

The segment information and the reconciliations of segment results to profit before tax and segment assets and liabilities to total assets and liabilities are as follows:

Group (S$'000)	Engineering and Construction	Bio-Refinery and Renewable Energy	Total
1H2021			
Revenue			
External	94,153	15,327	109,480
Results			
Segment results	852	1,881	2,733
Share of loss of associated companies	(5)	-	(5)
Interest income			19
Finance expense			(767)
Income tax expense			(495)
Profit after income tax			1,485
Other information			
Capital expenditure	93	6	99
Depreciation	22	5,781	5,803
Assets			
Segment assets	255,789	10,896	266,685
Investments in associated companies	1,064	-	1,064
Goodwill	-	6,857	6,857
Unallocated assets:			
Short-term bank deposits			6,987
Financial assets, at FVOCI			486
Deferred tax assets			5
Total assets			282,084
Liabilities			
Segment liabilities	55,282	10,054	65,336
Unallocated liabilities:			
Income tax liabilities			138
Deferred tax liabilities			565
Bank borrowings and lease liabilities			71,700
Total liabilities			137,739

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months financial period ended 30 June 2021

Group (S$'000)	Engineering and Construction	Bio-Refinery and Renewable Energy	Total
1H2020			
Revenue			
External	51,425	27,300	78,725
Results			
Segment results	(13,906)	2,060	(11,846)
Share of loss of associated companies	(75)	-	(75)
Interest income			60
Finance expense			(1,152)
Income tax expense			(245)
Loss after income tax			(13,258)
Other information			
Capital expenditure	441	11	452
Depreciation	7,233	41	7,274
Assets			
Segment assets	235,225	9,181	244,406
Investments in associated companies	2,065	-	2,065
Goodwill	-	6,857	6,857
Unallocated assets:			
Short-term bank deposits			21,961
Financial assets, at FVOCI			537
Deferred tax assets			81
Total assets			275,907
Liabilities			
Segment liabilities	68,881	14,187	83,068
Unallocated liabilities:			
Income tax liabilities			-
Deferred tax liabilities			507
Bank borrowings and lease liabilities			88,644
Total liabilities			172,219

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months financial period ended 30 June 2021

(c) Geographical information

The Group's three business segments operate in four main geographical areas: Singapore, Malaysia, Indonesia and others.

The following table presents sales and non-current assets information for the main geographical areas for the financial period ended 30 June 2021 and 30 June 2020.

	Group 6 months ended	
	30 June 2021 S$'000	30 June 2020 S$'000
Total sales		
Singapore	**94,293**	65,925
Malaysia	**7,679**	2,423
Indonesia	**4,370**	665
Rest of Asia	**1,057**	1,339
South America	**475**	174
Africa	**1,606**	8,199
	109,480	78,725

	Group	
	As at 30 June 2021 S$'000	As at 30 June 2020 S$'000
Total non-current assets		
Singapore	**62,776**	75,544
Malaysia	**972**	1,015
	63,748	76,559

5. Other income and other gains – net

	Group 6 months ended	
	30 June 2021 S$'000	30 June 2020 S$'000
Other income		
Interest income	**19**	60
Other income	**-**	5
	19	65
Other gains – net		
Gain on disposal of property, plant and equipment	**448**	400
Net foreign exchange gain	**274**	584
	722	984

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months financial period ended 30 June 2021

6. Expenses by nature

	Group 6 months ended	
	30 June 2021 S$'000	30 June 2020 S$'000
Allowance for/(write-back of allowance for) impairment of trade receivables	**83**	(29)
Depreciation of property, plant and equipment	**5,803**	7,274

7. Taxation

The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group 6 months ended	
	30 June 2021 S$'000	30 June 2020 S$'000
Tax expense attributable to profit is made up of:		
- Current income tax	**426**	344
- Deferred income tax	**69**	(54)
	495	290
Over provision of current income tax in prior financial years	**-**	(46)
	495	244

8. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant transactions with related parties on terms agreed between the parties concerned as shown below:

(a) Sales and purchases of goods and services

	Group 6 months ended	
	30 June 2021 S$'000	30 June 2020 S$'000
Purchases of goods and services from related corporations	**(276)**	(61)
Revenue on construction contract from related corporations	**2,419**	2,057
Rental of office premises from related corporations	**(682)**	(562)
Rental of factory-cum-office space and machinery to related corporations	**325**	108
Management and support services from the immediate and ultimate holding corporation	**(955)**	(1,294)

Related party comprises companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

9. Fair value measurements

The following presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presented the assets measured at fair value:

	Level 1 S$'000	Total S$'000
Group		
30 June 2021		
Financial assets, at FVOCI	**486**	**486**
31 December 2020		
Financial assets, at FVOCI	489	489

10. Goodwill

	Group	
	30 June 2021 S$'000	31 December 2020 S$'000
Cost	**6,857**	6,857

Impairment tests for goodwill

Goodwill arising from acquisition of a subsidiary has been allocated to the cash-generating unit ("CGU") identified as the "Bio-Refinery and Renewable Energy" segment.

The Group tests CGU annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of the CGU was determined based on value-in-use calculation. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a one-year period.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months financial period ended 30 June 2021

11. Property, plant and equipment

During the 6-month period ended 30 June 2021, the Group acquired assets amounted to S$99,000 (30 June 2020: S$452,000), and disposed assets at net book value amounting to S$19,000 (30 June 2020: S$138,000).

12. Bank borrowing, lease liabilities

	Group	
	30 June 2021 S$'000	31 December 2020 S$'000
Current		
Short-term bank loans payable within one year (unsecured)	**43,000**	51,649
Term loan payable within one year (unsecured)	**4,574**	3,949
Lease liabilities payable within one year	**6,898**	6,720
	54,472	62,318
Non-current		
Term loan payable after one year (unsecured)	**5,882**	8,324
Lease liabilities payable after one year	**11,346**	14,685
	17,228	23,009
Total bank borrowings and lease liabilities	**71,700**	85,327

13. Share capital

	No. of ordinary shares		Amount	
	2021	2020	**2021**	2020
	'000	'000	**S$'000**	S$'000
Group and Company				
Balance at 1 January	**1,998,897**	1,765,517	**96,564**	83,983
Exercise of warrants	**8,716**	233,000	**475**	12,562
Issuance of new shares	**810,000**	-	**36,910**	-
Balance at 30 June	**2,817,613**	1,998,517	**133,949**	96,545

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 '000
As at 30/06/2020	**422,647**
Exercise of warrants	**(8,716)**
As at 30/06/2021	**413,931**

As at 30 June 2021 and as at 30 June 2020, the Company does not have any treasury shares or subsidiary holdings. There are no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

The number of issued shares excluding treasury shares and subsidiary holdings of the Company as at 30 June 2021 and 30 June 2020 was 2,817,613,004 and 1,998,516,843 respectively.

Warrants

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 December 2020. 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.

Warrants (continued)
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 "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.

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. 441,715,340 warrants were exercised at S$0.05 per warrant for each new share as at 30 June 2021. The remaining 75,777,456 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
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; (ii) 51,260 fully paid-up ordinary shares of the Company, free of payment, which vested on 29 December 2020; (iii) 38,880 ordinary shares of the Company which were forfeited; and (iv) 410,080 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.

Pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017, the Company awarded 1,117,282 new ordinary shares of the Company to its employees on 29 December 2020. Awards comprised (i) 328,702 fully paid-up ordinary shares of the Company, free of payment, which vested on 29 December 2020; and (ii) 788,580 fully paid-up ordinary shares of the Company, free of payment, which will be vested in accordance with a vesting schedule that commenced on 29 December 2020 and ending on the ninth anniversary of the date of the grant, subject to certain vesting conditions.

Issuance of new shares
Pursuant to the completion of the Proposed Subscription on 8 June 2021, 810,000,000 Subscription Shares have been allotted and issued to Penta-Ocean Construction Co., Ltd., in accordance with the terms of the Subscription Agreement. Following Completion, the issued share capital of the Company has increased from 2,007,613,004 Shares to 2,817,613,004 Shares. The Subscription Shares are issued free from all encumbrances and rank pari passu in all respects with the issued Shares of the Company existing as at the date of Completion, except that they will not rank for any dividends, distributions or entitlements the record date for which falls on or before the date of Completion.

Save as disclosed above, the Company has no outstanding convertibles and no treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

F. OTHER INFORMATION REQUIRED BY LISTING RULE
For the six months financial period ended 30 June 2021

1. Whether the figures have been audited, or reviewed and if so which auditing standard or practice has been followed

The figures have not been audited or reviewed by the Company's auditors.

2. Where the figures have been audited or reviewed, the auditor's report (including any modifications or an emphasis of matter) Where the figures are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; and (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable as the figures have not been audited or reviewed nor has the Company received any adverse opinion, qualified opinion or disclaimer of opinion.

3. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

Refer to note 2 - basis of preparation of the condensed interim consolidated financial statements.

4. 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

Refer to note 2 - basis of preparation of the condensed interim consolidated financial statements.

5. 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.

		Group 6 months ended	
		30 June 2021 (cents)	30 June 2020 (cents)
(i)	Basic	**0.06**	(0.70)
(ii)	On a fully diluted basis	**0.06**	(0.70)

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 2,101,103,626 ordinary shares (30 June 2020: 1,922,203,876 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.

F. OTHER INFORMATION REQUIRED BY LISTING RULE
For the six months financial period ended 30 June 2021

6. 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 June 2021 (cents)	31 December 2020 (cents)	**30 June 2021 (cents)**	31 December 2020 (cents)
Net asset value per ordinary share based on existing issued share capital (excluding treasury shares) at the end of the period	**5.05**	5.19	**5.13**	5.34

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 2,817,613,004 ordinary shares as at 30 June 2021 (31 December 2020: 2,000,095,465 ordinary shares).

7. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.

(a) Review of Group Performance

Revenue

The COVID-19 situation has continued to have an adverse impact on the Group's financial performance for the first half-year ended 30 June 2021 (“1H 2021”). Nevertheless, with the gradual resumption of construction activities in 1H2021, the Group’s financial performance improved as compared to the corresponding period in 2020 ("1H 2020"). While the government has taken measures to manage the spread of coronavirus, operating situation has not returned to the pre-COVID period. Key difficulties and challenges still remain.

As such, the Group's revenue for 1H 2021 compared to 1H 2020 increased from S$78.7 million to S$109.5 million, representing a 39.0% increase. This was mainly due to an increase in revenue from the Engineering and Construction division.

Gross profit

Similarly, as more construction activities have gradually resumed in 1H 2021, this has resulted in improved performance leading to a gross profit of S$5.5 million compared to a gross loss of S$9.5 million in 1H 2020.

The gross loss in 1H 2020 was mainly due to the Group continuing to incur certain operating expenses which primarily consist of manpower expenses despite the significant reduction in construction activities due to the COVID-19 pandemic.

F. OTHER INFORMATION REQUIRED BY LISTING RULE
For the six months financial period ended 30 June 2021

Other gains – net

Other gains decreased from S$1.0 million in 1H 2020 to S$0.7 million in 1H 2021 mainly due to decrease in net foreign exchange gain arising from trade receivables and bank balances under the Bio-Refinery and Renewable Energy division.

Selling and distribution expenses

Selling and distribution expenses showed an increase from S$68,000 in 1H 2020 to S$114,000 in 1H 2021. This was mainly due to an increase in allowance made for impairment of trade receivables for certain outstanding receivables for the Bio-Refinery and Renewable Energy division.

Finance expenses

Finance expenses decreased from S$1.2 million in 1H 2020 to S$0.8 million in 1H 2021. Decrease in finance expenses for 1H 2021 was mainly due to decrease in bank borrowings and interest rates for the Group.

Profit/(loss) before income tax

Overall, the Group recorded a profit after income tax of S$1.5 million in 1H 2021 compared to a loss after income tax of S$13.3 million in 1H 2020.

(b) Review of change in working capital, assets and liabilities

The Group's net asset value attributable to shareholders increased from S$103.8 million as at 31 December 2020 to S$142.2 million as at 30 June 2021 mainly due to increase in retained profits and increase in share capital mainly resulting from exercise of warrants and issuance of new equity shares.

The Group’s current assets recorded an increase of S$9.2 million mainly due to (i) increase in cash and bank balances due to net cash generated from operating and financing activities; (ii) increase in contract assets mainly due to progress billings to customers and higher revenue recognised under the Engineering and Construction division during 1H 2021; and (iii) partially offset by decrease in trade and other receivables which was due to receipts from customers under the Engineering and Construction division.

The Group's non-current assets recorded a decrease of S$4.8 million mainly due to depreciation charge on property, plant and equipment and offset by an increase in contract assets due to increase in retention sums due from customers.

The Group’s current liabilities recorded a decrease of S$29.2 million, mainly due to: (i) decrease in trade and other payables resulting from settlement of amount owing to creditors; (ii) decrease in contract liabilities resulting from revenue recognition upon satisfaction of performance obligation under the Bio-Refinery and Renewable Energy division; and (iii) decrease in bank borrowings and lease liabilities.

The Group's non-current liabilities showed a decrease of S$4.8 million mainly due to decrease in bank borrowings and lease liabilities, partially offset by an increase in trade and other payables. The decrease in bank borrowings and lease liabilities was mainly due to reclassification from non-current to current whereas the increase in trade and other payables was due to increase in retention due to subcontractors.

F. OTHER INFORMATION REQUIRED BY LISTING RULE
For the six months financial period ended 30 June 2021

(c) Review of change in cash flow

The Group reported a net cash inflow of S$4.9 million in 1H2021.

Net cash of S$18.2 million used in operating activities was mainly due to receipts from trade and other receivables and movement in contract assets and liabilities, partially offset by payments made to trade and other payables.

Net cash of S$22.7 million generated from financing activities was mainly contributed by proceeds from exercise of warrants and issuance of new shares, partially offset by repayment of bank borrowings and lease liabilities.

8. 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 2020.

9. 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

Based on advance estimates, the Ministry of Trade and Industry reported that Singapore's GDP grew by 14.3 per cent on a year-on-year basis in the second quarter of 2021, extending the 1.3 per cent growth in the previous quarter. This was largely due to the low base in the second quarter of 2020 when GDP fell by 13.3 per cent due to the Circuit Breaker (CB) measures implemented from 7 April to 1 June 2020. In absolute terms, GDP in the second quarter of 2021 remained at 0.9 per cent below its pre-pandemic level in the second quarter of 2019.

The construction sector expanded by 98.8 per cent on a year-on-year basis in the second quarter of 2021, a turnaround from the 23.1 per cent contraction in the preceding quarter. The sharp upturn was due to low base effects as the CB measures had resulted in a stoppage of most construction activities in the second quarter of last year. In absolute terms, the value-added of the sector remained 31.6 per cent below its pre-pandemic (i.e., second quarter of 2019) level. On a quarter-on-quarter seasonally-adjusted basis, the construction sector shrank by 11.0 per cent in the second quarter of 2021, a reversal from the 4.5 per cent growth in the previous quarter.

The Building and Construction Authority Singapore ("BCA") has projected that the total construction demand in 2021 to range between S$23.0 billion and S$28.0 billion. This is an improvement from the preliminary estimate of S$21.3 billion in 2020. The public sector is expected to drive the construction demand in 2021. However, we expect the operating conditions in construction sector to remain challenging.

The Construction sector is facing challenges such as supply chain disruptions, labour shortages, higher material and manpower costs, higher cost and time resources needed to comply with COVID-safe measures as well as pressing demand to make up for lost time in the completion of projects.

F. OTHER INFORMATION REQUIRED BY LISTING RULE
For the six months financial period ended 30 June 2021

Bio-Refinery and Renewable Energy Sector

The Bio-Refinery and Renewable Energy sector has been affected by the border control and movement restrictions imposed in Malaysia and globally, resulting in an unavoidable disruption to project timelines and supply chain. Although business activities have reduced, we have adapted through temporary mitigating solutions such as arrangements for employment of local staff and online support and commissioning protocol. As such, we did not experience any material disruptions to the business. We are optimistic on the long-term growth prospect of this sector.

Overall, as at 30 June 2021, the Group's order book stood at S$582.3 million and the Group remains focused on the execution of its order book.

10. Dividend

(a) Current Financial Period Reported On**:**

Any dividend declared 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) Book closure date

Not applicable

11. 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 half-yearly dividend.

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the six months financial period ended 30 June 2021

12. Interested Person Transaction

Name of Interested Person	Nature of Relationship	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$100,000)
		S$'000	**S$'000**
<u>Transactions for the Sale of Goods and Services</u>	Related Companies - By virtue of		
G & W Ready-Mix Pte Ltd	Koh Brothers	-	212
KBD Holland Pte. Ltd.	Group	-	2,419
Koh Brothers Corporate Services	Limited's shareholdings in Koh Brothers Eco Engineering Limited.	-	600
<u>Transactions for the Purchase of Goods and Services</u>			
G & W Ready-Mix Pte Ltd		-	276
G & W Industries Pte Ltd		-	348
Koh Brothers Group Limited		-	955
Koh Brothers Holdings Pte Ltd		-	266

The generate mandate from shareholders for Interested Person Transactions was approved at the Annual General Meeting held on 27 April 2021.

13. Disclosure on acquisition and realisation of shares pursuant to rule 706a of the listing manual

Not applicable

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

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 half year ended 30 June 2021 ("interim financial statements") to be false or misleading in any material aspect. The interim financial statements provide a balanced and fair view of any material factors that have affected the Company's business conditions and financial position, including the impact of COVID-19.

F. OTHER INFORMATION REQUIRED BY LISTING RULE
For the six months financial period ended 30 June 2021

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).

BY ORDER OF THE BOARD

Koh Keng Siang
Non-Executive and Non-Independent Chairman

05 August 2021
Singapore