



KOH BROTHERS ECO ENGINEERING LIMITED

(Incorporated in Singapore. Registration Number: 197500111H)

Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

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.

The contact person for the Sponsor is Mr. Ng Joo Khin (Telephone number: 6389 3000; Email address: jookhin.ng@morganlewis.com).

Contents

		Page
A	Condensed Interim Consolidated Statement of Comprehensive Income	3
B	Condensed Interim Balance Sheets – Group and Company	4
C	Condensed Interim Statements of Changes in Equity	5
D	Condensed Interim Consolidated Statement of Cash Flows	7
E	Notes to the Condensed Interim Consolidated Financial Statements	8
F	Other Information Required by Listing Rule	20

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)
A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2022

	Note	FY2022 S\$'000	FY2021 S\$'000	Change %	2H2022 S\$'000	2H2021 S\$'000	Change %
Revenue	4(a)	209,374	180,576	16	107,497	71,096	51
Cost of sales		(194,889)	(168,801)	15	(99,440)	(64,788)	53
Gross profit		14,485	11,775	23	8,057	6,308	28
Other income	5	658	36	N.M.	584	17	N.M.
Other gains - net	5	1,521	838	82	706	116	510
Expenses							
- Selling and distribution		(486)	341	N.M	(306)	455	N.M
- Administrative		(9,695)	(7,856)	23	(5,211)	(4,513)	15
- Finance		(1,686)	(1,564)	8	(1,041)	(799)	30
Share of (loss)/profit of associated companies		(342)	159	N.M	(350)	164	N.M
Profit before income tax		4,455	3,729	19	2,439	1,748	40
Income tax expense	7	(1,087)	(1,063)	2	(771)	(568)	36
Profit after income tax		3,368	2,666	26	1,668	1,180	41
Profit attributable to:							
Equity holders of the Company		2,181	2,038	7	1,009	836	21
Non-controlling interests		1,187	628	89	659	344	92
		3,368	2,666	26	1,668	1,180	41
Earnings per share for profit attributable to the equity holders of the Company:							
- Basic earnings per share (in cent)		0.08	0.08	N.M	0.04	0.03	N.M
- Diluted earnings per share (in cent)		0.08	0.08	N.M	0.04	0.04	N.M
Profit after income tax		3,368	2,666	26	1,668	1,180	41
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Currency translation differences arising from consolidation		(718)	(452)	59	(106)	(278)	(62)
Fair value loss on debt financial assets, at FVOCI		(99)	2	N.M	(99)	7	N.M
Other comprehensive loss, net of tax		(817)	(450)	N.M	(205)	(271)	N.M
Total comprehensive income		2,551	2,216	15	1,463	909	(61)
Total comprehensive income attributable to:							
Equity holders of the Company		1,646	1,907	(14)	900	849	6
Non-controlling interests		905	309	193	563	60	837
		2,551	2,216	15	1,463	909	61

N.M – not meaningful

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

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

B. CONDENSED INTERIM BALANCE SHEETS – Group and Company

As at 31 December 2022

	Note	Group		Company	
		2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
ASSETS					
Current assets					
Cash and bank balances		55,173	64,825	208	712
Trade and other receivables		27,767	36,275	18,519	17,598
Contract assets		114,340	118,691	-	-
Inventories		185	290	-	-
Financial assets, at FVOCI	9	367	491	-	-
Other assets		4,793	4,799	-	-
		202,625	225,371	18,727	18,310
Non-current assets					
Trade and other receivables		-	-	41,000	76,000
Contract assets		37,767	5,367	-	-
Investments in associated companies		886	1,228	640	640
Investments in subsidiaries		-	-	87,535	52,304
Property, plant and equipment	11	40,364	44,578	-	-
Goodwill	10	6,857	6,857	-	-
Deferred tax assets		104	42	-	-
		85,978	58,072	129,175	128,944
Total assets		288,603	283,443	147,902	147,254
LIABILITIES					
Current liabilities					
Trade and other payables		60,561	50,598	3,556	3,066
Current income tax liabilities		534	328	-	-
Contract liabilities		7,996	5,157	-	-
Bank borrowings and lease liabilities	12	52,048	61,753	-	-
		121,139	117,836	3,556	3,066
Non-current liabilities					
Trade and other payables		9,480	6,943	-	-
Bank borrowings and lease liabilities	12	6,975	12,992	-	-
Deferred tax liabilities		9	475	-	-
		16,464	20,410	-	-
Total liabilities		137,603	138,246	3,556	3,066
NET ASSETS		151,000	145,197	144,346	144,188
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	136,366	136,361	136,366	136,361
Warrants reserve		296	296	296	296
Currency translation reserve		(2,706)	(2,672)	-	-
Other reserves		(942)	(843)	17	17
Retained profits		12,502	9,818	7,667	7,514
		145,516	142,960	144,346	144,188
Non-controlling interests		5,484	2,237	-	-
Total equity		151,000	145,197	144,346	144,188

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

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

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Note	← Attributable to equity holders of the Company →					Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Warrants reserve S\$'000	Currency translation reserve S\$'000	Other reserves S\$'000	Retained profits S\$'000			
Group								
Balance at 1 January 2022	136,361	296	(2,672)	(843)	9,818	142,960	2,237	145,197
Profit for the financial year	-	-	-	-	2,181	2,181	1,187	3,368
Other comprehensive loss for the financial year	-	-	(435)	(99)	-	(534)	(283)	(817)
Total comprehensive (loss)/income for the financial year	-	-	(435)	(99)	2,181	1,647	904	2,551
Issuance of new shares, net of expenses	-	-	-	-	(294)	(294)	5,034	4,740
Change in ownership interest in a subsidiary	-	-	401	-	1,501	1,902	(2,132)	(230)
Share based payment pursuant to Performance Share Plan	5	-	-	-	-	5	-	5
Dividend paid	-	-	-	-	(704)	(704)	(559)	(1,263)
Total transactions with owners, recognised directly in equity	5	-	401	-	503	909	2,343	3,252
Balance at 31 December 2022	136,366	296	(2,706)	(942)	12,502	145,516	5,484	151,000
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	-	-	-	-	2,038	2,038	628	2,666
Other comprehensive (loss)/income for the financial year	-	-	(133)	2	-	(131)	(319)	(450)
Total comprehensive (loss)/income for the financial year	-	-	(133)	2	2,038	1,907	309	2,216
Issuance of new shares, net of expenses	36,834	-	-	-	-	36,834	-	36,834
Issuance of new shares pursuant to Performance Share Plan	7	-	-	-	-	7	-	7
Exercise of warrants	475	(35)	-	-	-	440	-	440
Share based payment pursuant to Performance Share Plan	-	-	-	8	-	8	-	8
Expiry of warrants	2,481	(2,481)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(319)	(319)
Total transactions with owners, recognised directly in equity	39,797	(2,516)	-	8	-	37,289	(319)	36,970
Balance at 31 December 2021	136,361	296	(2,672)	(843)	9,818	142,960	2,237	145,197

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

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

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

COMPANY	<u>Share capital</u> S\$'000	<u>Warrants reserves</u> S\$'000	<u>Other reserves</u> S\$'000	<u>Retained profits</u> S\$'000	<u>Total equity</u> S\$'000
Balance at 1 January 2022	136,361	296	17	7,514	144,188
Profit for the financial period	-	-	-	857	857
Share based payment pursuant to Performance Share Plan	5	-	-	-	5
Dividend paid	-	-	-	(704)	(704)
Balance at 31 December 2022	136,366	296	17	7,667	144,346
Balance at 1 January 2021	96,564	2,812	9	7,366	106,751
Exercise of warrants	475	(35)	-	-	440
Profit for the financial period	-	-	-	148	148
Share based payment pursuant to Performance Share Plan	7	-	8	-	15
Expiry of warrants	2,481	(2,481)	-	-	-
Issuance of new shares	36,834	-	-	-	36,834
Balance at 31 December 2021	136,361	296	17	7,514	144,188

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

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)
D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2022

	FY2022 S\$'000	FY2021 S\$'000
Cash flows from operating activities		
Profit after income tax	3,368	2,666
Adjustments for:		
- Income tax expense	1,087	1,063
- Depreciation of property, plant and equipment	5,919	11,604
- Gain on disposal of property, plant and equipment	(893)	(653)
- Share of loss/(profit) of associated companies	342	(159)
- Interest expense	1,686	1,596
- Interest income	(365)	(36)
- Unrealised translation gain	(674)	(450)
	<u>10,470</u>	<u>15,599</u>
Changes in working capital:		
- Trade and other receivables	8,504	(6,749)
- Inventories	105	65
- Contract assets and liabilities	(25,210)	(5,677)
- Other assets	6	1,141
- Trade and other payables	12,316	(20,674)
Cash provided by/(used in) operations	<u>6,191</u>	<u>(16,295)</u>
Income tax paid	(1,394)	(1,150)
Net cash provided by/(used in) operating activities	<u>4,797</u>	<u>(17,445)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,502)	(1,401)
Proceeds from disposal of property, plant and equipment	3,737	2,980
Proceeds from redemption of financial assets, at FVOCI	25	-
Interest received	365	36
Net cash provided by investing activities	<u>1,625</u>	<u>1,615</u>
Cash flows from financing activities		
Proceeds from issuance of new shares by the Company	-	38,070
Proceeds from issuance of new shares pursuant to the Listing of a subsidiary	5,175	-
Share issuance expenses	(435)	(1,236)
Proceeds from exercise of warrants	-	440
Net repayment of bank borrowings	(11,351)	(4,486)
Principal repayment of lease liabilities	(6,473)	(6,621)
Dividends paid to equity holders of the Company	(704)	-
Dividends paid to non-controlling interests	(559)	(319)
Interest paid	(1,727)	(1,523)
Net cash (used in)/provided by financing activities	<u>(16,074)</u>	<u>24,325</u>
Net change in cash and bank balances	<u>(9,652)</u>	<u>8,495</u>
Beginning of financial year	64,825	56,215
Effect of currency translation on cash and bank balances	-	115
End of financial year	<u>55,173</u>	<u>64,825</u>

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. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

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; and
- (b) Specialist engineers.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2022 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 interim financial statements for the period ended 30 June 2022.

The condensed interim 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

In the current financial year, the Group has adopted all the new and revised SFRS(I) that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised SFRS(I)s did not result in material changes to the Group’s accounting policies and has no material effect on the financial results or position of the Group and the Company.

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 2021 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, are as follows:

- (a) Estimation of total contract sum and contract costs for construction contracts; and
- (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	
	FY2022 S\$'000	FY2021 S\$'000
Engineering and Construction		
Contract revenue – over time	158,028	148,794
Bio-Refinery and Renewable Energy		
Contract revenue – over time	46,677	28,923
Sale of goods – point in time	4,669	2,859
	51,346	31,782
Total	209,374	180,576

	Group	
	2H2022 S\$'000	2H2021 S\$'000
Engineering and Construction		
Contract revenue – over time	82,090	54,641
Bio-Refinery and Renewable Energy		
Contract revenue – over time	23,185	15,114
Sale of goods – point in time	2,222	1,341
	25,407	16,455
Total	107,497	71,096

4. Revenue and segment information (continued)

(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.

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

Group (S\$'000)	<u>Engineering and Construction</u>	<u>Bio-Refinery and Renewable Energy</u>	<u>Total</u>
2022			
Revenue			
External	158,028	51,346	<u>209,374</u>
Results			
Segment results	671	5,447	6,118
Share of loss of associated companies	(342)	-	(342)
Interest income			365
Finance expense			(1,686)
Income tax expense			<u>(1,087)</u>
Profit after income tax			<u>3,368</u>
Other information			
Capital expenditure	4,495	110	4,605
Depreciation	5,872	47	5,919
Assets			
Segment assets	225,172	25,986	251,158
Investments in associated companies	886	-	886
Goodwill	-	6,857	6,857
<u>Unallocated assets:</u>			
Short-term bank deposits			29,231
Financial assets, at FVOCI			367
Deferred tax assets			104
Total assets			<u>288,603</u>
Liabilities			
Segment liabilities	55,873	22,164	78,037
<u>Unallocated liabilities:</u>			
Income tax liabilities			534
Deferred tax liabilities			9
Bank borrowings and lease liabilities			<u>59,023</u>
Total liabilities			<u>137,603</u>

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

4. Revenue and segment information (continued)

(b) Segment information (continued)

Group (S\$'000)	Engineering and Construction	Bio-Refinery and Renewable Energy	Total
2021			
Revenue			
External	148,794	31,782	180,576
Results			
Segment results	2,127	2,971	5,098
Share of profit of associated companies	159	-	159
Interest income			36
Finance expense			(1,564)
Income tax expense			(1,063)
Profit after income tax			<u>2,666</u>
Other information			
Capital expenditure	1,774	10	1,784
Depreciation	11,561	43	11,604
Assets			
Segment assets	223,253	25,076	248,329
Investments in associated companies	1,229	-	1,229
Goodwill	-	6,857	6,857
<u>Unallocated assets:</u>			
Short-term bank deposits			26,495
Financial assets, at FVOCI			491
Deferred tax assets			42
Total assets			<u>283,443</u>
Liabilities			
Segment liabilities	49,050	13,648	62,698
<u>Unallocated liabilities:</u>			
Income tax liabilities			328
Deferred tax liabilities			475
Bank borrowings and lease liabilities			74,745
Total liabilities			<u>138,246</u>

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

4. Revenue and segment information (continued)

(b) Segment information (continued)

Group (S\$'000)	Engineering and Construction	Bio-Refinery and Renewable Energy	Total
2H2022			
Revenue			
External	82,090	25,407	<u>107,497</u>
Results			
Segment results	429	3,110	3,539
Share of loss of associated companies	(350)	-	(350)
Interest income			291
Finance expense			(1,041)
Income tax expense			<u>(771)</u>
Profit after income tax			<u>1,668</u>
Other information			
Capital expenditure	4,408	99	4,507
Depreciation	3,770	26	3,796
2H2021			
Revenue			
External	54,641	16,455	71,096
Results			
Segment results	1,277	1,089	2,366
Share of profit of associated companies	164	-	164
Interest income			17
Finance expense			(799)
Income tax expense			<u>(568)</u>
Profit after income tax			<u>1,180</u>
Other information			
Capital expenditure	1,681	4	1,685
Depreciation	5,780	21	5,801

4. Revenue and segment information (continued)

(c) Geographic Information

The Group's two business segments operate in six main geographical areas: Singapore, Malaysia, Indonesia, Rest of Asia, South America and Africa.

The following table presents sales and non-current assets information for the main geographical areas for the full year and six months ended 31 December 2022 and 31 December 2021.

	Group	
	FY2022	FY2021
	S\$'000	S\$'000
Total sales		
Singapore	158,060	148,181
Malaysia	9,928	10,414
Indonesia	31,396	11,909
Rest of Asia	6,772	5,143
South America	795	1,317
Africa	2,423	3,612
	209,374	180,576

	Group	
	2H2022	2H2021
	S\$'000	S\$'000
Total sales		
Singapore	82,123	53,888
Malaysia	6,159	2,735
Indonesia	14,340	7,539
Rest of Asia	3,243	4,086
South America	214	842
Africa	1,418	2,006
	107,497	71,096

	Group	
	2022	2021
	S\$'000	S\$'000
Total non-current assets		
Singapore	85,014	57,116
Malaysia	964	956
	85,978	58,072

4. Revenue and segment information (continued)

- (d) In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Engineering & Construction

The segment recorded an increase in revenue from S\$148.8 million in FY2021 to S\$158.0 million in FY2022, as the construction activities have improved from post-COVID-19 pandemic recovery. However, the segment results decreased from S\$2.1 million in FY2021 to S\$0.7 million in FY2022 due to higher professional fees incurred for project tendering and corporate exercise, and lower government grant income.

Bio-Refinery & Renewable Energy

The segment revenue increased from S\$31.8 million in FY2021 to S\$51.3 million in FY2022 mainly due to an increase in revenue contribution from new projects secured in the prior year from Indonesia. In line with the increase in revenue, the segment results showed an increase from S\$3.0 million in FY2021 to S\$5.4 million in FY2022.

By Geographical Segment

The increase in revenue in FY2022 was mainly contributed by the customers from Singapore and Indonesia, partially offset by the decrease in revenue from other geographic areas.

5. Other income and other gains – net

	Group	
	FY2022	FY2021
	S\$'000	S\$'000
Other income		
Interest income	365	36
Other income	293	-
	658	36
Other gains – net		
Gain on disposal of property, plant and equipment	893	653
Net foreign exchange gain	628	185
	1,521	838

	Group	
	2H2022	2H2021
	S\$'000	S\$'000
Other income		
Interest income	291	17
Other income	293	-
	584	17
Other gains – net		
Gain on disposal of property, plant and equipment	669	206
Net foreign exchange gain/(loss)	37	(90)
	706	116

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

6. Expenses by nature

	Group	
	FY2022	FY2021
	S\$'000	S\$'000
Allowance for impairment/(write-back of allowance for) of trade receivables	41	(710)
Depreciation of property, plant and equipment	<u>5,919</u>	<u>11,604</u>

	Group	
	2H2022	2H2021
	S\$'000	S\$'000
Write-back of allowance for trade receivables	(5)	(793)
Depreciation of property, plant and equipment	<u>3,795</u>	<u>5,801</u>

7. Taxation

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

	Group	
	FY2022	FY2021
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	1,549	1,070
- Deferred income tax	(9)	(58)
	<u>1,540</u>	<u>1,012</u>
(Over)/under provision of current income tax in prior financial years	(453)	51
	<u>1,087</u>	<u>1,063</u>

	Group	
	2H2022	2H2021
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	804	644
- Deferred income tax	(93)	(127)
	<u>711</u>	<u>517</u>
Under provision of current income tax in prior financial years	60	51
	<u>771</u>	<u>568</u>

8. Related party transactions

The Group has significant transactions with related parties on terms agreed between the parties concerned as shown below:

Sale and purchase of goods and services

	Group	
	FY2022	FY2021
	S\$'000	S\$'000
Purchase of goods and services from related corporations	(1,044)	(516)
Revenue on construction contract from related corporations	9,062	7,229
Rental of office premises from related corporations	(591)	(841)
Rental of factory-cum-office space and machinery to related corporations	523	505
Management and support services from the immediate and ultimate holding corporation and related corporation	(2,700)	(1,681)

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 paragraph 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	Total
	S\$'000	S\$'000
Group		
31 December 2022		
Financial assets, at FVOCI	367	367
31 December 2021		
Financial assets, at FVOCI	491	491

10. Goodwill

	Group	
	2022	2021
	S\$'000	S\$'000
Net book value	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.

11. Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to S\$4,605,000 (31 December 2021: S\$1,784,000), and disposed of assets at net book value amounting to S\$2,846,000 (31 December 2021: S\$2,327,000).

12. Bank borrowing and lease liabilities

	Group	
	2022	2021
	S\$'000	S\$'000
Current		
Short-term bank loans payable within one year (unsecured)	44,500	51,000
Term loan payable within one year (unsecured)	1,241	4,852
Lease liabilities payable within one year	6,307	5,901
	52,048	61,753
Non-current		
Term loan payable after one year (unsecured)	2,344	3,584
Lease liabilities payable after one year	4,631	9,408
	6,975	12,992
Total bank borrowings and lease liabilities	59,023	74,745

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

13. Share capital

	No. of ordinary shares		Amount	
	2022 '000	2021 '000	2022 S\$'000	2021 S\$'000
Group and Company				
Balance at 1 January	2,817,832	1,998,897	136,361	96,564
Exercise of warrants	-	8,802	-	475
Expiry of warrants	-	-	-	2,481
Issuance of new shares	-	810,000	-	36,834
Issuance of new shares pursuant to Performance Share Plan	100	133	5	7
Balance at 31 December	2,817,932	2,817,832	136,366	136,361

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 warrants '000
As at 1 January 2022	75,777
Exercise of warrants	-
Expiry of warrants	-
As at 31 December 2022	75,777

As at 31 December 2022 and as at 31 December 2021, 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 31 December 2022 and 31 December 2021.

The number of issued shares excluding treasury shares and subsidiary holdings of the Company as at 31 December 2022 and 31 December 2021 was 2,817,931,762 and 2,817,832,062 respectively.

Warrants

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 31 December 2022. 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.

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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.

No share awards under the Koh Brothers Eco Engineering Limited Performance Share Plan 2017 were granted during FY2021 and FY2022.

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. 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.

During the financial year, the Company issued 99,700 ordinary shares to its employees pursuant to the vesting of share awards granted under the Koh Brothers Eco Engineering Limited Performance Share Plan 2017 (2021: 133,120).

Save as disclosed above, the Company has no outstanding convertibles and no treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the financial year ended 31 December 2022

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

The figures and certain explanatory notes 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	
		FY2022	FY2021
		(cent)	(cent)
(i)	Basic	0.08	0.08
(ii)	On a fully diluted basis	0.08	0.08

		Group	
		2H2022	2H2021
		(cent)	(cent)
(i)	Basic	0.04	0.03
(ii)	On a fully diluted basis	0.04	0.04

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 2,817,832,608 ordinary shares (31 December 2021: 2,464,281,050 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 financial year ended 31 December 2022

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	
	31 December 2022 (cents)	31 December 2021 (cents)	31 December 2022 (cents)	31 December 2021 (cents)
Net asset value per ordinary share based on existing issued share capital (excluding treasury shares) at the end of the period	5.16	5.07	5.12	5.12

The net asset value per share is calculated based on the issued share capital, excluding treasury shares, of 2,817,931,762 ordinary shares as at 31 December 2022 (31 December 2021: 2,817,832,062 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.**

Review of Group Performance

Revenue

The Group's revenue for the six months ended 31 December 2022 ("2H 2022") increased from S\$71.1 million in the corresponding period in 2021 ("2H 2021") to S\$107.5 million.

For FY2022, the Group's revenue increased as compared to the financial year ended 31 December 2021 ("FY2021"), from S\$180.6 million to S\$209.4 million. This was mainly due to an increase in revenue from both the Engineering and Construction segment and the Bio-Refinery and Renewable Energy segment.

Gross profit

As a result of post-COVID-19 pandemic recovery in 2022, this has resulted in improved revenue leading to higher gross profit of S\$8.1 million and S\$14.5 million in 2H 2022 and FY2022 respectively. This is in comparison to a gross profit of S\$6.3 million and S\$11.8 million in 2H 2021 and FY2021 respectively.

Other income

Other income increased in 2H 2022 and FY2022 at S\$0.6 million, mainly due to higher interest income and other compensation income.

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

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the financial year ended 31 December 2022

Other gains – net

Other gains have increased in 2H 2022 and FY 2022 at S\$0.6 million and S\$0.7 million respectively, mainly arising from gain on disposal of property, plant and equipment under the Engineering and Construction Division, and net foreign exchange gain arising mainly from trade receivables and bank balances under the Bio-Refinery and Renewable Energy division.

Selling and distribution expenses

Selling and distribution expenses amounted to S\$0.3 million and S\$0.5 million in 2H2022 and FY2022 respectively compared to a credit of S\$0.5 million and S\$0.3 million in 2H 2021 and FY2021. This was mainly due to recovery of allowance made for impairment of trade receivables for certain outstanding receivables for the Bio-Refinery and Renewable Energy division a year ago.

Administrative expenses

Administrative expenses increased by S\$0.7 million and S\$1.8 million in 2H 2022 and FY 2022 respectively. The increases were mainly due to higher professional fees incurred on project tendering and corporate exercise, and lower government grant income.

Finance expenses

Finance expenses increased from S\$0.8 million in 2H 2021 to S\$1.0 million in 2H 2022 and from S\$1.6 million in FY2021 to S\$1.7 million in FY2022. The increase in both 2H 2022 and FY2022 were mainly due to higher borrowing cost.

Profit after income tax

As a result of the above, the Group's profit after income tax increased from S\$1.2 million in 2H 2021 to S\$1.7 million in 2H 2022.

Overall, the Group recorded a profit after income tax of S\$3.4 million in FY2022 compared to a profit after income tax of S\$2.7 million in FY2021.

Review of change in working capital, assets and liabilities

The Group's net asset value attributable to shareholders increased from S\$143.0 million as at 31 December 2021 to S\$145.5 million as at 31 December 2022 mainly due to increase in retained profits.

The Group's current assets recorded a decrease of S\$22.7 million mainly due to (i) decrease in contract assets due to progressive billing to the customers; (ii) decrease in cash and bank balances due to repayment of bank borrowings and (iii) decrease in trade and other receivables due to receipts from customers.

The Group's non-current assets recorded an increase of S\$27.9 million mainly due to (i) increase in contract assets due to revenue recognition during the year and timing of billing to the customers; partially offset by (ii) decrease in property, plant and equipment due to depreciation charge.

The Group's current liabilities recorded an increase of S\$3.3 million, mainly due to: (i) increase in trade and other payables due to more construction activities which led to more purchases of goods and services during the year; (ii) increase in contract liabilities resulting from revenue recognition upon satisfaction of performance obligation; and (iii) offset by decrease in bank borrowings and lease liabilities.

The Group's non-current liabilities showed a decrease of S\$3.9 million mainly due to decrease in bank borrowings and lease liabilities, partially offset by an increase in trade and other payables. The increase in trade and other payables was due to increase in retention due to subcontractors.

Review of change in cash flow

The Group reported a net cash outflow of S\$9.7 million in FY2022. This was mainly due to net cash used in financing activities, partially offset by net cash generated from operating activities and investing activities.

Net cash outflow in financing activities was mainly due to repayment of bank borrowings and lease liabilities, and partially offset by net cash proceeds received from public offering exercise by a listed subsidiary.

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 six months ended 30 June 2022.

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

The Ministry of Trade and Industry has, on 3 January 2023, released an advance estimate of Singapore's economic performance. Singapore's GDP grew by 2.2 per cent on a year-on-year basis in the fourth quarter of 2022, moderating from the 4.2 per cent growth in the previous quarter. For the whole of 2022, the economy grew by 3.8 per cent, significantly lower than the 7.6 per cent growth in 2021.

The construction sector grew by 10.4 per cent year-on-year in the fourth quarter, accelerating from the 7.8 per cent growth in the previous quarter. For the whole of 2022, the construction sector grew 6.5 per cent. In absolute terms, the value-added of the construction sector remained 19.3 per cent below its pre-pandemic level.

The Building and Construction Authority Singapore ("BCA") has released projected construction demand for 2023. In its media release on 12 January 2023, the total construction demand for 2023 (the value of construction contracts to be awarded) is expected to range from S\$27 billion to S\$32 billion. The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion with a strong pipeline of public housing projects amid Housing Development Board's ramping up of Build-To-Order flats supply. Other civil and mechanical engineering projects contributing strongly to public sector demand, include the construction of water treatment plants, educational buildings and

community clubs with civil engineering construction demand expected to stay firm as a result of continued support from MRT line construction and other infrastructure works.

The Group expects the operating conditions in the construction sector to remain challenging as the Group expects to continue to face rising material costs, higher manpower costs and higher energy costs in addition to a rising interest rate environment and inflationary pressure. The Group will continue to actively monitor the progress and cost of construction projects and will also continue to tender for more construction projects where we have the competitive advantage, requisite track record, experience and capabilities. This will enable the Group to maintain a healthy order book for sustainable growth.

Bio-Refinery and Renewable Energy Sector

The Covid-19 pandemic became more manageable in early 2022. However, it was followed by logistic and supply chain disruptions, fuel, material, food and commodity prices hikes, as well as global inflation and interest rate hikes. The above have caused disruptions such as foreign currency restriction in some countries and market volatility globally in particular to countries where Bio-Refinery and Renewable Energy sector has business and operates in. Nonetheless, these projects were not materially affected by the impact due to timely and effective management controls.

The Group remains confident about the long-term outlook of the Bio-Refinery and Renewable Energy sector as the global consumption of oils and fats is growing in tandem with population growth, as seen in the strong growth in the food and beverage and biodiesel sectors.

With stringent environment regulations, greater awareness of the importance of environmental, social and governance considerations, the renewable energy sector is optimistic on its continued growth prospects.

Capitalising on the global trend and barring any unforeseen circumstances, the Bio-Refinery and Renewable Energy sector will continue to leverage on its capabilities, integrated technology know-how, and proven track record to secure more projects and projects of larger scale in existing and new markets and to expand geographical reach to other markets with emerging prospects.

As at 31 December 2022, the Group's order book stood at S\$684.6 million and the Group remains focused on execution of its order book.

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)**F. OTHER INFORMATION REQUIRED BY LISTING RULE***For the financial year ended 31 December 2022***10. 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?**

Yes.

Name of dividend	Final
Dividend Type	Cash
Dividend Amount per share	0.025 Singapore cent per ordinary share
Dividend Rate (in %)	NA
Par value of shares	NA
Tax rate	Tax exempt (One-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Final
Dividend Type	Cash
Dividend Amount per share	0.025 Singapore cent per ordinary share
Dividend Rate (in %)	NA
Par value of shares	NA
Tax rate	Tax exempt (One-tier)

(c) Date payable

The proposed dividend will be subject to approval by the shareholders at the forthcoming AGM. The payment date will be announced at a later date.

(d) Book closure date

Notice will be given at a later date on the closure of the Share Transfer Books and Register of Members of the Company to determine the member's entitlement to the dividend.

11. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)**F. OTHER INFORMATION REQUIRED BY LISTING RULE***For the financial year ended 31 December 2022***12. Breakdown of the total dividend (in dollar value) for the issuer's latest full year and its previous full year as follows: (a) Ordinary; (b) Preference; (c) Total.**

	2022 (S\$'000)	2021 (S\$'000)
Ordinary dividend paid		
Final exempt dividend*	704	704
Total annual dividend	704	704

The proposed final dividend of 0.025 cent per share for the financial year ended 31 December 2022 will be subject to shareholders' approval at the forthcoming Annual General Meeting. The dividends are computed based on 2,817,931,762 ordinary shares excluding treasury shares as at the date of this announcement.

The Company has no preference dividend for the financial year ended 31 December 2022 and 31 December 2021.

13. 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>			
G & W Ready-Mix Pte Ltd	Related Companies - By virtue of Koh Brothers Group Limited's shareholdings in Koh Brothers Eco Engineering Limited.	-	353
KBD Holland Pte. Ltd.		-	9,062
<u>Transactions for the Purchase of Goods and Services</u>			
G & W Ready-Mix Pte Ltd		-	697
G&W Precast Pte Ltd		-	347
Koh Brothers Group Limited		-	1,510
Koh Brothers Holdings Pte Ltd		-	516
Koh Brothers Corporate Services			1,180

The generate mandate from shareholders for Interested Person Transactions was approved at the Annual General Meeting held on 26 April 2022.

14. Disclosure on acquisition and realisation of shares pursuant to Rule 706A of the Listing Manual Section B: Rules of Catalyst

On 20 June 2022, the Company acquired additional 1,000,000 shares issued by a listed subsidiary of the Company, Oiltek International Limited ("OIL"), for a total consideration of S\$230,000 fully settled in cash. It was an off-market transaction on willing-buyer-willing seller basis, and the consideration for the sale was determined taking into account, *inter alia*, the large size of the block of shares being offered to the Company by the seller. As a result, the Company's shareholding in OIL increased from approximately 67.44% to approximately 68.14%.

15. Use of net proceeds from subscription shares issued to Penta-Ocean Construction Co., Ltd.

As at the date of this announcement, the utilisation of net proceeds from the subscription shares are as follows:

Use of Net Proceeds	Amount allocated (S\$ million)	Amount Utilised (S\$ million)	Amount Remaining (S\$ million)
Business Expansion	11.06	6.15 ⁽¹⁾	4.91
General Working Capital	25.81	23.22 ⁽²⁾	2.59
Total	36.87	29.37	7.50

Notes:

- (1) The Company has previously announced on 15 September 2022 that S\$6.15 million has been utilised for the acquisition of technology and equipment used in the Group's mechanical, electrical and instrumentation control and automation works.
- (2) The Company has previously announced on 5 August 2021 and 6 August 2022 that approximately S\$23.22 million has been utilised for general working capital purposes, comprising S\$13.50 million for the repayment of bank facilities and approximately S\$9.72 million for payment to suppliers and subcontractors of the Group.

The above utilisation of the net proceeds from the issue of the subscription shares is consistent with the intended use of the net proceeds as disclosed in the circular dated 15 May 2021.

16. 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 interim condensed consolidated financial statements for the full year ended 31 December 2022 ("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 Group's and Company's business conditions and financial position, including the impact of COVID-19.

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

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the financial year ended 31 December 2022

17. **Disclosure of person occupying a managerial position in any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in position held, if any, during the year
Koh Keng Seng	59	Cousin of Mr Koh Keng Siang	Director of Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd, since 2008	Nil

18. **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).

25 January 2023