



KOH BROTHERS GROUP LIMITED

(Incorporated in Singapore. Registration Number: 199400775D)

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

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KOH BROTHERS GROUP LIMITED

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months financial period ended 30 June 2021

	Note	6 months ended		Change
		30 June 2021 S\$'000	30 June 2020 S\$'000	
Sales	4(a)	140,963	104,130	35
Cost of sales	6	(132,789)	(115,368)	15
Gross profit/(loss)		8,174	(11,238)	N.M.
Other income	5	712	1,248	(43)
Other gains – net	5	6,710	590	1,037
Expenses				
- Distribution and marketing	6	(793)	(1,380)	(43)
- Administrative	6	(6,671)	(6,816)	(2)
- Finance		(4,550)	(5,871)	(23)
- Other	6	(1,194)	(906)	32
Share of profit of associated companies and joint ventures		1,455	3,944	(63)
Profit/(loss) before income tax		3,843	(20,429)	N.M.
Income tax expense	7	(1,276)	(53)	2,308
Profit/(loss) after income tax		2,567	(20,482)	N.M.
Profit/(loss) attributable to:				
Equity holders of the Company		1,990	(17,754)	N.M.
Non-controlling interests		577	(2,728)	N.M.
		2,567	(20,482)	N.M.
Earnings/(loss) per share for profit attributable to equity holders of the Company:				
- Basic earnings/(loss) per share (in cents)		0.48	(4.30)	N.M.
- Diluted earnings/(loss) per share (in cents)		0.48	(4.30)	N.M.
Profit/(loss) after income tax		2,567	(20,482)	N.M.
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation arising from consolidation				
- Loss		(195)	(283)	(31)
Fair value losses on debt financial assets, at FVOCI		(8)	(201)	(96)
		(203)	(484)	(58)
<i>Items that may not be reclassified subsequently to profit or loss:</i>				
Fair value losses on equity financial assets, at FVOCI		-	(709)	N.M.
Other comprehensive loss, net of tax		(203)	(1,193)	(83)
Total comprehensive income/(loss)		2,364	(21,675)	N.M.
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		1,794	(18,767)	N.M.
Non-controlling interests		570	(2,908)	N.M.
		2,364	(21,675)	N.M.

N.M. – Not Meaningful

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B. CONDENSED INTERIM BALANCE SHEETS

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		102,369	101,849	76	186
Investment securities		3,276	3,489	655	218
Trade and other receivables		32,697	40,947	2	7
Contract assets		135,668	130,089	-	-
Amounts due from subsidiaries		-	-	41,200	42,193
Amounts due from joint ventures		45,203	44,009	-	-
Inventories		5,990	2,709	-	-
Development properties		130,924	122,057	-	-
Income tax receivables		730	730	-	-
Other current assets		5,216	5,940	-	-
		462,073	451,819	41,933	42,604
Non-current assets					
Trade and other receivables		29,766	29,393	-	-
Contract assets		3,942	3,869	-	-
Investment securities		784	792	-	-
Investment in subsidiaries		-	-	156,560	156,479
Investments in associated companies		275	280	-	-
Investments in joint ventures		95,459	99,516	-	-
Investment properties	12	101,742	95,224	-	-
Property, plant and equipment	11	125,858	133,404	-	-
Goodwill	10	5,078	5,078	-	-
		362,904	367,556	156,560	156,479
Total assets		824,977	819,375	198,493	199,083
LIABILITIES					
Current liabilities					
Trade and other payables		74,225	97,523	1,367	1,706
Contract liabilities		9,889	7,347	-	-
Amounts due to subsidiaries		-	-	10,539	10,934
Amounts due to joint ventures		38,603	38,340	-	-
Current income tax liabilities		606	463	-	-
Bank borrowings and lease liabilities	13	72,921	90,164	-	-
		196,244	233,837	11,906	12,640
Non-current liabilities					
Trade and other payables		5,570	4,649	-	-
Amount due to a subsidiary		-	-	19,011	19,011
Bank borrowings and lease liabilities	13	202,568	200,544	-	-
Notes payables	13	70,000	70,000	70,000	70,000
Deferred income tax liabilities		8,634	7,775	-	-
		286,772	282,968	89,011	89,011
Total liabilities		483,016	516,805	100,917	101,651
NET ASSETS		341,961	302,570	97,576	97,432
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	36,981	36,981	36,981	36,981
Treasury shares		(7,983)	(7,983)	(7,983)	(7,983)
Other reserves		(2,058)	(2,311)	-	-
Retained profits		268,841	270,633	68,578	68,434
Currency translation reserve		(9,007)	(9,432)	-	-
		286,774	287,888	97,576	97,432
Non-controlling interests		55,187	14,682	-	-
Total equity		341,961	302,570	97,576	97,432

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C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months financial period ended 30 June 2021

Group	Note	← Attributable to equity holders of the Company →					Total	Non-controlling interests	Total equity
		Share capital	Treasury shares	Other reserves	Retained profits	Currency translation reserve			
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2021		36,981	(7,983)	(2,311)	270,633	(9,432)	287,888	14,682	302,570
Profit for the financial period		-	-	-	1,990	-	1,990	577	2,567
Other comprehensive (loss)/income for the financial period		-	-	(4)	-	(192)	(196)	(7)	(203)
Total comprehensive (loss)/income for the financial period		-	-	(4)	1,990	(192)	1,794	570	2,364
Change in ownership interests in subsidiaries		-	-	257	(2,889)	617	(2,015)	2,015	-
Issuance of shares by a subsidiary, net of expenses		-	-	-	(893)	-	(893)	37,807	36,914
Exercise of warrants issued by a subsidiary		-	-	-	-	-	-	437	437
Dividend		-	-	-	-	-	-	(324)	(324)
Total transactions with owners, recognised directly in equity		-	-	257	(3,782)	617	(2,908)	39,935	37,027
Balance at 30 June 2021		36,981	(7,983)	(2,058)	268,841	(9,007)	286,774	55,187	341,961

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C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months financial period ended 30 June 2021

Group	Note	← Attributable to equity holders of the Company →					Total	Non-controlling interests	Total equity
		Share capital	Treasury shares	Other reserves	Retained profits	Currency translation reserve			
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 January 2020		36,981	(7,983)	(974)	283,247	(9,475)	301,796	20,914	322,710
Loss for the financial year		-	-	-	(17,754)	-	(17,754)	(2,728)	(20,482)
Other comprehensive loss for the financial period		-	-	(871)	-	(142)	(1,013)	(180)	(1,193)
Total comprehensive loss for the financial period		-	-	(871)	(17,754)	(142)	(18,767)	(2,908)	(21,675)
Change in ownership interests in subsidiaries		-	-	(29)	3,242	(75)	3,138	(3,138)	-
Transfer upon disposal of equity financial assets, at FVOCI		-	-	(5,777)	5,777	-	-	-	-
Share based payment pursuant to performance share plan by a subsidiary		-	-	4	-	-	4	-	4
Dividend		-	-	-	(1,031)	-	(1,031)	(1,068)	(2,099)
Total transactions with owners, recognised directly in equity		-	-	(5,802)	7,988	(75)	2,111	(4,206)	(2,095)
Balance at 30 June 2020		36,981	(7,983)	(7,647)	273,481	(9,692)	285,140	13,800	298,940

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C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months financial period ended 30 June 2021

COMPANY	<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained profits</u>	<u>Total equity</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2021	36,981	(7,983)	68,434	97,432
Profit for the financial period	-	-	144	144
Balance at 30 June 2021	36,981	(7,983)	68,578	97,576
Balance at 1 January 2020	36,981	(7,983)	69,653	98,651
Loss for the financial period	-	-	(625)	(625)
Dividend	-	-	(1,031)	(1,031)
Balance at 30 June 2020	36,981	(7,983)	67,997	96,995

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months financial period ended 30 June 2021

	6 months ended	
	30 June	30 June
	2021	2020
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/(loss) after income tax	2,567	(20,482)
Adjustments for:		
- Income tax expense	1,276	53
- (Write-back of allowance of)/allowance for inventory obsolescence	(306)	1,036
- Depreciation of property, plant and equipment	8,193	9,819
- Property, plant and equipment written off	6	-
- Fair value (gain)/loss on investment properties	(6,580)	415
- Gain on disposal of property, plant and equipment	(436)	(387)
- Share of profit of associated companies and joint ventures	(1,455)	(3,944)
- Finance expense	4,550	5,871
- Interest income	(613)	(1,173)
- Unrealised translation loss/(gain)	101	(627)
	<u>7,303</u>	<u>(9,419)</u>
Change in working capital, net of effects from disposal of subsidiaries:		
- Trade and other receivables	7,901	25,163
- Inventories	(2,975)	563
- Contract assets and liabilities	(3,110)	47,982
- Development properties	(8,866)	4,142
- Other current assets	724	-
- Trade and other payables	(22,365)	(50,658)
- Amount due from/to joint ventures	(931)	(10,060)
Cash (used in)/generated from operations	<u>(22,319)</u>	<u>7,713</u>
Income tax paid	(270)	(708)
Net cash (used in)/generated from operating activities	<u>(22,589)</u>	<u>7,005</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(907)	(712)
Proceeds from disposal of property, plant and equipment	463	540
Proceeds from liquidation of a joint venture	2,539	-
Net proceeds from investment securities	210	5
Additions to investment properties	-	(269)
Dividends received from joint ventures	2,905	3,000
Interest received	613	296
Net cash provided by investing activities	<u>5,823</u>	<u>2,860</u>
Cash flows from financing activities		
Proceeds from issuance of share by a listed subsidiary, net of expenses	36,914	-
Proceeds from exercise of warrants in a subsidiary	437	-
Proceeds from bank borrowings	8,110	14,200
Principal payment of lease liabilities	(4,142)	(5,364)
Repayment of bank borrowings	(19,141)	(5,909)
Dividends paid to non-controlling interests	(324)	(652)
Interest paid	(4,552)	(6,332)
Net cash provided by/(used in) financing activities	<u>17,302</u>	<u>(4,057)</u>
Net change in cash and bank balances	536	5,808
Beginning of financial period	101,849	85,195
Effects of currency translation on cash and bank balances	(16)	478
End of financial period	<u>102,369</u>	<u>91,481</u>

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

1. Corporate information

Koh Brothers Group 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;
- (c) Manufacturing of building materials and precast products;
- (d) Property investment and development; and
- (e) Hotel investment and management.

2. Basis of preparation

The condensed interim financial statements of 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 consolidated 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.

2.2 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.

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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
- (c) Valuation of investment properties

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

	Construction and Building Materials		Real Estate		Leisure and Hospitality		Total	
	6 months ended		6 months ended		6 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Contract revenue – over time	106,814	77,371	-	-	-	-	106,814	77,371
Revenue from sale of products – point in time	27,041	17,897	-	-	-	-	27,041	17,897
Revenue from sale of development properties – over time	-	-	4,332	5,496	-	-	4,332	5,496
Revenue from services rendered – over time	-	-	1,006	1,024	691	1,216	1,697	2,240
Revenue from contracts with customers	133,855	95,268	5,338	6,520	691	1,216	139,884	103,004
Rental income from investment properties	-	-	1,079	1,126	-	-	1,079	1,126
Total revenue	133,855	95,268	6,417	7,646	691	1,216	140,963	104,130

(b) Segment information

The Group considers the business from a business segment perspective. Management manages and monitors the business in three main business segments which are Construction & Building Materials, Real Estate and Leisure & Hospitality. The Group assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

- (i) Construction & Building Materials – This business segment undertakes construction activities for “Engineering and Construction”, “Bio-Refinery and Renewable Energy” and “Building Materials” segments. Management has aggregated the above businesses under Construction & Building Materials as they have similar economic growth prospects.
- (ii) Real Estate – This business segment involves property investment, development and management services.
- (iii) Leisure & Hospitality – This business segment involves hotel and leisure operations.

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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 (\$'000)	Construction & Building Materials	Real Estate	Leisure & Hospitality	Others	Total
6 months ended					
30 June 2021					
Sales					
- External	133,855	6,417	691	-	140,963
- Inter-segment	2,904	324	-	958	4,186
	<u>136,759</u>	<u>6,741</u>	<u>691</u>	<u>958</u>	<u>145,149</u>
Elimination					<u>(4,186)</u>
					<u>140,963</u>
Results					
Segment results					
- Company and subsidiaries	28	6,196	(467)	568	6,325
- Associated companies	(5)	-	-	-	(5)
- Joint ventures	-	1,460	-	-	1,460
	<u>23</u>	<u>7,656</u>	<u>(467)</u>	<u>568</u>	<u>7,780</u>
Earnings/(loss) before interest and tax					7,780
Interest income					613
Finance expenses					<u>(4,550)</u>
Profit before income tax					<u>3,843</u>
Other information					
Capital expenditure	825	19	63	-	907
Depreciation	7,782	182	229	-	8,193
As at 30 June 2021					
Segment assets					
Associated companies	316,462	372,585	24,375	680	714,102
Joint ventures	275	-	-	-	275
	-	95,459	-	-	95,459
<u>Unallocated assets:</u>					
Income tax receivables					730
Short-term bank deposits					10,351
Investment securities					4,060
Consolidated total assets					<u>824,977</u>
Segment liabilities					
	78,970	47,903	311	1,103	128,287
<u>Unallocated liabilities:</u>					
Current income tax liabilities					606
Deferred income tax liabilities					8,634
Bank borrowings, notes payables, and lease liabilities					345,489
Consolidated total liabilities					<u>483,016</u>

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Group (\$S'000)	Construction & Building Materials	Real Estate	Leisure & Hospitality	Others	Total
6 months ended					
30 June 2020					
Sales					
- External	95,268	7,646	1,216	-	104,130
- Inter-segment	1,566	277	-	894	2,737
	<u>96,834</u>	<u>7,923</u>	<u>1,216</u>	<u>894</u>	106,867
Elimination					<u>(2,737)</u>
					104,130
Results					
Segment results					
- Company and subsidiaries	(18,158)	(1,214)	(111)	(192)	(19,675)
- Associated companies	(75)	-	-	-	(75)
- Joint ventures	-	4,019	-	-	4,019
(Loss)/earnings before interest and tax	<u>(18,233)</u>	<u>2,805</u>	<u>(111)</u>	<u>(192)</u>	(15,731)
Interest income					1,173
Finance expenses					<u>(5,871)</u>
Loss before income tax					(20,429)
Other information					
Capital expenditure	467	26	219	-	712
Depreciation	9,376	195	248	-	9,819
As at 30 June 2020					
Segment assets					
Associated companies	286,082	354,952	24,816	2,058	667,908
Joint ventures	1,276	-	-	-	1,276
	-	96,912	-	-	96,912
Unallocated assets:					
Income tax receivables					1,225
Short-term bank deposits					22,599
Investment securities					<u>4,952</u>
Consolidated total assets					794,872
Segment liabilities					
	85,113	27,862	438	2,193	115,606
Unallocated liabilities:					
Current income tax liabilities					79
Deferred income tax liabilities					7,796
Bank borrowings, notes payables, and lease liabilities					<u>372,451</u>
Consolidated total liabilities					495,932

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(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	30 June
	2021	2020
	S\$'000	S\$'000
<u>Total sales</u>		
Singapore	125,698	91,287
Malaysia	7,679	2,423
Indonesia	4,406	709
Others	3,180	9,711
	140,963	104,130
	<hr/>	
	Group	
	As at	As at
	30 June	30 June
	2021	2020
	S\$'000	S\$'000
<u>Total non-current assets</u>		
Singapore	341,630	320,422
Malaysia	12,570	12,539
Others	8,704	10,821
	362,904	343,782
	<hr/>	

5. **Other income and other gains – (net)**

	Group	
	6 months ended	
	30 June	30 June
	2021	2020
	S\$'000	S\$'000
<u>Other income</u>		
Interest income	613	1,173
Other income	99	75
	712	1,248
	<hr/>	
<u>Other gains – net</u>		
Fair value gain/(loss) on investment properties	6,580	(415)
Gain on disposal of property, plant and equipment	436	387
Net foreign exchange (loss)/gain	(306)	618
	6,710	590
	<hr/>	

KOH BROTHERS GROUP LIMITED
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	30 June
	2021	2020
	S\$'000	S\$'000
Allowance for impairment of trade receivables	83	29
Allowance for impairment of loans to joint ventures	1,152	738
(Write back allowance for)/allowance for impairment on inventories obsolescence	(306)	1,036
Depreciation of property, plant and equipment	8,193	9,819

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	30 June
	2021	2020
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	438	349
- Deferred income tax	1,113	22
	1,551	371
Over provision of current income tax in prior financial years	(275)	(318)
	1,276	53

8. Related party transactions

The Group has significant transactions with related parties during the financial period:

	Group	
	6 months ended	
	30 June	30 June
	2021	2020
	S\$'000	S\$'000
<u>Sales and purchases of goods and services</u>		
(i) Progressive billing recognised from sale of residential property to related parties	-	698
(ii) Construction works performed by a related party	-	876

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).

Investment properties

The Group's investment properties are measured at fair value based on valuations performed by independent professional valuers at least once a year. The valuation techniques and key unobservable inputs that were used to determine the fair value of the investment properties are classified within Level 3 of the fair value hierarchy.

Other financial assets and liabilities

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments with adjustment on the market price of linked listed equity securities and interest rate curve are used to estimate the fair value of unquoted short-term structured notes. These instruments are classified as Level 2.

For unquoted convertible notes, the fair value is determined using discounted cash flow analysis which involves the use of significant unobservable inputs. These instruments are classified as Level 3.

The following table presented the assets measured at fair value:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group				
30 June 2021				
Investment properties	-	-	101,742	101,742
Financial assets, at FVOCI	1,270	-	-	1,270
31 December 2020				
Investment properties	-	-	95,224	95,224
Financial assets, at FVOCI	1,281	-	-	1,281

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10. Goodwill

	Group	
	30 June 2021 S\$'000	31 December 2020 S\$'000
<i>Cost</i>	5,078	5,078

Impairment tests for goodwill

Goodwill arising from the Group's acquisition of Koh Brothers Eco Engineering Limited and its subsidiaries is allocated to the "Bio-Refinery and Renewable Energy" cash-generating unit ("CGU").

The Group tests the CGU annually for impairment or more frequently if there are indicators that the 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 6-month period ended 30 June 2021, the Group acquired assets amounted to S\$907,000 (30 June 2020: S\$712,000), and disposed assets at net book value amounted to S\$33,000 (30 June 2020: S\$153,000).

12. Investment properties

	Group	
	30 June 2021 S\$'000	31 December 2020 S\$'000
Balance at 1 January	95,224	94,564
Additions	-	1,373
Fair value (loss)/gain recognised in profit or loss	6,580	(317)
Reclassification to property, plant and equipment	-	(523)
Currency translation difference	(62)	127
Balance at 30 June/31 December	101,742	95,224

As at 30 June 2021, the Group's investment properties with a total carrying amount of S\$94,600,000 (31 December 2020: S\$87,100,000) are mortgaged to banks for banking facilities granted.

Valuation processes of the Group

The fair value of investment properties determined by independent professional valuers at least once a year based on the properties "As-Is" market value. They are carried at fair value at 30 June 2021 and 31 December 2020.

At each reporting date, management:

- provides all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation reports; and
- holds discussions with the independent valuers.

KOH BROTHERS GROUP LIMITED
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For the six months financial period ended 30 June 2021

13. Bank borrowing, lease liabilities and notes payables

	Group	
	30 June 2021 S\$'000	31 December 2020 S\$'000
<u>Current</u>		
Bank borrowings payable within one year		
- Secured [Note 13(i)]	17,092	24,893
- Unsecured	47,573	55,596
	64,665	80,489
Lease liabilities payable within one year	8,256	9,675
	72,921	90,164
<u>Non-current</u>		
Bank borrowings payable after one year		
- Secured [Note 13(i)]	108,191	171,005
- Unsecured	75,882	8,324
	184,073	179,329
Lease liabilities payable after one year	18,495	21,215
	202,568	200,544
Notes payables after one year	70,000	70,000
- Unsecured [Note 13(ii)]		
	345,489	360,708

- (i) The Group's secured borrowings are secured by the Group's properties, plant and machinery and motor vehicles.
- (ii) The Company has established a S\$250 million Multicurrency Medium Term Note programme, under which the Company may, from time to time, issue notes in series or tranches in Singapore Dollars or in other currencies, in various amounts and tenors and interest rates agreed between Company and the relevant dealer. The net proceeds arising from the issue of notes will be used for general corporate purposes, financing investments and general working capital of the Group.

The Company issued the second series of notes amounting to S\$70,000,000 in October 2017. The notes bear a fixed rate of 5.10% per annum payable semi-annually in arrear and are due on 27 October 2022.

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14. Share capital

	← No. of ordinary shares →		← Amount →	
	Issued share <u>capital</u> '000	Treasury <u>shares</u> '000	Share <u>capital</u> S\$'000	Treasury <u>shares</u> S\$'000
30 June 2021				
Balance at 1 January and 30 June	438,000	(25,541)	36,981	(7,983)
31 December 2020				
Balance at 1 January and 31 December	438,000	(25,541)	36,981	(7,983)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

KOH BROTHERS GROUP LIMITED**F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2***For the six months financial period ended 30 June 2021*

- 1(i) **Details of any changes in the Company's share capital and arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other shares 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 corresponding period of the immediately preceding financial year.**

	No. of shares	
	As at 30 June 2021	As at 31 December 2020
Total number of issued shares	438,000,000	438,000,000
Less: number of treasury shares	(25,540,900)	(25,540,900)
Total number of issued shares excluding treasury shares	412,459,100	412,459,100

- 1(ii) **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	
	As at 30 June 2021	As at 31 December 2020
Total number of issued shares excluding treasury shares	412,459,100	412,459,100

- 1(iii) **A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.**

	No. of shares
	As at 30 June 2021
Beginning and end of the financial period	25,540,900

- 1(iv) **A statement showing all sales, transfer, cancellation and/or use of subsidiaries holdings as at the end of the current financial period reported on.**

Not applicable.

2. **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.

3. **Where the figures have been audited or reviewed, the auditor's report (including any modification or emphasis of matter)**

Not applicable.

KOH BROTHERS GROUP LIMITED**F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2***For the six months financial period ended 30 June 2021*

4. **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 statement.

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**

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

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.**

		Group	
		6 months ended	
		30 June	30 June
		2021	2020
		(cent)	(cents)
(i)	Basic	0.48	(4.30)
(ii)	On a fully diluted basis	0.48	(4.30)

Basic earnings per share

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 412,459,100 ordinary shares (2020: 412,459,100 ordinary shares).

Diluted earnings per share

For the financial period ended 30 June 2021, warrants of the Group's subsidiary, Koh Brothers Eco Engineering Limited ("KBE Warrants"), are not included in the calculation of diluted earnings per share because they are antidilutive, except for the KBE Warrants with total number of 75,777,456 are dilutive ("Dilutive Warrants"). Diluted earnings per share has been adjusted for the effect arising from exercising the Dilutive Warrants, and the impact on the diluted earnings per share is immaterial.

For the previous financial period ended 30 June 2020, no adjustment was made to the diluted earnings per share because all the outstanding KBE Warrants are antidilutive.

KOH BROTHERS GROUP LIMITED**F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2***For the six months financial period ended 30 June 2021*

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	30 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) as at the end of the period reported on	69.53	69.80	23.66	23.62

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 412,459,100 ordinary shares as at 30 June 2021 (31 December 2020: 412,459,100 ordinary shares).

8. **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**1H 2021 VS 1H 2020**

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 1H 2021, 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, and key difficulties and challenges still remain.

Revenue

The Group's sales for 1H 2021 increased to S\$140.96 million from S\$104.13 million in 1H 2020. The increase was primarily contributed by the gradual recovery of business activities in the Construction and Building Materials division.

Gross profit

In line with the higher revenue, the Group recognised a gross profit of S\$8.17 million and a reversal from a loss of S\$11.24 million a year ago.

The gross loss in 1H 2020 was incurred during the Circuit Breaker period when the Group had to incur certain operating expenses which primarily consist of manpower, machineries and other overhead expenses despite the significant reduction in construction activities.

Other income and other gains

Other income decreased from S\$1.25 million in 1H 2020 to S\$0.71 million in 1H 2021 mainly due to decrease in interest income.

Other gains increased from S\$0.59 million in 1H 2020 to S\$6.71 million in 1H 2021 mainly due to net fair value gain on investment properties.

KOH BROTHERS GROUP LIMITED**F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

For the six months financial period ended 30 June 2021

Expenses

Distribution expenses decreased from S\$1.38 million in 1H 2020 to S\$0.79 million in 1H 2021 mainly due to lower sales and marketing expenses.

Administrative expenses decreased marginally from S\$6.82 million in 1H 2020 to S\$6.67 million in 1H 2021.

Other expenses increased from S\$0.91 million in 1H 2020 to S\$1.19 million in 1H 2021 mainly due to higher impairment on loans to joint ventures.

Finance expenses decreased from S\$5.87 million in 1H 2020 to S\$4.55 million in 1H 2021 mainly due to reduction in bank borrowings and lower interest rate.

Depreciation expenses decreased from S\$9.82 million in 1H 2020 to S\$8.19 million in 1H 2021 mainly due to decrease in depreciable assets.

Share of profit of associated companies and joint ventures

Share of profit of associated companies and joint ventures decreased from S\$3.94 million in 1H 2020 to S\$1.46 million in 1H 2021 mainly due to lower contribution from a property development project in South Korea, which has been completed in the second half of last year.

Profit before tax and net profit

Overall, the Group recorded profit before tax and net profit attributable to shareholder of S\$3.84 million and S\$1.99 million in 1H 2021, a reversal from a loss before tax and net loss attributable to shareholders of S\$20.43 million and S\$17.75 million in 1H 2020 respectively.

Earnings per share for 1H 2021 stood at 0.48 Singapore cent, as compared to a loss per share of 4.30 Singapore cents in 1H 2020.

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

The Group's current assets increased by S\$10.26 million mainly due to increase in development properties of S\$8.87 million, contract assets of S\$5.58 million and inventories of S\$3.28 million, and partially offset by the decrease in trade and other receivables of S\$8.25 million. The increase in development properties was mainly due to development costs incurred for an ongoing residential development project. The increase in contract assets was mainly due to revenue recognised during the period and timing of billing to the customers. The higher inventories were mainly due to goods produced during the period which are not yet delivered to the customer due to various government restrictions. The decrease in trade and other receivables was mainly due to collection from customers.

The Group's non-current assets decreased by S\$4.65 million mainly due to decrease in property, plant and equipment of S\$7.55 million, investment in joint ventures of S\$4.06 million, and partially offset by the increase in investment properties on fair value gain. The decrease in investment in joint ventures was mainly due to dividend received from a joint venture which had been placed under voluntary liquidation during the current financial period.

The Group's current liabilities decreased by S\$37.59 million mainly due to decrease in trade and other payables of S\$23.30 million on settlement of amount owing to creditors, and decrease in bank borrowing and lease liabilities of S\$17.24 million.

The Group's non-current liabilities increased by S\$3.80 million mainly due to increase in long-term bank borrowings of S\$2.02 million.

(c) Review of change in cash flow

The Group reported a net increase in cash and bank balances mainly due to net cash provided by financing activities and investing activities, and partially offset by net cash used in operating activities.

The net cash used in operating activities was primarily due to settlement of payables.

The net cash provided by investing activities was primarily due to dividend received and proceeds received from liquidation of a joint venture.

The net cash provided by financing activities was primarily due to net proceeds from issuance of new shares by a listed subsidiary, and partially offset by repayment of bank borrowings and lease liabilities.

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 2020.

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.

Based on advance estimates from the Ministry of Trade and Industry announced on 14 July 2021, the Singapore economy grew by 14.3% on a year-on-year basis in the second quarter of 2021, extending the 1.3% growth in the previous quarter. The strong growth was largely due to the low base in the second quarter of 2020 when GDP fell by 13.3% due to the Circuit Breaker measures implemented from 7 April to 1 June 2020. On a quarter-on-quarter seasonally adjusted basis, the Singapore economy contracted by 2.0% in the second quarter of 2021, a reversal from the 3.1% growth in the preceding quarter.

The construction sector expanded by 98.8% on a year-on-year basis in the second quarter of 2021, a turnaround from the 23.1% contraction in the preceding quarter. The sharp upturn was due to low base effects as the Circuit Breaker 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% 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% in the second quarter of 2021, a reversal from the 4.5% growth in the previous quarter.

According to the projection by the Building and Construction Authority Singapore ("BCA") on 18 January 2021, construction demand in 2021 is expected to range between S\$23 billion and S\$28 billion, with the public sector contributing about 65% of the total demand. This is an improvement from the preliminary estimate of S\$21.3 billion in 2020 during the ongoing COVID-19 pandemic. The public sector is expected to drive the construction demand in 2021 and some of the upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

The Group expects the construction industry to remain challenging on the back of a competitive environment, supply chain disruptions, labour shortage, rising material and manpower costs, higher cost and time resources needed to comply with COVID-safe measures as well as pressing demands to make up for lost time in the completion of projects. The Group will continue to secure more construction projects where we have the requisite track record, experience and capabilities to ensure a strong order book for sustainable growth.

Latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties increased by 0.8% in 2Q 2021, compared with the 3.3% increase in the previous quarter. Developers launched 2,356 uncompleted private residential units (excluding ECs) in 2Q 2021, compared with 3,716 units in the previous quarter. Sales figures for 2Q 2021 showed that developers sold 2,966 private residential units (excluding ECs), compared with 3,493 units in 1Q 2021. In view of the prevailing COVID-19 situation in the region, the Group will remain cautious and selective in replenishing our land bank.

11. 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.

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

Not applicable. No dividend declared/recommended for the period ended 30 June 2021 in view of the current uncertainty in the business environment, and to preserve the Group's working capital.

13. Interested Person Transaction

There are no interested person transactions of S\$100,000 and above entered into in 1H 2021.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

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

During the current financial period, the Company's shareholding interest in one of its subsidiaries, KBE, has been diluted from 77.27% as at 31 December 2020 to 54.82% as at 30 June 2021 as a result of the following transactions at KBE:

On 8 April 2021, KBE issued 4,199 new ordinary shares to public shareholders on the exercise of Warrants, which comprised of 859 under the deed poll dated 13 October 2017 ("2017 Warrants") and 3,340 under the deed poll dated 30 August 2018 ("2018 Warrants").

On 21 April 2021, KBE issued 6,632,000 new ordinary shares to public shareholders on the exercise of 2018 Warrants.

On 28 April 2021, KBE issued 2,000,000 new ordinary shares to public shareholders on the exercise of 2018 Warrants.

On 10 May 2021, KBE issued 80,000 new ordinary shares to public shareholders on the exercise of 2018 Warrants.

On 8 June 2021, KBE issued 810,000,000 new ordinary shares to Penta-Ocean Construction Co. Ltd. via private placement, after obtaining shareholders' approval from both the Company and KBE on 31 May 2021.

15. Confirmation pursuant to rule 720(1) of the listing manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

16. Confirmation by the Board pursuant to rule 705(5) of the listing manual

On behalf of the Board of Directors of the Company, we, the undersigned, do hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the six months period ended 30 June 2021 to be false or misleading in any material aspect.

Koh Keng Siang
Managing Director & Group CEO

Koh Keng Hiong
Executive Director

5 August 2021