



KOH BROTHERS ECO ENGINEERING LIMITED

(Incorporated in Singapore. Registration Number: 197500111H)

Condensed Interim Financial Statements for the Six Months Period Ended 30 June 2023

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2023

	Note	6 months ended		Change %
		30 June 2023 S\$'000	30 June 2022 S\$'000	
Revenue	4(a)	90,080	101,877	(12)
Cost of sales		(93,236)	(95,449)	(2)
Gross (loss)/profit		(3,156)	6,428	N.M.
Other income	5	234	74	216
Other gains - net	5	1,252	815	54
Expenses				
- Selling and distribution		(169)	(180)	(6)
- Administrative		(4,916)	(4,484)	10
- Finance		(1,454)	(645)	125
Share of profit of associated companies		-	8	N.M.
(Loss)/profit before income tax		(8,209)	2,016	N.M.
Income tax expense	7	(712)	(316)	125
(Loss)/profit after income tax		(8,921)	1,700	N.M.
(Loss)/profit attributable to:				
Equity holders of the Company		(9,573)	1,172	N.M.
Non-controlling interests		652	528	23
		(8,921)	1,700	N.M.
(Loss)/earnings per share for profit attributable to the equity holders of the Company:				
- Basic (loss)/earnings per share (in cent)		(0.34)	0.04	N.M.
- Diluted (loss)/earnings per share (in cent)		(0.34)	0.04	N.M.
(Loss)/profit after income tax		(8,921)	1,700	N.M.
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation		(703)	(612)	15
Other comprehensive loss, net of tax		(703)	(612)	15
Total comprehensive (loss)/income		(9,624)	1,088	N.M.
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(10,088)	746	N.M.
Non-controlling interests		464	342	36
		(9,624)	1,088	N.M.

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 30 June 2023

	Note	Group		Company	
		30 June 2023 S\$'000	31 December 2022 S\$'000	30 June 2023 S\$'000	31 December 2022 S\$'000
ASSETS					
Current assets					
Cash and bank balances		57,516	55,173	21	208
Trade and other receivables		51,140	27,767	19,177	18,715
Contract assets		92,337	116,708	-	-
Inventories		202	185	-	-
Financial assets, at FVOCI	9	362	367	-	-
Other assets		4,447	4,793	-	-
		206,004	204,993	19,198	18,923
Non-current assets					
Trade and other receivables		-	-	41,000	41,000
Contract assets		37,715	37,767	-	-
Investments in associated companies		886	886	640	640
Investments in subsidiaries		-	-	87,535	87,535
Property, plant and equipment	11	39,252	40,364	-	-
Goodwill	10	6,857	6,857	-	-
Deferred tax assets		32	104	-	-
		84,742	85,978	129,175	129,175
Total assets		290,746	290,971	148,373	148,098
LIABILITIES					
Current liabilities					
Trade and other payables		55,760	60,561	3,513	3,752
Current income tax liabilities		515	534	-	-
Contract liabilities		21,084	10,364	-	-
Bank borrowings and lease liabilities	12	57,637	52,048	-	-
		134,996	123,507	3,513	3,752
Non-current liabilities					
Trade and other payables		10,439	9,480	-	-
Bank borrowings and lease liabilities	12	5,177	6,975	-	-
Deferred tax liabilities		9	9	-	-
		15,625	16,464	-	-
Total liabilities		150,621	139,971	3,513	3,752
NET ASSETS		140,125	151,000	144,860	144,346
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	136,366	136,366	136,366	136,366
Warrants reserve		296	296	296	296
Currency translation reserve		(3,221)	(2,706)	-	-
Other reserves		(942)	(942)	17	17
Retained profits		2,225	12,502	8,181	7,667
		134,724	145,516	144,860	144,346
Non-controlling interests		5,401	5,484	-	-
Total equity		140,125	151,000	144,860	144,346

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

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

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2023

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			
Balance at 1 January 2023	136,366	296	(2,706)	(942)	12,502	145,516	5,484	151,000
(Loss)/profit for the financial year	-	-	-	-	(9,573)	(9,573)	652	(8,921)
Other comprehensive loss for the financial period	-	-	(515)	-	-	(515)	(188)	(703)
Total comprehensive (loss)/income for the financial period	-	-	(515)	-	(9,573)	(10,088)	464	(9,624)
Dividend paid	-	-	-	-	(704)	(704)	(547)	(1,251)
Balance at 30 June 2023	136,366	296	(3,221)	(942)	2,225	134,724	5,401	140,125
Balance at 1 January 2022	136,361	296	(2,672)	(843)	9,818	142,960	2,237	145,197
Profit for the financial period	-	-	-	-	1,172	1,172	528	1,700
Other comprehensive loss for the financial period	-	-	(426)	-	-	(426)	(186)	(612)
Total comprehensive income/(loss) for the financial period	-	-	(426)	-	1,172	746	342	1,088
Issuance of shares by a listed subsidiary, net of expenses	36,914	-	-	-	-	36,914	-	36,914
Dividend paid	-	-	-	-	(704)	(704)	(576)	(1,280)
Change in ownership interest in a subsidiary	-	-	401	-	1,731	2,132	(2,132)	-
Total transactions with owners, recognised directly in equity	-	-	401	-	733	1,134	2,326	3,460
Balance at 30 June 2022	136,361	296	(2,697)	(843)	11,723	144,840	4,905	149,745

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

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

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2023

COMPANY (S\$'000)	<u>Share capital</u>	<u>Warrants reserves</u>	<u>Other reserves</u>	<u>Retained profits</u>	<u>Total equity</u>
Balance at 1 January 2023	136,366	296	17	7,667	144,346
Profit for the financial period	-	-	-	1,218	1,218
Dividend paid	-	-	-	(704)	(704)
Balance at 30 June 2023	136,366	296	17	8,181	144,860
Balance at 1 January 2022	136,361	296	17	7,514	144,188
Profit for the financial period	-	-	-	159	159
Dividend paid	-	-	-	(704)	(704)
Balance at 30 June 2022	136,361	296	17	6,969	143,643

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

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2023

	Group	
	30 June 2023	30 June 2022
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/profit after income tax	(8,921)	1,700
Adjustments for:		
- Income tax expense	712	316
- Depreciation of property, plant and equipment	1,771	2,124
- Gain on disposal of property, plant and equipment	(281)	(223)
- Share of profit of associated companies	-	(8)
- Interest expense	1,454	645
- Interest income	(227)	(74)
- Unrealised translation gain	(415)	(591)
	(5,907)	3,889
Changes in working capital:		
- Trade and other receivables	(23,039)	3,126
- Inventories	(17)	5
- Contract assets and liabilities	35,142	(4,463)
- Trade and other payables	(4,090)	10,437
Cash provided by operations	2,089	12,994
Income tax paid	(634)	(448)
Net cash provided by operating activities	1,455	12,546
Cash flows from investing activities		
Purchase of property, plant and equipment	(569)	(98)
Proceeds from disposal of property, plant and equipment	286	229
Proceeds from redemption of investment securities	5	-
Interest received	227	74
Net cash (used in)/provided by investing activities	(51)	205
Cash flows from financing activities		
Proceeds from issuance of shares	-	5,175
Share issuance expenses	-	(435)
Acquisition of additional interest in subsidiaries	-	(230)
Transaction cost relating to acquisition of additional interest in subsidiaries	-	(1)
Net proceeds from/(repayment of) bank borrowings	5,983	(19,922)
Principal repayment of lease liabilities	(2,339)	(2,703)
Dividends paid to non-controlling interests	(547)	(576)
Dividends paid to equity holder of the Company	(704)	(704)
Interest paid	(1,206)	(685)
Net cash provided by/(used in) financing activities	1,187	(20,081)
Net change in cash and bank balances	2,591	(7,330)
Beginning of financial period	55,173	64,825
Effect of currency translation on cash and bank balances	(248)	3
End of financial period	57,516	57,498

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

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

1. Corporate information

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

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

The principal activities of the Group are:

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

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 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 2022.

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

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

2.1 New and amended Standards adopted by the Group

The Group has adopted the new and revised SFRS(I)s and SFRS(I) Interpretations and amendments to SFRS(I)s that are mandatory for application from 1 January 2023. 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.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

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 2022 and is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements.

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

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

3. Seasonal operations

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

4. Revenue and segment information

(a) Disaggregation of revenue

	Group	
	6 months ended	
	30 June	30 June
	2023	2022
	S\$'000	S\$'000
Engineering and Construction		
Contract revenue – over time	67,146	75,938
Bio-Refinery and Renewable Energy		
Contract revenue – over time	20,189	23,492
Sales of goods – point in time	2,745	2,447
	22,934	25,939
Total	90,080	101,877

(b) Segment information

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

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

4. Revenue and segment information (continued)

(b) Segment information (continued)

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

Group (S\$'000)	<u>Engineering and Construction</u>	<u>Bio-Refinery and Renewable Energy</u>	<u>Total</u>
1H2023			
Revenue			
External	67,146	22,934	<u>90,080</u>
Results			
Segment results	(9,698)	2,716	(6,982)
Share of profit of associated companies	-	-	-
Interest income			227
Finance expense			(1,454)
Income tax expense			<u>(712)</u>
Loss after income tax			<u>(8,921)</u>
Other information			
Capital expenditure	693	23	716
Depreciation	1,748	23	1,771
Assets			
Segment assets	214,273	42,122	256,395
Investments in associated companies	886	-	886
Goodwill	-	6,857	6,857
<u>Unallocated assets:</u>			
Short-term bank deposits			26,214
Financial assets, at FVOCI			362
Deferred tax assets			<u>32</u>
Total assets			<u>290,746</u>
Liabilities			
Segment liabilities	58,168	29,115	87,283
<u>Unallocated liabilities:</u>			
Income tax liabilities			515
Deferred tax liabilities			9
Bank borrowings and lease liabilities			<u>62,814</u>
Total liabilities			<u>150,621</u>

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

4. Revenue and segment information (continued)

(b) Segment information (continued)

Group (S\$'000)	<u>Engineering and Construction</u>	<u>Bio-Refinery and Renewable Energy</u>	<u>Total</u>
1H2022			
Revenue			
External	75,938	25,939	101,877
Results			
Segment results	242	2,337	2,579
Share of loss of associated companies	8	-	8
Interest income			74
Finance expense			(645)
Income tax expense			(316)
Profit after income tax			<u>1,700</u>
Other information			
Capital expenditure	87	11	98
Depreciation	2,102	21	2,124
Assets			
Segment assets	216,980	18,381	235,361
Investments in associated companies	1,236	-	1,236
Goodwill	-	6,857	6,857
<u>Unallocated assets:</u>			
Short-term bank deposits			30,547
Financial assets, at FVOCI			491
Deferred tax assets			19
Total assets			<u>274,511</u>
Liabilities			
Segment liabilities	55,400	16,609	72,009
<u>Unallocated liabilities:</u>			
Income tax liabilities			614
Deferred tax liabilities			23
Bank borrowings and lease liabilities			52,120
Total liabilities			<u>124,766</u>

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

4. Revenue and segment information (continued)

(c) Geographical 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 revenue and non-current assets information for the main geographical areas for the financial period ended 30 June 2023 and 30 June 2022.

	Group	
	6 months ended	
	30 June	30 June
	2023	2022
	S\$'000	S\$'000
Total revenue		
Singapore	67,146	75,937
Malaysia	3,518	3,769
Indonesia	16,672	17,056
Rest of Asia	1,890	3,529
South America	49	581
Africa	805	1,005
	90,080	101,877

	Group	
	As at	
	30 June	30 June
	2023	2022
	S\$'000	S\$'000
Total non-current assets		
Singapore	83,797	55,950
Malaysia	945	934
	84,742	56,884

5. Other income and other gains – net

	Group	
	6 months ended	
	30 June	30 June
	2023	2022
	S\$'000	S\$'000
Other income		
Interest income	227	74
Others	7	-
	234	74
Other gains – net		
Gain on disposal of property, plant and equipment	281	223
Net foreign exchange gain	971	592
	1,252	815

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

6. Expenses by nature

	Group	
	6 months ended	
	30 June	30 June
	2023	2022
	S\$'000	S\$'000
Allowance for impairment of trade receivables	5	46
Depreciation of property, plant and equipment	1,771	2,124
	<u>1,771</u>	<u>2,124</u>

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
	2023	2022
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	712	745
- Deferred income tax	68	84
	<u>780</u>	<u>829</u>
Over provision in prior financial period		
- Current income tax	(68)	(513)
	<u>712</u>	<u>316</u>

8. Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	6 months ended	
	30 June 2023	30 June 2022
	S\$'000	S\$'000
Purchases of goods and services from related corporations	(221)	(666)
Progressive billing on construction contract from related corporations	6,550	3,970
Rental of office premises from related corporations	(242)	(291)
Rental of factory-cum-office space, dormitory and machinery and provision of services to related corporations	209	248
Management and support services from a related corporation and the immediate and ultimate holding corporation	(1,202)	(579)
	<u>(1,202)</u>	<u>(579)</u>

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

8. Related party transactions (continued)

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

9. Fair value measurements

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

- (i) quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presented the assets measured at fair value:

	Level 1 S\$'000	Total S\$'000
Group		
30 June 2023		
Financial assets, at FVOCI	<u>362</u>	<u>362</u>
31 December 2022		
Financial assets, at FVOCI	<u>367</u>	<u>367</u>

10. Goodwill

	Group	
	30 June 2023 S\$'000	31 December 2022 S\$'000
Cost	<u>6,857</u>	<u>6,857</u>

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.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

10. Goodwill (continued)

The recoverable amount of the CGU was determined based on fair value less cost to sell method. Fair value is determined using the quoted share price of subsidiary multiplied by the number of shares the Group has in the subsidiary.

Management have assumed 5% cost to sell based on actual past transactions, considering transaction costs incurred for purchase and sale of shares over the open market and sale of shares through private placement.

11. Property, plant and equipment

During the 6-month period ended 30 June 2023, the Group acquired assets amounting to S\$716,000 (30 June 2022: S\$98,000), and disposed of assets with net book value amounting to S\$5,000 (30 June 2022: S\$6,000).

12. Bank borrowing and lease liabilities

	Group	
	30 June 2023 S\$'000	31 December 2022 S\$'000
Current		
Short-term bank loans payable within one year (unsecured)	51,100	44,500
Term loan payable within one year (unsecured)	1,254	1,241
Lease liabilities payable within one year	5,283	6,307
	<u>57,637</u>	<u>52,048</u>
Non-current		
Term loan payable after one year (unsecured)	1,714	2,344
Lease liabilities payable after one year	3,463	4,631
	<u>5,177</u>	<u>6,975</u>
Total bank borrowings and lease liabilities	<u>62,814</u>	<u>59,023</u>

13. Share capital

	No. of ordinary shares		Amount	
	2023 '000	2022 '000	2023 S\$'000	2022 S\$'000
Group and Company				
Balance at 1 January and 30 June	<u>2,817,932</u>	2,817,832	<u>136,366</u>	136,361

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

13. Share capital (continued)

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	
	2023 '000	2022 '000
As at 1 January and 30 June	75,777	75,777

As at 30 June 2023 and as at 30 June 2022, the Company does not have any treasury shares or subsidiary holdings. There are no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings as at 30 June 2023 and 30 June 2022.

The number of issued shares excluding treasury shares and subsidiary holdings of the Company as at 30 June 2023 is 2,817,931,762 (30 June 2022: 2,817,832,062).

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. 441,715,390 warrants were exercised at S\$0.05 per warrant for each new share as at 30 June 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.

Performance Share Plan

Pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017 (“KBE PSP”), 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) 500,220 fully paid-up ordinary shares of the Company, free of payment, which will be vested in accordance with a vesting schedule that commenced on 22 July 2019 and ending on the ninth anniversary of the date of the grant, subject to certain vesting conditions.

Pursuant to KBE PSP, 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; (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.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

13. Share capital (continued)

Performance Share Plan (continued)

No share awards under KBE PSP were granted during FY2021, FY2022 and 1H 2023.

Issuance of new shares pursuant to the Performance Share Plan

During the six months period ended 30 June 2023, no shares were issued to its employees pursuant to the vesting of share awards granted under KBE PSP (1H 2022: nil).

Save as disclosed above, the Company has no outstanding convertibles and no treasury shares or subsidiary holdings as at 30 June 2023 and 30 June 2022.

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the six months period ended 30 June 2023

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

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

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

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

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

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

4. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

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

5. **(Loss)/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
		2023	2022
		(cents)	(cents)
(i)	Basic	(0.34)	0.04
(ii)	On a fully diluted basis	(0.34)	0.04

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 2,817,931,762 ordinary shares (30 June 2022: 2,817,832,062 ordinary shares).

Fully diluted (loss)/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 outstanding performance shares. Warrants were not included in the calculation of diluted (loss)/earnings per share because they are antidilutive for the financial period ended 30 June 2023 and 30 June 2022.

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the six months period ended 30 June 2023

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

	Group		Company	
	30 June 2023 (cents)	31 December 2022 (cents)	30 June 2023 (cents)	31 December 2022 (cents)
Net asset value per ordinary share based on existing issued share capital (excluding treasury shares) at the end of the period	4.78	5.16	5.14	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 30 June 2023 (31 December 2022: 2,817,931,762 ordinary shares).

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

(a) Review of Group Performance

Revenue

The Group's recognised revenue of S\$90.08 million for the financial period ended 30 June 2023 ("1H 2023"), decreased by S\$11.80 million as compared to the corresponding period ended 30 June 2022 ("1H 2022"). The lower revenue was due to (i) lower revenue recorded for the edible oil and non-edible oil segment in respect of the Bio-Refinery and Renewable Energy segment; and (ii) certain projects which are nearing completion in the Engineering and Construction segment.

Gross (loss)/profit

The Group recorded a gross loss of S\$3.16 million in 1H 2023 as compared to a gross profit of S\$6.43 million in 1H 2022. This was mainly due to differences arising from finalisation of the project account and lower gross profit contribution in the Engineering and Construction segment during 1H 2023.

Other gains – net

Other gains increased from S\$0.82 million in 1H 2022 to S\$1.25 million in 1H 2023 mainly due to increase in net foreign exchange gain arising from trade receivables and bank balances under the Bio-Refinery and Renewable Energy segment.

Selling and distribution expenses

Selling and distribution expenses decreased marginally from S\$180,000 in 1H 2022 to S\$169,000 in 1H 2023. This was mainly due to lower provision made on impairment of trade receivables.

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the six months period ended 30 June 2023

Administrative expenses

Administrative expenses increased from S\$4.48 million in 1H 2022 to S\$4.92 million in 1H 2023 mainly due to higher staff costs and project tender expenses.

Finance expenses

Finance expenses increased from S\$0.65 million in 1H 2022 to S\$1.45 million in 1H 2023. This was mainly due to higher borrowing cost.

Profit before income tax

Overall, the Group recognised a loss before income tax and net loss attributable to shareholders of S\$8.21 million and S\$9.57 million respectively in 1H 2023. In 1H 2022, the Group recognised profit before income tax and net profit attributable to shareholders of S\$2.02 million and S\$1.17 million respectively.

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

The Group's net asset value attributable to shareholders decreased from S\$145.52 million as at 31 December 2022 to S\$134.72 million as at 30 June 2023 mainly due to decrease in retained profits.

The Group's current assets increased by S\$1.01 million mainly due to (i) increase in cash and bank balances; (ii) increase in trade and other receivables mainly due to final settlement of a project account; and (iii) partially offset by the decrease in contract assets due to final settlement of accounts for a certain project.

The Group's non-current assets recorded a decrease of S\$1.24 million mainly due to depreciation charge on property, plant and equipment.

The Group's current liabilities recorded an increase of S\$11.49 million, mainly due to: (i) increase in contract liabilities due to advances received on projects from the Bio-Refinery and Renewable Energy segment; (ii) increase in bank borrowings and lease liabilities; and (iii) partially offset by decrease in trade and other payables.

The Group's non-current liabilities showed a marginal decrease of S\$0.84 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 sum due to subcontractors.

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the six months period ended 30 June 2023

(c) Review of change in cash flow

The Group reported a net cash inflow of S\$2.59 million in 1H 2023. This was mainly due to net cash provided by operating activities and financing activities, partially offset by net cash used in purchase of property, plant and equipment under investing activities.

Net cash inflow in financing activities was mainly due to net proceeds from bank borrowings, and partially offset by repayment of lease liabilities, dividend and interest costs.

8. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's unaudited results for the financial period ended 30 June 2023 are in line with the Company's profit guidance announcement on 28 July 2023.

9. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Engineering and Construction Sector

Based on the advance estimates by Ministry of Trade and Industry released on 14 July 2023, Singapore GDP grew by 0.7 per cent on a year-on-year basis in the second quarter of 2023, faster than the 0.4 per cent growth recorded in the previous quarter. The construction sector grew by 6.6 per cent on a year-on-year basis in the second quarter, extending the 6.9 per cent growth in the first quarter.

With global geopolitical uncertainties and growing risk of recession in major economies, Singapore economy faces slow economic growth and a weak outlook. Despite the construction sector growth, the Group still faces challenges as we continue to incur higher energy cost, manpower cost, material cost and financing cost as compared to pre-pandemic times. In addition, the Group is actively focusing on recovering from customers the cost of performing the variation orders for its projects. The Group will continue to monitor the progress and costs of the construction projects and tender for more construction projects where we have a competitive advantage, requisite track record, experience and capabilities.

Bio-Refinery and Renewable Energy Sector

The long-term outlook of the bio-refinery sector is positive as the global consumption of oils and fats is growing in tandem with population growth, as seen by strong growth in the food and beverage, oleochemical and biodiesel sectors. This will bring potential benefits as the bio-refinery sector can provide solutions that cater to all types of vegetable oils.

With stronger environmental regulation, greater awareness of the importance of environment, social and governance considerations, the renewable energy sector is optimistic on its continued growth prospects. Capitalising on the macro trend, the Bio-Refinery and Renewable Energy sector will continue to leverage on its capabilities, 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 30 June 2023, the Group's order book stood at S\$650.7 million and the Group remains focused on the execution of its order book.

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

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the six months period ended 30 June 2023

10. Dividend

(a) Current Financial Period Reported On:

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Book closure date

Not applicable

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

Not applicable. It is not the practice for the Company to declare half-yearly dividend.

KOH BROTHERS ECO ENGINEERING LIMITED (Registration No.: 197500111H)**F. OTHER INFORMATION REQUIRED BY LISTING RULE***For the six months period ended 30 June 2023***12. Interested Person Transaction**

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
<u>Transactions for the Sale of Goods and Services</u>	Related Companies - By virtue of Koh Brothers Group Limited's shareholdings in Koh Brothers Eco Engineering Limited.		
KBD Holland Pte. Ltd.		-	6,550
<u>Transactions for the Purchase of Goods and Services</u>			
G & W Ready-Mix Pte Ltd		-	160
Koh Brothers Group Limited		-	603
Koh Brothers Holdings Pte Ltd		-	242
Koh Brothers Development Pte Ltd		-	600

The generate mandate from shareholders for Interested Person Transactions was approved at the Annual General Meeting held on 25 April 2023.

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

There were no acquisitions or realisations of shares during the six-month period ended 30 June 2023 pursuant to Rule 706A of the Listing Manual Section B: Rules of Catalist.

F. OTHER INFORMATION REQUIRED BY LISTING RULE

For the six months period ended 30 June 2023

14. Use of net proceeds from the issue of the Subscription Shares 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)	Percentage allocated (%)	Amount Utilised (S\$ million)	Amount Remaining (S\$ million)
Business expansion	11.06	30	6.15 ⁽¹⁾	4.91
General working capital	25.81	70	25.23 ⁽²⁾	0.58
Total	36.87	100	31.38	5.49

Notes:

- (1) *The Company had 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) *Includes: (a) S\$13.5 million for the repayment of bank facilities, and (b) approximately S\$11.73 million for payment to suppliers and subcontractors of the Group as disclosed in the Company's previous announcements dated 5 August 2021, 6 August 2022 and 28 April 2023.*

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.

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

On behalf of the Board of Directors of the Company, we, Koh Keng Siang and Shin Yong Seub, 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 condensed interim financial statements for the half year ended 30 June 2023 to be false or misleading in any material aspect.

16. 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).

BY ORDER OF THE BOARD

Shin Yong Seub
Executive Director and Chief Executive Officer

5 August 2023
Singapore