



KOH BROTHERS GROUP LIMITED

(Incorporated in Singapore. Registration Number: 199400775D)

Condensed Interim Financial Statements for the Six Months Period Ended 30 June 2022

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KOH BROTHERS GROUP LIMITED

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2022

		6 months ended		
	Note	30 June 2022 S\$'000	30 June 2021 S\$'000	Change %
Sales	4(a)	158,877	140,963	13
Cost of sales		(147,184)	(132,789)	11
Gross profit		11,693	8,174	43
Other income	5	769	712	8
Other gains – net	5	7,925	6,710	18
Expenses				
- Distribution and marketing		(1,476)	(793)	86
- Administrative		(8,474)	(6,671)	27
- Finance		(4,422)	(4,550)	(3)
- Other		(920)	(1,194)	(23)
Share of profit of associated companies and joint ventures		1,157	1,455	(20)
Profit before income tax		6,252	3,843	63
Income tax expense	7	(207)	(1,276)	(84)
Profit after income tax		6,045	2,567	135
Profit attributable to:				
Equity holders of the Company		4,996	1,990	151
Non-controlling interests		1,049	577	82
		6,045	2,567	135
Earnings per share for profit attributable to equity holders of the Company:				
- Basic earnings per share (in cents)		1.21	0.48	152
- Diluted earnings per share (in cents)		1.21	0.48	152
Profit after income tax		6,045	2,567	135
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation arising from consolidation		(1,825)	(195)	836
Fair value losses on debt financial assets, at FVOCI		(6)	(8)	(25)
		(1,831)	(203)	802
<i>Items that may not be reclassified subsequently to profit or loss:</i>				
Fair value losses on equity financial assets, at FVOCI		(541)	-	N.M.
Other comprehensive loss, net of tax		(2,372)	(203)	1,069
Total comprehensive income		3,673	2,364	55
Total comprehensive income attributable to:				
Equity holders of the Company		2,694	1,794	50
Non-controlling interests		979	570	72
		3,673	2,364	55

N.M. – Not Meaningful

KOH BROTHERS GROUP LIMITED
B. CONDENSED INTERIM BALANCE SHEETS

As at 30 June 2022

		GROUP		COMPANY	
	Note	30 June 2022 S\$'000	31 December 2021 S\$'000	30 June 2022 S\$'000	31 December 2021 S\$'000
ASSETS					
Current assets					
Cash and bank balances		103,894	95,152	9,128	989
Investment securities		2,730	2,730	-	-
Trade and other receivables		55,962	57,293	6	7
Contract assets		134,429	123,370	-	-
Amounts due from subsidiaries		-	-	44,575	39,920
Amounts due from joint ventures		42,514	45,245	-	-
Inventories		8,345	10,291	-	-
Development properties		122,353	128,402	-	-
Income tax receivables		730	730	-	-
Other current assets		4,792	4,799	-	-
		475,749	468,012	53,709	40,916
Property held-for-sale		-	3,216	-	-
		475,749	471,228	53,709	40,916
Non-current assets					
Trade and other receivables		30,483	30,127	-	-
Contract assets		4,817	4,296	-	-
Investment securities		10,158	10,705	-	-
Investment in subsidiaries		-	-	156,615	156,615
Investments in associated companies		447	439	-	-
Investments in joint ventures		95,351	94,202	-	-
Investment properties	12	102,080	102,169	-	-
Property, plant and equipment	11	108,595	110,715	-	-
Goodwill	10	5,078	5,078	-	-
		357,009	357,731	156,615	156,615
Total assets		832,758	828,959	210,324	197,531
LIABILITIES					
Current liabilities					
Trade and other payables		93,818	75,783	2,156	1,602
Contract liabilities		9,839	11,352	-	-
Amounts due to subsidiaries		-	-	21,980	8,305
Amounts due to joint ventures		39,087	37,778	-	-
Current income tax liabilities		1,144	818	-	-
Bank borrowings and lease liabilities	13	62,006	81,219	-	-
Notes Payables		70,000	70,000	70,000	70,000
		275,894	276,950	94,136	79,907
Non-current liabilities					
Trade and other payables		8,312	6,943	-	-
Amount due to a subsidiary		-	-	19,011	19,011
Bank borrowings and lease liabilities	13	192,328	195,050	-	-
Deferred income tax liabilities		6,792	7,278	-	-
		207,432	209,271	19,011	19,011
Total liabilities		483,326	486,221	113,147	98,918
NET ASSETS		349,432	342,738	97,177	98,613
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		(3,742)	(3,194)	-	-
Retained profits		275,648	270,689	68,179	69,615
Currency translation reserve		(10,916)	(9,382)	-	-
		289,988	287,111	97,177	98,613
Non-controlling interests		59,444	55,627	-	-
Total equity		349,432	342,738	97,177	98,613

KOH BROTHERS GROUP LIMITED

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2022

Group	Note	← Attributable to equity holders of the Company →					Non-controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Currency translation reserve S\$'000	Total S\$'000	
Balance at 1 January 2022		36,981	(7,983)	(3,194)	270,689	(9,382)	287,111	342,738
Profit for the financial period		-	-	-	4,996	-	4,996	6,045
Other comprehensive loss for the financial period		-	-	(548)	-	(1,754)	(2,302)	(2,372)
Total comprehensive (loss)/income for the financial period		-	-	(548)	4,996	(1,754)	2,694	3,673
Change in ownership interests in subsidiaries		-	-	-	949	220	1,169	-
Issuance of shares by a listed subsidiary, net of expenses		-	-	-	(161)	-	(161)	4,740
Dividend		-	-	-	(825)	-	(825)	(1,719)
Total transactions with owners, recognised directly in equity		-	-	-	(37)	220	183	3,021
Balance at 30 June 2022		36,981	(7,983)	(3,742)	275,648	(10,916)	289,988	349,432

KOH BROTHERS GROUP LIMITED

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2022

Group	Note	← Attributable to equity holders of the Company →					Non-controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Currency translation reserve S\$'000		
Balance as at 1 January 2021		36,981	(7,983)	(2,311)	270,633	(9,432)	14,682	302,570
Profit for the financial period		-	-	-	1,990	-	577	2,567
Other comprehensive loss for the financial period		-	-	(4)	-	(192)	(7)	(203)
Total comprehensive (loss)/income for the financial period		-	-	(4)	1,990	(192)	570	2,364
Change in ownership interests in subsidiaries		-	-	257	(2,889)	617	2,015	-
Transfer upon disposal of equity financial assets, at FVOCI		-	-	-	(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	39,935	37,027
Balance at 30 June 2021		36,981	(7,983)	(2,058)	268,841	(9,007)	55,187	341,961

KOH BROTHERS GROUP LIMITED

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2022

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 2022	36,981	(7,983)	69,615	98,613
Loss for the financial period	-	-	(611)	(611)
Dividend	-	-	(825)	(825)
Balance at 30 June 2022	36,981	(7,983)	68,179	97,177
 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

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2022

	6 months ended	
	30 June 2022	30 June 2021
	S\$'000	S\$'000
Cash flows from operating activities		
Profit after income tax	6,045	2,567
Adjustments for:		
- Income tax expense	207	1,276
- Write-back of allowance of inventory obsolescence	-	(306)
- Depreciation of property, plant and equipment	4,266	8,193
- Property, plant and equipment written off	-	6
- Fair value gain on investment properties	(60)	(6,580)
- Gain on disposal of property, plant and equipment	(7,382)	(436)
- Share of profit of associated companies and joint ventures	(1,157)	(1,455)
- Finance expense	4,422	4,550
- Interest income	(599)	(613)
- Unrealised translation (gain)/loss	(806)	101
	4,936	7,303
Change in working capital, net of effects from disposal of subsidiaries:		
- Trade and other receivables	982	7,901
- Inventories	1,945	(2,975)
- Contract assets and liabilities	(13,093)	(3,110)
- Development properties	6,049	(8,866)
- Other current assets	7	724
- Trade and other payables	16,976	(22,365)
- Amount due from/to joint ventures	4,041	(931)
Cash generated from/(used in) operations	21,843	(22,319)
Income tax paid	(357)	(270)
Net cash generated from/(used in) operating activities	21,486	(22,589)
Cash flows from investing activities		
Purchase of property, plant and equipment	(513)	(907)
Proceeds from disposal of property, plant and equipment	12,479	463
Proceeds from liquidation of a joint venture	-	2,539
Net proceeds from investment securities	-	210
Dividends received from joint ventures	-	2,905
Interest received	599	613
Net cash provided by investing activities	12,565	5,823
Cash flows from financing activities		
Proceeds from issuance of share by a listed subsidiary, net of expenses	4,740	36,914
Proceeds from exercise of warrants in a subsidiary	-	437
Principal payment of lease liabilities	(3,770)	(4,142)
Net repayment of bank borrowings	(20,159)	(11,031)
Acquisition of additional interest in subsidiaries	(230)	-
Transaction cost relating to acquisition of additional interest in subsidiaries	(1)	-
Dividends paid to non-controlling interests	(894)	(324)
Interest paid	(4,464)	(4,552)
Net cash (used in)/provided by financing activities	(24,778)	17,302
Net change in cash and bank balances	9,273	536
Beginning of financial period	95,152	101,849
Effects of currency translation on cash and bank balances	(531)	(16)
End of financial period	103,894	102,369

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 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 audited annual financial statements for the year ended 31 December 2021.

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 2022:

- Amendment to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before intended use*
- Amendment to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*

The adoption of these 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 2021 and is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements.

KOH BROTHERS GROUP LIMITED**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***For the six months period ended 30 June 2022*

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 & Hospitality		Total	
	6 months ended		6 months ended		6 months ended		6 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Contract revenue – over time	96,218	106,814	-	-	-	-	96,218	106,814
Revenue from sale of products – point in time	45,086	27,041	-	-	-	-	45,086	27,041
Revenue from sale of development properties – over time	-	-	14,259	4,332	-	-	14,259	4,332
Revenue from services rendered – over time	-	-	1,066	1,006	778	691	1,844	1,697
Revenue from contracts with customers	141,304	133,855	15,325	5,338	778	691	157,407	139,884
Rental income from investment properties	-	-	1,470	1,079	-	-	1,470	1,079
Total revenue	141,304	133,855	16,795	6,417	778	691	158,877	140,963

(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 and 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 and 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 and 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.

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022

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 and Building Materials	Real Estate	Leisure & Hospitality	Others	Total
6 months ended 30 June 2022					
Sales					
- External	141,304	16,795	778	-	158,877
- Inter-segment	6,014	326	-	150	6,490
	<u>147,318</u>	<u>17,121</u>	<u>778</u>	<u>150</u>	<u>165,367</u>
Elimination					(6,490)
					<u>158,877</u>
Results					
Segment results					
- Company and subsidiaries	8,621	739	(413)	(29)	8,918
- Associated companies	8	-	-	-	8
- Joint ventures	-	1,149	-	-	1,149
	<u>8,629</u>	<u>1,888</u>	<u>(413)</u>	<u>(29)</u>	<u>10,075</u>
Earnings/(loss) before interest and tax					599
Interest income					(4,422)
Finance expenses					<u>6,252</u>
Profit before income tax					
Other information					
Capital expenditure	345	14	154	-	513
Depreciation	3,887	176	203	-	4,266
As at 30 June 2022					
Segment assets	279,254	366,492	24,486	4,437	674,669
Associated companies	447	-	-	-	447
Joint ventures	-	95,351	-	-	95,351
<u>Unallocated assets:</u>					
Income tax receivables					730
Short-term bank deposits					48,673
Investment securities					12,888
Consolidated total assets					<u>832,758</u>
Segment liabilities	99,993	48,879	317	1,867	151,056
<u>Unallocated liabilities:</u>					
Current income tax liabilities					1,144
Deferred income tax liabilities					6,792
Bank borrowings, notes payables, and lease liabilities					324,334
Consolidated total liabilities					<u>483,326</u>

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022

Group (\$S'000)	Construction and 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					(4,186)
					<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
(Loss)/earnings before interest and tax	<u>23</u>	<u>7,656</u>	<u>(467)</u>	<u>568</u>	<u>7,780</u>
Interest income					613
Finance expenses					(4,550)
Loss 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	316,462	372,585	24,375	680	714,102
Associated companies	275	-	-	-	275
Joint ventures	-	95,459	-	-	95,459
Unallocated assets:					
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
Unallocated liabilities:					
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>

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022
(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 2022 and 30 June 2021.

	Group 6 months ended	
	30 June 2022 S\$'000	30 June 2021 S\$'000
<u>Total sales</u>		
Singapore	132,830	125,698
Malaysia	3,769	7,679
Indonesia	17,120	4,406
Others	5,158	3,180
	158,877	140,963

	Group	
	As at 30 June 2022 S\$'000	As at 30 June 2021 S\$'000
<u>Total non-current assets</u>		
Singapore	336,969	341,630
Malaysia	11,172	12,570
Others	8,868	8,704
	357,009	362,904

5. Other income and other gains – (net)

	Group 6 months ended	
	30 June 2022 S\$'000	30 June 2021 S\$'000
<u>Other income</u>		
Interest income	599	613
Other income	170	99
	769	712
<u>Other gains – net</u>		
Fair value gain on investment properties	60	6,580
Gain on disposal of property, plant and equipment	7,382	436
Net foreign exchange gain/(loss)	483	(306)
	7,925	6,710

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022

6. Expenses by nature

	Group	
	6 months ended	
	30 June	30 June
	2022	2021
	S\$'000	S\$'000
Allowance for impairment of trade and other receivables	468	83
Allowance for impairment of loans to joint ventures	537	1,152
Write-back of allowance for impairment of inventories	-	(306)
Depreciation of property, plant and equipment	4,266	8,193

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
	2022	2021
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	779	438
- Deferred income tax	98	1,113
	877	1,551
Over provision of current income tax in prior financial periods	(670)	(275)
	207	1,276

8. Related party transactions

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

The Group has no significant transaction with related parties during the current and prior corresponding financial period.

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 2022				
Investment properties	-	-	102,080	102,080
Financial assets, at FVOCI	10,649	-	-	10,649
31 December 2021				
Investment properties	-	-	102,169	102,169
Financial assets, at FVOCI	11,196	-	-	11,196

10. Goodwill

	Group	
	30 June	31 December
	2022	2021
	S\$'000	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 2022, the Group acquired assets amounted to S\$513,000 (30 June 2021: S\$907,000), and disposed assets at net book value amounted to S\$6,000 (30 June 2021: S\$33,000).

12. Investment properties

	Group	
	30 June	31 December
	2022	2021
	S\$'000	S\$'000
Balance at 1 January	102,169	95,224
Fair value gain recognised in profit or loss	60	7,089
Currency translation difference	(149)	(144)
Balance at 30 June/31 December	102,080	102,169

As at 30 June 2022, the Group's investment properties with a total carrying amount of S\$94,900,000 (31 December 2021: S\$94,900,000) 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 2022 and 31 December 2021.

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
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022
13. Bank borrowing, lease liabilities and notes payables

	Group	
	30 June 2022 S\$'000	31 December 2021 S\$'000
<u>Current</u>		
Bank borrowings payable within one year		
- Secured [Note 13(i)]	18,378	17,983
- Unsecured	36,547	55,852
	54,925	73,835
Lease liabilities payable within one year	7,081	7,384
	62,006	81,219
Notes payables within one year		
- Unsecured [Note 13(ii)]	70,000	70,000
<u>Non-current</u>		
Bank borrowings payable after one year		
- Secured [Note 13(i)]	180,292	180,993
- Unsecured	2,968	3,585
	183,260	184,578
Lease liabilities payable after one year	9,068	10,472
	192,328	195,050
Total bank borrowings, lease liabilities and notes payables	324,334	346,269

- (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.

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022

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
Group and Company				
30 June 2022				
Balance at 1 January and 30 June	438,000	(25,541)	36,981	(7,983)
31 December 2021				
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.

- 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 2022	As at 31 December 2021
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 2022	As at 31 December 2021
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 2022
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.

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
		2022	2021
		(cent)	(cents)
(i)	Basic	1.21	0.48
(ii)	On a fully diluted basis	1.21	0.48

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 (2021: 412,459,100 ordinary shares).

Diluted earnings per share

For the financial period ended 30 June 2022, 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 all the outstanding KBE warrants are antidilutive.

For the previous financial period ended 30 June 2021, KBE warrants of 75,777,456 were included in the calculation of diluted earnings per share because they are dilutive, and the impact on the diluted earning per share is immaterial.

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 2022 (cents)	31 December 2021 (cents)	30 June 2022 (cents)	31 December 2021 (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	70.31	69.61	23.56	23.92

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 2022 (31 December 2021: 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 2022 VS 1H 2021

Revenue

The Group's sales for the first half-year ended 30 June 2022 ("1H 2022") increased to S\$158.88 million from S\$140.96 million in the corresponding period ended 30 June 2021 ("1H 2021"). The increase was mainly due to higher revenue generated by the Construction and Building Materials division and Real Estate division.

Gross profit

With increased construction activities, the Group's gross profit increased to S\$11.69 million in 1H 2022 from S\$8.17 million in 1H 2021.

Other income and other gains

Other income, which mainly comprised interest income, increased marginally from S\$0.71 million in 1H 2021 to S\$0.77 million in 1H 2022.

Other gains increased from S\$6.71 million in 1H 2021 to S\$7.93 million in 1H 2022 mainly due to higher gain recognised from disposal of property, plant and equipment, and partially offset by lower fair value gain from investment properties.

Expenses

Distribution expenses increased from S\$0.79 million in 1H 2021 to S\$1.48 million in 1H 2022 mainly due to higher sales and marketing expenses incurred for development properties.

Administrative expenses increased from S\$6.67 million in 1H 2021 to S\$8.47 million in 1H 2022 mainly due to professional fees incurred for the listing of a subsidiary in early this year and lower government grant income.

Other expenses decreased from S\$1.19 million in 1H 2021 to S\$0.92 million in 1H 2022 mainly due to lower impairment on loans to joint ventures.

Finance expenses decreased from S\$4.55 million in 1H 2021 to S\$4.42 million in 1H 2022 mainly due to decrease in bank borrowings.

Depreciation expenses decreased from S\$8.19 million in 1H 2021 to S\$4.27 million in 1H 2022 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\$1.46 million in 1H 2021 to S\$1.16 million in 1H 2022 mainly due to the absence of contribution from a property development project in South Korea, which has been completed last year.

Profit before tax and net profit

Overall, the Group's profit before tax increased from S\$3.84 million in 1H 2021 to S\$6.25 million in 1H 2022, and the Group's net profit attributable to shareholder increased from S\$1.99 million in 1H 2021 to S\$5.00 million in 1H 2022.

Earnings per share increased from 0.48 cent in 1H 2021 to 1.21 cents in 1H 2022.

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

The Group's current assets increased by S\$4.52 million mainly due to increase in contract assets of S\$11.06 million, cash and bank balances of S\$8.74 million, and partially offset by the decrease in development properties of S\$6.05 million, and amount due from joint ventures of S\$2.73 million. The increase in contract assets was mainly due to revenue recognised during the period and timing of billing to the customers. The increase in cash and bank balances was mainly due to net cash generated from operating and investing activities. The decrease in development properties was mainly due to progressive billing to the customers. The decrease in amount due from joint ventures was mainly due to repayment from joint ventures.

The Group's non-current assets decreased by S\$0.73 million mainly due to decrease in property, plant and equipment of S\$2.12 million, and partially offset by the increase of investment in joint ventures of S\$1.15 million.

The Group's current liabilities decreased by S\$1.06 million mainly due to decrease in bank borrowing and lease liabilities of S\$19.21 million, and partially offset by the increase in trade and other payables of S\$18.04 million. The decrease in bank borrowing and lease liabilities was mainly due to repayment during the period. The increase in trade and other payables was mainly due to increased construction activities which lead to more purchases of goods and services during the period.

The Group's non-current liabilities decreased by S\$1.84 million mainly due to decrease in bank borrowings and lease liabilities.

(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 operating activities and investing activities, and partially offset by net cash used in financing activities.

The net cash provided by investing activities was primarily due to proceeds received from disposal of property, plant and equipment.

The net cash used in financing activities was primarily due to 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 2021.

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 2022, the Singapore economy grew by 4.8% on a year-on-year basis in 2Q 2022, extending the 4.0% growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, GDP was unchanged in the second quarter, after posting an expansion of 0.9% in the first quarter.

The construction sector grew by 3.8% year-on-year in 2Q 2022, faster than the 1.8% growth in the previous quarter. Construction activity picked up during the quarter, supported in part by the relaxation of border restrictions on the inflow of migrant workers. In absolute terms, the valued-added of the construction sector remained at 23.7% below its pre-pandemic (i.e., second quarter of 2019) level due to continued labour shortages as the inflow of migrant workers would take time to recover.

According to the projection by the Building and Construction Authority Singapore ("BCA") on 26 January 2022, BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$27 billion and S\$32 billion per year in 2022. The public sector is expected to lead the demand and contribute S\$16 billion to S\$19 billion per year with similar proportions of demand coming from building projects and civil engineering works. The Group expects the construction industry to remain challenging on the back of a competitive environment, supply chain disruptions, labour shortage, higher energy cost and cost of construction materials. The Group will continue to tender for more construction projects where we have the requisite track record, experience and capabilities which will help us to maintain a strong order book for sustainable growth.

Latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties increased by 3.5% in 2Q 2022, compared with a 0.7% increase in the previous quarter. Developers launched 1,956 uncompleted private residential units (excluding ECs) for sale in 2Q 2022, compared with 613 units in the previous quarter. As at the end of 2Q 2022, there was a total supply of 48,836 uncompleted private residential units (excluding ECs) in the pipeline with planning approvals, compared with the 47,415 units in the previous quarter. The Government has significantly increased the supply of private housing on the Confirmed List for the GLS Programmes in 2022 to cater to the strong housing demand, and will continue to monitor economic and property market conditions closely and calibrate housing supply to keep the property market stable and sustainable. Going forward, 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/recommendeded, a statement to that effect and the reason(s) for the decision.

Not applicable. No dividend was declared/recommendeded for the period ended 30 June 2022 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 2022.

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

There is no acquisition or realisation of shares pursuant to rule 706a of the listing manual during the period under review.

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 2022 to be false or misleading in any material aspect.

Koh Keng Siang
Managing Director & Group CEO

Koh Keng Hiong
Executive Director

6 August 2022