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

Unaudited Second Half and Full Year Financial Statements And Dividend Announcement for the Period Ended 31 December 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

		GROUP					
		6 months ended			12 months ended		
	Notes	31/12/2020 S$'000	31/12/2019 S$'000	Change %	31/12/2020 S$'000	31/12/2019 S$'000	Change %
Revenue		103,539	161,111	-36	182,264	290,623	-37
Cost of sales		(93,414)	(151,300)	-38	(181,681)	(274,280)	-34
Gross profit		10,125	9,811	3	583	16,343	-96
Other income	1	370	135	174	435	202	115
Other gains - net	2	74	566	-87	1,058	949	11
Selling and distribution expenses		(779)	113	N.M.	(847)	21	N.M.
Administrative expenses		(4,984)	(4,314)	16	(8,209)	(8,620)	-5
Finance expenses		(1,011)	(1,472)	-31	(2,163)	(2,345)	-8
Share of (loss)/profit from associated companies, net of tax		(996)	(24)	N.M.	(1,071)	375	N.M.
Profit/(loss) before income tax	3	2,799	4,815	-42	(10,214)	6,925	N.M.
Income tax expense	4	(510)	(389)	31	(755)	(748)	1
Profit/(loss) after income tax		2,289	4,426	-48	(10,969)	6,177	N.M.
Other comprehensive (loss)/income, net of tax:							
Fair value loss on debts instruments		(49)	(3)	N.M.	(215)	(40)	438
Currency translation differences arising from consolidation		63	92	-31	(84)	39	N.M.
Other comprehensive income/(loss), net of tax		14	89	-84	(299)	(1)	N.M.
Total comprehensive income/(loss)		2,303	4,515	-49	(11,268)	6,176	N.M.
Profit/(loss) attributable to:							
Equity holders of the Company		1,860	3,982	-53	(11,779)	5,654	N.M.
Non-controlling interests		429	444	-3	810	523	55
		2,289	4,426	-48	(10,969)	6,177	N.M.
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		1,855	4,053	-54	(12,049)	5,647	N.M.
Non-controlling interests		448	462	-3	781	529	48
		2,303	4,515	-49	(11,268)	6,176	N.M.

N.M. - Not meaningful

Notes to the Statement of Comprehensive Income

	GROUP			
	6 months ended		12 months ended	
	31/12/2020 S$'000	31/12/2019 S$'000	31/12/2020 S$'000	31/12/2019 S$'000
Note 1				
Other income include the following :				
Interest income	44	107	104	167
Other income	326	28	331	35
	370	135	435	202
Note 2				
Other gains include the following :				
Gain on disposal of property, plant and equipment	746	719	1,146	828
Net foreign exchange (loss)/gain	(672)	(153)	(88)	121
	74	566	1,058	949
Note 3				
Profit/(loss) before income tax is stated after (charging)/crediting the following items:				
(Allowance for)/write-back of allowance for impairment of trade and non-trade receivables	(672)	332	(643)	572
Depreciation of property, plant and equipment	(9,466)	(10,446)	(16,740)	(14,042)
Note 4				
Income tax expense includes the following :				
Current income tax				
- in respect of current period	820	489	1,165	848
- over provision in respect of prior period	(376)	(129)	(430)	(129)
Deferred income tax				
- in respect of current period	110	40	110	40
- over provision in respect of prior period	(44)	(11)	(90)	(11)
	510	389	755	748

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31/12/2020 S$'000	31/12/2019 S$'000	31/12/2020 S$'000	31/12/2019 S$'000
ASSETS				
CURRENT ASSETS				
Cash and bank balances	56,215	47,206	1,296	250
Trade and other receivables	29,483	44,085	22,892	20,740
Inventories	355	216	-	-
Contract assets	116,702	132,974	-	-
Financial assets, at FVOCI	489	709	-	-
Income tax receivables	-	552	-	-
Other assets	5,940	6,275	-	-
	209,184	232,017	24,188	20,990
NON-CURRENT ASSETS				
Trade and other receivables	-	-	40,000	29,000
Contract assets	3,869	2,411	-	-
Investments in associated companies	1,069	2,140	640	640
Investments in subsidiaries	-	-	45,638	47,438
Property, plant and equipment	56,739	71,365	-	1
Goodwill	6,857	6,857	-	-
Deferred tax assets	11	52	-	-
	68,545	82,825	86,278	77,079
TOTAL ASSETS	277,729	314,842	110,466	98,069
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	96,564	83,983	96,564	83,983
Other reserves	1,959	3,081	2,821	3,728
Retained profits	7,780	19,958	7,366	7,144
Currency translation reserve	(2,539)	(2,484)	-	-
	103,764	104,538	106,751	94,855
Non-controlling interests	2,247	2,443	-	-
TOTAL EQUITY	106,011	106,981	106,751	94,855
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	73,532	101,200	3,715	3,214
Current income tax liabilities	361	-	-	-
Contract liabilities	7,347	12,447	-	-
Bank borrowings and lease liabilities	62,318	64,517	-	-
	143,558	178,164	3,715	3,214
NON-CURRENT LIABILITIES				
Trade and other payables	4,649	3,820	-	-
Bank borrowings and lease liabilities	23,009	25,354	-	-
Deferred tax liabilities	502	523	-	-
	28,160	29,697	-	-
TOTAL LIABILITIES	171,718	207,861	3,715	3,214
TOTAL EQUITY AND LIABILITIES	277,729	314,842	110,466	98,069

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As at 31/12/2020		As at 31/12/2019	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	6,069	55,597	6,050	56,977
Amount repayable after one year	13,862	8,324	17,916	7,273

Details of any collateral

The Group's secured borrowings are secured by the Group's plant and machinery and motor vehicles.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	12 months ended	
	31/12/2020 S$'000	31/12/2019 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit after income tax	(10,969)	6,177
Adjustments for non-cash items :		
Income tax expense	755	748
Depreciation of property, plant and equipment	16,740	14,042
Gain on disposal of property, plant and equipment	(1,146)	(828)
Share of loss/(profit) from associated companies	1,071	(375)
Interest expense	2,163	2,345
Interest income	(104)	(167)
Property, plant and equipment written off	2	-
Unrealised foreign exchange loss	101	209
Operating profit before working capital changes	8,613	22,151
Working capital changes :		
- Trade and other receivables	14,626	9,458
- Inventories	(139)	(100)
- Contract assets and liabilities	9,714	(11,969)
- Other assets	335	(3,046)
- Trade and other payables	(27,105)	1,464
Cash generated from operations	6,044	17,958
Income tax refund/(paid)	171	(497)
Net cash generated from operating activities	6,215	17,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(518)	(21,087)
Proceeds from disposal of property, plant and equipment	1,390	1,473
Proceeds from redemption of financial assets, at FVOCI	5	14
Interest received	104	159
Net cash generated from/(used in) investing activities	981	(19,441)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of warrants	11,650	10,000
Proceeds from bank borrowings	11,250	36,550
Repayment of bank borrowings	(11,727)	(3,800)
Repayment of lease liabilities	(5,941)	(8,875)
Dividends paid to equity holders of the Company	(399)	(1,564)
Dividends paid to non-controlling interest	(652)	(1,165)
Interest paid	(2,192)	(2,341)
Net cash generated from financing activities	1,989	28,805
NET CHANGE IN CASH AND BANK BALANCES	9,185	26,825
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR	47,206	20,553
EFFECTS OF CURRENCY TRANSLATION ON CASH AND BANK BALANCES	(176)	(172)
CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR	56,215	47,206

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Group							
GROUP (S$'000)	**Share Capital**	**Warrants Reserve**	**Other Reserves**	**Retained Profits**	**Currency Translation Reserve**	**TOTAL**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
Balance as at 01/01/2020	83,983	3,724	(643)	19,958	(2,484)	104,538	2,443	106,981
Issuance of shares #	19	-	-	-	-	19	-	19
Exercise of warrants	12,562	(912)	-	-	-	11,650	-	11,650
Share based payment pursuant to Performance Share Plan	-	-	5	-	-	5	-	5
(Loss)/profit for the financial year	-	-	-	(11,779)	-	(11,779)	810	(10,969)
Other comprehensive loss for the financial year	-	-	(215)	-	(55)	(270)	(29)	(299)
Dividend paid	-	-	-	(399)	-	(399)	(977)	(1,376)
Balance as at 31/12/2020	96,564	2,812	(853)	7,780	(2,539)	103,764	2,247	106,011
Balance as at 01/01/2019	73,145	4,507	(607)	15,868	(2,517)	90,396	3,079	93,475
Issuance of shares #	55	-	-	-	-	55	-	55
Exercise of warrants	10,783	(783)	-	-	-	10,000	-	10,000
Share based payment pursuant to Performance Share Plan	-	-	4	-	-	4	-	4
Profit for the financial year	-	-	-	5,654	-	5,654	523	6,177
Other comprehensive (loss)/income for the financial year	-	-	(40)	-	33	(7)	6	(1)
Dividend paid	-	-	-	(1,564)	-	(1,564)	(1,165)	(2,729)
Balance as at 31/12/2019	83,983	3,724	(643)	19,958	(2,484)	104,538	2,443	106,981

	Attributable to equity holders of the Company				
COMPANY (S$'000)	**Share Capital**	**Warrants Reserve**	**Other Reserve**	**Retained Profits**	**TOTAL**
Balance as at 01/01/2020	83,983	3,724	4	7,144	94,855
Issuance of shares #	19	-	-	-	19
Exercise of warrants	12,562	(912)	-	-	11,650
Share based payment pursuant to Performance Share Plan	-	-	5	-	5
Profit for the financial year	-	-	-	621	621
Dividend paid	-	-	-	(399)	(399)
Balance as at 31/12/2020	96,564	2,812	9	7,366	106,751
Balance as at 01/01/2019	73,145	4,507	-	2,189	79,841
Issuance of shares *	55	-	-	-	55
Exercise of warrants	10,783	(783)	-	-	10,000
Share based payment pursuant to Performance Share Plan	-	-	4	-	4
Profit for the financial year	-	-	-	6,519	6,519
Dividend paid	-	-	-	(1,564)	(1,564)
Balance as at 31/12/2019	83,983	3,724	4	7,144	94,855

 # The issuance of shares was approved pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017. The share capital increase was effected on 29 December 2020.

*** The issuance of shares was approved pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017. The share capital increase was effected on 22 July 2019.**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

As at 31 December 2020, the Company's issued and fully paid-up capital (excluding treasury shares and subsidiary holdings) comprises 1,998,896,805 (30 June 2020: 1,998,516,843) ordinary shares. Movements in the Company's issued and fully paid-up capital since the end of the previous period reported on were as follows:

	No. of shares
As at 30/06/2020	1,998,516,843
Issue of new shares pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017	379,962
As at 31/12/2020	1,998,896,805

The number of shares that may be issued on conversion of all the outstanding convertibles against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year was as follows:

	No. of shares
As at 31/12/2019	655,647,127
Exercise of warrants	(233,000,000)
As at 31/12/2020	422,647,127

As at 31 December 2020, the Company does not have any treasury shares or subsidiary holdings.

The number of issued shares excluding treasury shares and subsidiary holdings of the Company as at 31 December 2020 and 31 December 2019 was 1,998,896,805 and 1,765,516,843 respectively.

Warrants

(a) Pursuant to the renounceable non-underwritten rights cum warrants issue announced on 15 May 2017 (the "2017 Rights cum Warrants Issue"), the Company issued 299,021,682 warrants on 14 November 2017. Each warrant carries the right to subscribe for one (1) ordinary share in the capital of the Company at the exercise price ranging from S$0.09 to S$0.11 per warrant for each new share depending on the date of exercise. Each warrant may be exercised at any time during the period of four (4) years commencing on and including the date of issue of the warrants and expiring on the 4th anniversary of the date of issue of the warrants. 60,000 warrants were exercised at S$0.09 per warrant for each new share as at 31 December 2020. The remaining 298,961,682 warrants ("Existing Warrants") will expire on 12 November 2021. As announced by the Company on 13 April 2018, the net proceeds raised from the renounceable non-underwritten rights cum warrants issue have been fully utilised.

Pursuant to the terms and conditions of the deed poll dated 13 October 2017 (the "Deed Poll" relating to the 2017 Rights cum Warrants Issue), the renounceable non-underwritten rights cum warrants issue, as announced by the Company on 29 June 2018 (the "2018 Rights cum Warrants Issue"), constitutes an event giving rise to an adjustment to the exercise price and the number of the Existing Warrants. Accordingly, 39,192,649 adjusted warrants have been issued and alloted on 18 October 2018 (the "Adjustment Warrants"). Following the allotment and issuance of the Adjustment Warrants, the total number of Existing Warrants has increased from 298,961,682 to 338,154,331. Each one Adjustment Warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at exercise price ranging from S$0.08 to S$0.10.

(b) 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. 433,000,050 warrants were exercised at S$0.05 per warrant for each new share as at 31 December 2020. The remaining 84,492,796 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

(a) Pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017, the Company awarded 1,888,278 new ordinary shares of the Company to its employees on 22 July 2019. Awards comprised (i) 1,388,058 fully paid-up ordinary shares of the Company, free of payment, which vested on 22 July 2019; (ii) 51,260 fully paid-up ordinary shares of the Company, free of payment, which vested on 29 December 2020; (iii) 38,880 ordinary shares of the Company which were forfeited; and (iv) 410,080 fully paid-up ordinary shares of the Company, free of payment, which will be vested in accordance with a vesting schedule that commenced on 22 July 2019 and ending on the ninth anniversary of the date of the grant, subject to certain vesting conditions.

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

Save as disclosed above, the Company has no outstanding convertibles and no treasury shares or subsidiary holdings as at 31 December 2020 and 31 December 2019.

1(d)(iii) 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	
	31/12/2020	31/12/2019
Total number of issued shares excluding treasury shares	1,998,896,805	1,765,516,843

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as there were no treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as there were no subsidiary holdings as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The latest audited financial statements as at 31 December 2019 do not have any adverse opinion, qualified opinion or disclaimer of opinion.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2019.

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.

The Group has adopted all the applicable new/revised SFRS(I) that are effective for the financial periods beginning on or after 1 January 2020. The adoption of these new/revised SFRS(I) does not have any material impact to the financial statement of the Group.

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.

Earnings per ordinary share for the period after deducting any provision for preference dividends:	GROUP			
	6 months ended		12 months ended	
	31/12/2020 (cent)	31/12/2019 (cent)	31/12/2020 (cent)	31/12/2019 (cent)
(i) Basic	**0.11**	**0.23**	**(0.60)**	**0.33**
(ii) On a fully diluted basis	**0.11**	**0.23**	**(0.60)**	**0.33**

The basic earning 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 year of 1,979,513,992 ordinary shares (financial year ended 31 December 2019: 1,690,776,022 ordinary shares).

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue during the period. The Company's warrants and unvested shares that have been awarded pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017 are not included in the calculation of diluted earnings per share above because they are anti-dilutive for the financial period presented.

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 at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	GROUP		COMPANY	
	31/12/2020 (cents)	31/12/2019 (cents)	31/12/2020 (cents)	31/12/2019 (cents)
Net asset value per ordinary share based on total number of issued shares at the end of year	**5.19**	**5.92**	**5.34**	**5.37**

The net asset value per ordinary share is computed based on the issued share capital of 1,998,896,805 ordinary shares as at 31 December 2020 (31 December 2019: 1,765,516,843 ordinary shares).

8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of operating result

Revenue

The COVID-19 situation has had an adverse impact on the Group's 2020 performance. The government has taken measures to manage the spread of coronavirus. This has resulted in stoppage of most of the Group's construction projects in the first half-year ended 30 June 2020 (“1H 2020”). For the second half-year ended 31 December 2020 ("2H 2020"), more construction activities have gradually resumed.

The Group's revenue for 2H 2020 decreased from S$161.1 million in the corresponding period in 2019 ("2H 2019") to S$103.5 million, representing about 35.7% decrease.

For the financial year ended 31 December 2020 ("FY2020"), Group's revenue amounted to S$182.3 million, a decrease of 37.3% as compared to S$290.6 million recognised in the corresponding period a year ago ("FY2019"). This was mainly due to decrease in revenue from the Engineering and Construction division.

Gross profit

Similarly, as more construction activities have gradually resumed in 2H 2020, this has resulted in improved performance leading to a gross profit of S$10.1 million and S$0.6 million in 2H 2020 and FY2020 respectively.

The Group's gross profit showed a slight increase of S$0.3 million in 2H 2020 and a decrease of S$15.8 million in FY2020 as compared to the corresponding periods 2H 2019 and FY2019. Despite the significant reduction in construction activities because of the COVID-19 pandemic, the Group continued to incur certain operating expenses which primarily consist of manpower expenses, leading to a decreased gross profit margin in the Engineering and Construction division.

Other gains - net

Other gains decreased from S$0.6 million in 2H 2019 to S$0.1 million in 2H 2020 due to increase in net foreign exchange loss arising mainly from trade receivables and bank balances under the Bio-Refinery and Bio-Energy division. Other gains increased by S$0.1 million in FY2020 as compared to FY2019 mainly due to gain on disposal of property, plant and equipment under the Engineering and Construction division.

Selling and distribution expenses

Selling and distribution expenses showed an increase from a credit of S$113,000 in 2H 2019 to S$779,000 in 2H 2020 and from a credit of S$21,000 in FY2019 to S$847,000 in FY2020. This was mainly due to allowance made for impairment of trade receivables.

Administrative expenses

Administrative expenses increased from S$4.3 million in 2H 2019 to S$5.0 million in 2H 2020 mainly due to professional fees. Administrative expenses decreased from S$8.6 million in FY2019 to S$8.2 million in FY2020 mainly due to lower staff expenses.

Depreciation expenses

Depreciation expenses decreased from S$10.4 million in 2H 2019 to S$9.5 million in 2H 2020 mainly due to reduction in ROU assets. Depreciation expenses increased from S$14.0 million in FY2019 to S$16.7 million in FY2020 mainly due to increase in depreciable assets.

Finance expenses

Finance expenses decreased from S$1.5 million in 2H 2019 to S$1.0 million in 2H 2020 and from S$2.3 million in FY2019 to S$2.2 million in FY2020. Decrease in finance expenses for both 2H 2020 and FY2020 were mainly due to decrease in the Group's bank borrowings.

Profit/(loss) before income tax

As a result of the above, the Group's profit before income tax showed a decrease from S$4.8 million in 2H 2019 to S$2.8 million in 2H 2020. The Group recorded a loss before income tax of S$10.2 million in FY2020 compared to a profit before income tax of S$6.9 million in FY2019.

Profit/(loss) after income tax

Overall, the Group's profit after income tax showed a decrease from S$4.4 million in 2H 2019 to S$2.3 million in 2H 2020. The Group recorded a loss after income tax of S$11.0 million in FY2020 compared to a profit after income tax of S$6.2 million in FY2019.

Review of financial position

The Group's net asset value attributable to shareholders decreased from S$104.5 million as at 31 December 2019 to S$103.8 million as at 31 December 2020 mainly due to decrease in retained profits, partially offset by increase in share capital mainly resulting from exercise of warrants.

The Group's current assets recorded a decrease of S$22.8 million mainly due to (i) decrease in trade and other receivables which was due to receipts from customers under the Engineering and Construction division; (ii) decrease in contract assets mainly due to progress billings to the customers and lower revenue recognised under the Engineering and Construction division during the year; and (iii) partially offset by increase in cash and bank balances mainly due to net cash generated from operating and financing activities.

The Group's non-current assets recorded a decrease of S$14.3 million mainly due to depreciation charge on property, plant and equipment.

The Group's current liabilities recorded a decrease of S$34.6 million, mainly due to: (i) decrease in trade and other payables which was due to settlement of amount owing to creditors; (ii) decrease in contract liabilities mainly due to revenue recognition upon satisfaction of performance obligation under the Bio-Refinery and Bio-Energy division; and (iii) decrease in bank borrowings and lease liabilities mainly due to repayment of bank borrowings and lease liabilities.

The Group's non-current liabilities showed a decrease of S$1.5 million mainly due to decrease in bank borrowings and lease liabilities, partially offset by an increase in trade and other payables. The decrease in bank borrowings and lease liabilities was mainly due to reclassification from non-current to current whereas the increase in trade and other payables was due to increase in retention due to subcontractors.

Review of cash flow

The Group reported a net cash inflow of S$9.2 million in FY2020.

Net cash of S$6.2 million generated from operating activities was mainly due to receipts from trade and other receivables and movement in contract assets and liabilities, partially offset by payments made to trade and other payables.

Net cash of S$2.0 million generated from financing activities was mainly contributed by proceeds from exercise of warrants and bank borrowings, 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 30 June 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.

Engineering and Construction Sector

Based on advance estimates, the Ministry of Trade and Industry reported that Singapore's GDP for the whole of 2020 contracted by 5.8%. Amid the disruption to economic activities caused by the COVID-19 pandemic, the construction sector shrank by 33.7% in 2020. However, when compared to the 60.5% contraction in 2Q2020 in the construction sector, the subsequent resumption of more construction activities has resulted in improved performance in 3Q2020 and 4Q2020 of 39.0% and 34.4% respectively. The Building and Construction Authority Singapore ("BCA") has projected that the total construction demand in 2021 to range between S$23.0 billion and S$28.0 billion. This is an improvement from the preliminary estimate for construction demand of S$21.3 billion in 2020. The public sector is expected to drive the construction demand in 2021. Some of the upcoming public sector projects scheduled to be awarded include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2. However, we expect the operating conditions in construction sector to remain challenging.

The Construction sector is facing challenges such as supply chain disruptions, labour shortages, higher material and manpower costs, higher cost and time resources needed to comply with COVID-safe measures as well as pressing demand to make up for lost time in the completion of projects. As at 31 December 2020, the Group's order book stood at S$676.3 million and the Group remains focus on the execution of its order book. The Group has a strong track record in civil engineering projects and is well positioned to continue to secure more projects.

Bio-Refinery and Bio-Energy Sector

The Bio-Refinery and Bio-Energy sector has been affected by COVID-19 as a result of the Movement Control Order (MCO) announced by the Malaysian government. Although business activities have reduced, we have made full use of digital technology to facilitate and operate our projects both locally and overseas. We are optimistic on the long term growth prospect of this sector.

11 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b) (i) Amount per share (cents)

Not applicable.

(ii) Previous corresponding period (cents)

0.02

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

In view of the current challenging environment, there is no dividend recommended for the period ended 31 December 2020.

13 Interested Person Transaction

The general mandate for interested persons transactions was approved at the Annual General Meeting held on 25 June 2020.

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year 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**
Transactions for the Sale of Goods and Services	Related Companies - By virtue of Koh Brothers Group Limited's shareholdings in Koh Brothers Eco Engineering Limited.		
G & W Ready-Mix Pte Ltd		**-**	**187**
KBD Holland Pte. Ltd.		**-**	**3,886**
Transactions for the Purchase of Goods and Services			
G & W Ready-Mix Pte Ltd		**-**	**414**
G & W Industries Pte Ltd		**-**	**685**
Koh Brothers Group Limited		**-**	**963**
Koh Brothers Holdings Pte Ltd		**-**	**430**
Kosland Pte. Ltd.		**-**	**106**

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14 Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

GROUP (S$'000)	ENGINEERING & CONSTRUCTION	BIO-REFINERY & BIO-ENERGY	TOTAL
2020			
REVENUE			
External sales	153,516	28,748	182,264
Inter-segment	-	-	-
	153,516	28,748	182,264
Elimination			-
			182,264
RESULTS			
Segment results	(12,198)	5,114	(7,084)
Share of loss from associated companies	(1,071)	-	(1,071)
Interest income			104
Finance expenses			(2,163)
Income tax expenses			(755)
Loss after income tax			(10,969)
2019			
REVENUE			
External sales	263,884	26,739	290,623
Inter-segment	-	-	-
	263,884	26,739	290,623
Elimination			-
			290,623
RESULTS			
Segment results	5,135	3,593	8,728
Share of profit from an associated companies	375	-	375
Interest income			167
Finance expenses			(2,345)
Income tax expenses			(748)
Profit after income tax			6,177

Revenue by Geographical Segment (S$'000):

	2020	2019
Singapore	154,554	263,683
Malaysia	6,823	6,399
Indonesia	3,353	3,215
The rest of Asia**	5,023	2,683
South America	514	652
Africa	11,997	13,991
	182,264	290,623

****Including Pakistan, Thailand and Bangladesh.**

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

BY BUSINESS SEGMENT

Engineering and Construction

The segment recorded a decrease in revenue from S$263.9 million in FY2019 to S$153.5 million in FY2020 mainly due to stoppage of most of the Group's construction projects as a result of the COVID-19 situation. The segment results showed a decrease of S$17.3 million in FY2020 as compared to FY2019.

Bio-Refinery and Bio-Energy

The segment revenue increased by S$2.0 million from S$26.7 million in FY2019 to S$28.7 million in FY2020 mainly due to higher percentage of completion on certain projects. Accordingly, there was an increase of S$1.5 million in the segment results in FY2020 as compared to FY2019.

BY GEOGRAPHICAL SEGMENT

There was a decrease in revenue contributed by the Singapore segment mainly due to the significant reduction in construction activities under the Enginering and Construction division because of the COVID-19 pandemic. Increase in revenue under the Bio-Refinery and Bio-Energy division was contributed by customers from Malaysia, Indonesia and the rest of Asia, partially offset by a decrease in revenue from South America and Africa.

16 A breakdown of sales.

	S$'000		%
	31/12/2020	31/12/2019	Change
Sales reported for first half-year	**78,725**	**129,512**	**-39**
Operating profit after tax before deducting non-controlling interests reported for first half-year	**(13,258)**	**1,751**	**-857**
Sales reported for second half-year	**103,539**	**161,111**	**-36**
Operating profit after tax before deducting non-controlling interests reported for second half-year	**2,289**	**4,426**	**-48**

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	S$'000	
	31/12/2020	31/12/2019
Ordinary-Proposed final	**-**	**399**

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

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Koh Keng Seng	57	Cousin of Mr Koh Keng Siang	Director of Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd, since 2008. Responsible for management of logistics, workshop, machinery and equipment functions under the Construction Division.	Nil

19 Requirement under Rule 720(1) of the Listing Manual Section B : Rules of Catalist

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

BY ORDER OF THE BOARD

Koh Keng Siang
Non-Executive and Non-Independent Chairman

03 February 2021
Singapore

This document 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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

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