Kentech Corporate Holdings Limited
(trading as the Kentech Group)

Report and Consolidated Financial Statements

Year Ended

31 December 2020

Company Number 60216

Kentech Corporate Holdings Limited

Report and consolidated financial statements
for the year ended 31 December 2020

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Directors

Mark Dickinson
Tush Doshi
Malcolm Fallen
John Gilley
Ben Jones
John Kent
Sarah Kent (resigned 6 May 2020)
James Moffat
Charlie Geffen (appointed 1 June 2020)

Secretary and registered office

Denis Murphy, PO Box 656, East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP

Company number

60216

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Principal Bankers

HSBC Bank, United Arab Emirates

Advocates

Carey Olsen, Carey House, Les Banques, St Peter Port, Guernsey, GY1 4BZ

About Kentech

The Kentech Group ("Kentech" or the "Group") is a specialist service provider to the energy and industrial sectors.

We are an organisation of like-minded men and women, dedicated to delivering success on the world's most ambitious projects. Kentech's ambition is to be recognised by our employees, clients, partners and shareholders as being an exceptional company to work for, and with. In line with this goal, in 2018 the Group refreshed its strategic plan, building on the record profitability of the previous year and setting out an enhanced ambition for the future.

The Group's Strategic Intent is to grow to a $1bn business by 2025 providing specialist project, commissioning and maintenance and sustainability services to the energy industry, differentiated by trusted relationships, excellence in delivery and global agility, all with a personal touch. Within the business, we refer to the delivery mechanism of this as our Engine for Growth, or "EFG".

The Group's four service lines offer clients a range of solutions for large scale capital projects through to the operational phase of industrial asset development and ongoing upgrades, modifications, expansions, shutdowns and turnarounds.

The Group's four service lines are:

Engineering & Projects: Our E&P service line provides front-end engineering and design, EPCM, construction, general engineering services, and project management consultancy on large scale green and brownfield capital projects, including onshore and offshore assets for upstream, midstream and downstream developments.

Specialist Technical Solutions ("STS"): Provision of highly specialised personnel to clients including completions, commissioning and start up support services that focus on the critical phase of transitioning from construction to commissioning and start up; resourcing key expertise from around the globe to support our clients and ensure that they have the required skills in the right location at the right time; inspection / validation services and other critical technical skills that are required for short durations on projects.

Turnaround, Maintenance & Modifications ("TMM"): Provision of a spectrum of Asset Performance Solutions to proactively work with our client and ensure that the asset is operating optimally. We continue to build on the long term service relationships with our clients through the completion of brownfield projects, shutdowns and turnarounds.

Construction and Hook up ("CHU"): Electrical, instrumentation & telecommunication ("EI&T") construction and hook up services on large scale green and brownfield capital projects, including onshore and offshore assets for upstream, midstream and downstream developments.

Kentech's revenue is balanced between the four service lines. The Group has the skills to work globally, servicing clients' upstream, midstream and downstream requirements funded from either capital or operational expenditure.

Our client base comprises leading International Oil Companies (IOCs), large scale National Oil Companies (NOCs), plus a select number of Engineering Procurement and Construction companies (EPCs) and Original Equipment Manufacturers (OEMs).

Kentech is committed to servicing its key clients wherever they may need our help. The Group's geographical footprint currently includes Australia, Azerbaijan, Canada, China, Egypt, Georgia, Iraq, Ireland, Kazakhstan, the Kingdom of Saudi Arabia, Kuwait, the Netherlands, Oman, Qatar, Russia, the United Arab Emirates and the USA. Kentech is a culturally diverse company with over 55 nationalities forming its employee base of approximately 2,517.

CEO letter

Dear Shareholders,

The world faced unprecedented uncertainty and upheaval in 2020 as a result of the Covid-19 pandemic. The year was truly extraordinary. The pandemic has claimed, at the time of writing, over three million lives and has caused dramatic dislocation to people's lives, and the global economy.

At Kentech our thoughts are with the friends and families of those who have lost loved ones. This, unfortunately and almost inevitably, extends to our own Kentech family as we lost a number of colleagues to the virus. Those fortunate enough to avoid health challenges have been affected by the pandemic in other ways, through lockdowns, unexpected home working, or longer than usual rotations and time away from families. I take this opportunity to thank each and every member of the teams that make up our business for their dedication during this difficult time.

Economic uncertainty brought with it challenges to our business. Volatility in commodity pricing, linked closely to overall economic activity, caused difficulty for our entire sector. We are pleased with the way that the business reacted. Our response included a rapid strategy review, which resulted in a number of changes to our business, including lowering our cost base. Whilst difficult, these were the right choices to make and they enabled the business to deliver an EBITDA positive year despite the unprecedented market headwinds.

Through this strategy review we noted that shifts in oil price, market sentiment concerning traditional hydro-carbons, and a requirement to be a part of the energy transition journey were likely to lead to material changes to our market and competitor set over the coming years. In mid-2020 we were given the opportunity to be part of that evolution as we learned of the intention of SNC-Lavalin to dispose of their oil and gas business. We are delighted to have secured the acquisition which is subject to certain conditions precedent and expected to complete in Q3 2021 of this business and look forward to combining the world-class people, capability and reach of this business with the track record of Kentech.

What excites us most about this acquisition is the prospect of combining, and in some cases reuniting, the professional men and women of our two companies, and working with them to reset and transform our way into a very bright future. With presence in key countries in the Americas, Europe and the Caspian, the Middle East & Africa and the Asia-Pacific region, this transaction enables the company to deliver its best in class services to clients across all global energy markets.

We will combine imagination and insight with a relentless, dogged determination to get things done. To not let people down. At our core is a brand of energy fusion, which means we will bring together remarkably diverse parts of the world we've created to create new energy. New energy not just for the sake of it, but to create genuine, meaningful, positive change. Positive transformations for our people, for our clients, for our shareholders, and for the planet that's our home.

Stay safe

John Gilley, CEO

2020 Business Review

Impact of Covid-19

The Covid-19 pandemic has dramatically changed the world as we once knew it. People, communities, businesses and governments have had to adapt to new ways of life, and ways of working. It has had an adverse impact on our business as certain ongoing projects were slowed down, and new project awards were delayed.

At the outset of the pandemic our first priority was, and remains to this day, the safety of our people. To this end, we established a rapid-response unit which met on a daily basis to safeguard the well-being of our staff around the world. Their work included closure of all offices, staged reopenings when appropriate and government-mandated, and the provision of PPE. The camaraderie shown by the teams around the world at what was a frightening time for many was reassuring. An example was the ingenuity shown by colleagues in Dubai who couriered masks to our teams in China when local supplies ran dry, or our work with our client in Kazakhstan to help to procure PPE for the entire site.

With our people's safety informing our actions, we worked with our clients to make plans for safe working environments. In the Tengiz site in Kazakhstan it was not possible to ensure safety and the site moved to a "preservation" footing. This meant that our workforce reduced from 1,000 to 100 for a period of 3 months, which had an inevitable impact on our work volume and hence financial results. In other areas, such as our work in Egypt or on Sakhalin Island, safe travel became very difficult to achieve. This led to our team members undertaking significantly extended rotations, which in turn created their own challenges for mental well-being. For certain contracts, we were required to pay our staff stand-by rates either at a loss, or zero profit margin. The Group received governmental support relating to Covid-19 of $1.7m, from the Netherlands government which is subject to audits throughout 2021, terms and conditions include a revenue reduction of 25% from prior year.

Whilst the impact of the pandemic remains ongoing and uncertain, we are now back to work on all of our sites. Work volumes have recovered to pre-pandemic levels. More frequent remobilisation than budgeted for adds cost and as a result brings margin challenges, however profitability remains healthy.

Health, Safety & the Environment

Kentech operates a proactive, lead-indicator driven intervention approach to driving safety performance. The business is empowered at a project level to target key trends relating directly to their scope of work. The HSSEQ function embraces a partnering philosophy with our internal and external clients and sub-contractors which delivered improved collaboration across our stakeholders, establishing credibility of being leaders not followers in the HSSEQ category with the IOCs.

In 2020 Kentech completed 6.1 million man-hours, 1.4 million hours fewer than in 2019, primarily driven by reduced access to work fronts as a result of pandemic-related site shut-downs. Execution excellence was achieved in our environmental performance with no recordable events occurring and a number of new initiatives rolled out at a project level on reducing our environmental impact and increasing our local community involvement.

The Total Recordable Incident Rate (TRIR) for 2020 was 0.78 for every million hours worked (IOGP) (2019: 0.4), or 0.19 for two hundred thousand hours (OSHA) (2019: 0.08). This result validates strong performance against our competitors in the sector, where average performance when measured against IOGP safety performance indicators is 0.99 for every million hours worked.

Compliance

Kentech is committed to maintaining the highest standards of ethics and integrity in everything it does. This starts with the culture of the Group, and the Board and Executive Leadership Team setting the tone for the entire organisation through their actions. All new employee inductions include specific anti-bribery and corruption training as part of the standard induction process. Further detailed training was delivered to senior employees to increase awareness of and education on anti-bribery and corruption, our policies and procedures, and industry best practice. Frequent refresher courses are obligatory for all staff. Kentech continues to engage Trace International, a globally recognized anti-bribery business organization and leading provider of third party risk management solutions, for compliance-related services.

Financial position and performance

In response to an exceptionally challenging trading environment, the Group has reported robust earnings. The Group delivered revenue for the year ended 31 December 2020 of $194,945,203 (2019: $232,092,789). The Group recorded a net loss of $5,898,965 (2019: profit of $4,580,921). Adjusted EBITDA (as defined in note 6 to these financials), a key metric for the performance of the business, was $8,077,526 (2019: $15,055,526), the year on year decrease is due to an exceptionally challenging trading envrionment.

The Group has a net debt to Adjusted EBITDA ratio of 0.25x (2019: -0.31x), with a cash balance of $10,664,616 (2019: $16,553,831). This leaves us in a strong financial position to fund the future growth of the business.

Cash flows for a business of Kentech's nature will always be influenced by the progress of key projects at any point in time. Towards the end of 2020 the Group was undergoing a significant ramp-up in activity as work volumes returned to pre-pandemic levels. This requires investment in working capital, as our key costs are salaries, which are settled in the month they are incurred, however revenue is not received from our clients for an average of 90 days (2019: 60 days). Separately the Group has reduced balances outstanding to suppliers as a result in the shift of our creditor profile, away from goods procured towards services from contracted staff. This has led to a narrowing of supplier terms, and a reduction in payables' days from 77 in 2019 to 68 in 2020.

Operational Highlights

During 2021, the TMM service line was awarded a five year extension to the long-term maintenance contracts with Shell in the Netherlands, with an automatic five year renewal if certain criteria are met. This gives Kentech the opportunity to continue to partner with the client to embed the operational improvements which have been worked on since Kentech commenced on this site in 2015. Combined with the long-term contracts in Russia, the Middle East and Caspian, we have a great platform to deliver a local service whilst leveraging our global knowledge and experience. We are already seeing the benefits of this approach through ongoing non-Shell contracts in the Netherlands and incremental contracts in Kazakhstan.

The STS service line has continued to work closely with BP on the West Nile Delta development where we are providing commissioning, start-up and operational support. As well as new projects in Canada, China and the USA, we have delivered real value to our client TCO in Kazakhstan, where we are supporting the ongoing start-up and commissioning of the Future Growth Project on the Tengiz site. From an operational perspective the enforced move to preservation mode on the Tengiz site made for challenging times, however as we moved in to 2021 we had remobilised to pre-pandemic levels and with a healthy backlog.

The Group continues to build and develop a strong management team and has welcomed a number of key new hires who bring a wealth of experience and expertise in to our Service Lines and support functions. A particular area of focus to support an EPC has been notable investment in business development resource across all service lines.

Acquisition of the oil and gas business of SNC-Lavalin, Inc.

On 8 February 2021 Kentech announced that it had agreed to purchase the oil and gas business of SNC-Lavalin, Inc. ("SNC") Subject to regulatory approvals and clearing customary closing conditions, the transaction will complete in Q3 2021.

This will be a landmark transaction for the Group. The prospective acquisition includes the people and assets brought together through SNC's acquisition of Kentz and other energy services businesses, and will create a company that can provide full asset life cycle services to the energy industry. It increases Kentech's geographical footprint to 26 countries, and the number of employees to over 10,000. The company will have a backlog of USD1.1 billion, and benefit from specialist talent, market reach and a robust balance sheet to allow the business to compete for premium contracts covering complex and technical projects.

By investing now, we are strategically positioning Kentech as a leading integrated energy services firm to take advantage of the next cycle of growth in the sector. We are achieving our Engine for Growth targets several years ahead of schedule by acquiring additional expertise, a wider global reach, and improving our technical differentiation.

We are actively addressing the challenges of the global energy transition and this acquisition has given us an entry point to realise our long-held ambitions to become a significant player in this space. It is an area of business that our clients will be investing heavily in.

The acquisition is being achieved through a carve-out of multiple entities from SNC. In order to effect the carve-out transaction we are acquiring SNC's full interest a number of separate legal entities. This is almost always 100%, apart from where local ownership requirements require the involvement of a local shareholder, or where SNC was part of a joint venture.

The Directors expect to recognize goodwill based on the value of ongoing, long-term customer contracts; the benefit accruing to client relationships; the pipeline of identified future opportunities; and certain cost synergies.

Financing for the acquisition will be secured through the issuance by Kent Global plc, a subsidiary of Kentech Corporate Holdings Ltd, of a $65m senior secured bond. Subject to customary conditions precedent, this bond will be drawn concurrently with the completion of the acquisition. The bond has a five year tenor, and pricing of 10%. In addition to this, Bluewater PE will loan Kentech Corporate Holdings Ltd $20m. This loan has a twelve month tenor, at which point it will, unless repaid, convert to equity in the borrower. If against management's expectations the bond issue does not complete as expected then the Group has committed shareholder funding in place to finance the acquisition.

In addition to this financing, the Group has access to other liquidity through receivables financing, and a revolving credit facility. The Directors are confident that the Group has sufficient access to liquidity.

Future Outlook

The outlook for the global economy is more uncertain than in recent memory. Whilst certain nations are showing signs of strong rebounds, others are still grappling with infection rates and economic shutdowns. However, the demand for energy products is recovering, as witnessed in recent oil price trends. Certain commentators are suggesting that we may be at the outset of a new commodities super-cycle. We believe that Kentech is well positioned to benefit from any upswing in demand, and that the acquisition of the SNC oil and gas business will enable us to create a business of global scale.

Kentech's sales pipeline continues to be robust with a value in excess of $6bn and the Directors believe the Group is well placed to convert sufficient amounts of this to awards to support the Group's ambitious growth plans. During 2020 the Group increased its backlog to $475m through some key awards, extensions and growth on existing contracts. The Group entered 2021 with over 57% of its revenue target on hand (2020: 34%).

Principal risks and uncertainties

Foreign operations

The Group has operations based in several countries. This exposes the Group to different cultural, political and economic factors that may impact profitability. Kentech reduces these risks by contracting with reputable international clients, employing management personnel with relevant international experience and monitoring project operational and financial progress carefully. The Group is also exposed to changes in tax (see notes 10 and 23) and employment legislation in its countries of operation and this may create unforeseen additional costs. Kentech mitigates these risks by seeking professional advice. A further risk related to the foreign operations is the impact of currency exchange rates on sales, purchases, working capital and borrowings that are denominated in a currency other than US Dollars (see note 4).

Macro-economic situation

Global economic conditions and instability in oil and commodity prices have resulted in pricing pressure on tenders; delays in access to sites for ongoing projects, and in the commencement of new projects; and pressure to reduce costs and implement savings on existing works from clients. The Group may be affected by delays or default on payments by some of its customers. However, despite headwinds during the pandemic the more recent upturn in oil prices seen through Q2 2020 has increased general confidence in the sector, and we are seeing positive progress in new project awards. The Group continues to manage this risk by invoicing on a timely basis, reducing work in progress and collecting payments from its clients. Further details of key judgements and estimates are provided in note 2.

In addition, the changing political landscape and a global focus on climate change has heightened the focus on the energy transition, away from traditional oil and gas. The Directors believe the business is well placed to benefit from this shift, with deep relationships with the existing clients who will be driving the shift of spend towards new forms of energy. In addition, the acquisition of the SNC Oil & Gas business brings with it a market-leading Engineering & Consulting practice with deep experience in carbon capture and, particularly, off-shore wind projects.

Personnel

The Group relies on the availability of skilled and experienced personnel to deliver projects safely, on time and within budget. There is competition from clients and other companies for these personnel. This competition can cause difficulties in hiring and retaining staff and can also result in wage and salary inflation. In certain geographies experiencing significant end-user investment, the Group is seeing early evidence of this pressure on wages and availability. The Group strives to be an employer of choice and has a strong track record of retaining key personnel. It has implemented more development and training throughout the organisation to further develop and strengthen the Group's personnel and manage this risk factor, and has made a number of key senior hires in 2020 and 2021.

Project Tendering and Execution

A key risk to the Group is the accuracy of cost estimates prepared in the tendering stage and the ability of the Group to successfully execute the project as estimated. Insufficiency of tender information or inefficient project execution can lead to reduced margins or even losses. Over the past number of years, the Group has strengthened and expanded its pricing tools and has implemented a continual feedback loop between project execution and project tendering. This has helped ensure that the tendering team are using live costing information within the pricing process. Furthermore, the Group has an increased focus of securing reimbursable contacts to mitigate the risk of fixed price contracts which have increased in risk under current market conditions.

Climate

The Group is dependent on favourable climatic conditions throughout the year in order to progress projects within defined timescales. Unfavourable conditions can have a negative impact on sales and profitability of some projects.

Funding & Cash flow

The Board is satisfied that the Group has sufficient cash to meet liabilities as they fall due for at least the next twelve months based on an assessment of cash flow forecasts.

Contracts

The Group acts as sub-contractor on a number of large construction projects and there is an inherent risk within these contract types of disputes between the main contractor and sub-contractors. It is normal for variations/ change order requests to be raised both by, and on, the sub-contractor. It is the Group's policy to not recognise potential revenue under dispute until it is highly probably that such revenue will be recovered. The policy, judgements and estimates regarding such contracts are set out in notes 1 and 2. Over recent years the balance of the Group's work has evolved such that it is now more frequently contracted directly to the facility owner, than operating as sub-contractor. The majority of the Group's revenue is reimbursable and it has very limited lump sum contracted work.

Tax management

The Group operates in some jurisdictions where laws (including tax laws) and regulations may be subject to rapid change. In addition, taxes in these jurisdictions are subject to review and investigation by a number of authorities, enabled by law to impose fines and penalties, which can be significant. While the board believe that adequate provision has been made for all tax liabilities, based on its understanding of the tax legislation, nevertheless, the complexity of the Group's activities and portability of staff, allied to the above facts, may create additional tax risks for the Group.

Statement of directors' responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group and the company for that period and are in accordance with applicable laws. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, having taken all the steps the directors ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

A resolution to reappoint BDO LLP as auditors will be put to the members at the Annual General Meeting.

Signed on behalf of the Board

John Gilley	Ben Jones
Director	**Director**

Date: 25/07/2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENTECH CORPORATE HOLDINGS LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards adopted by the European Union, and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the consolidated financial statements Kentech Corporate Holdings Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement within the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENTECH CORPORATE HOLDINGS LIMITED (CONTINUED)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group. We determined that the most relevant laws and regulations related to company law, tax legislation, and the financial reporting framework. We held discussions with project managers and staff outside the Finance team to understand whether there were any instances of fraud or non-compliance on projects;
- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and a review of the legal expenses account;
- We assessed the judgements made by management when making key accounting estimates and judgements, and challenging management on the appropriateness of these judgements;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud. We made enquiries of management and those charged with governance to understand where it is considered there was a susceptibility of fraud and based on the knowledge gained we performed targeted journals entry testing identifying for example journals posted be senior management;
- We involved tax specialists from our local BDO network member firms in Kazakhstan, Kuwait and Egypt to assess the Group's compliance with the respective tax legislations considered material to the Group's operations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Marc Reinecke

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BDO LLP
Chartered Accountants
London, United Kingdom
Date: 26 July 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Kentech Corporate Holdings Limited

Consolidated statement of comprehensive income
for the year ended 31 December 2020

	Note	2020 $	2019 $
Revenue	3	194,945,203	232,092,789
Total cost of sales		(166,459,087)	(193,621,150)
Total gross profit		**28,486,116**	**38,471,639**
Total administrative expenses		(30,763,994)	(30,348,416)
(Loss)/Profit from operations		**(2,277,878)**	**8,123,223**
Foreign exchange gain/(loss)	8	1,328,191	(897,540)
Finance expense	9	(980,026)	(1,145,422)
(Loss)/Profit before tax		**(1,929,713)**	**6,080,261**
Tax expense	10	(3,969,252)	(1,499,340)
(Loss)/Profit		**(5,898,965)**	**4,580,921**

Adjusted EBITDA	6	8,077,526	15,055,526

The notes on pages 16 to 58 form part of these financial statements.

Kentech Corporate Holdings Limited

Consolidated statement of comprehensive income
for the year ended 31 December 2020 *(continued)*

	Note	2020 $	2019 $
Other comprehensive income/(expense)			
Items that will be reclassified to profit or loss:			
Exchange gains/(losses) arising on translation of foreign operations		(2,760,296)	515,545
Items that will not be reclassified to profit or loss:			
Gain/(Losses) on property revaluation		-	(429,150)
Other comprehensive income for the year, net of tax		-	86,395
Total comprehensive income/(expense)		**(8,659,261)**	**4,667,316**
(Loss)/Profit attributable to			
- Owners of the company		(7,254,490)	3,458,626
- Non-controlling interest	31	1,355,525	1,122,295
		(5,898,965)	**4,580,921**
Total comprehensive income/(expense) attributable to:			
- Owners of the company		(10,014,786)	3,545,021
- Non-controlling interest	31	1,355,525	1,122,295
		(8,659,261)	**4,667,316**

The notes on pages 16 to 58 form part of these financial statements.

Kentech Corporate Holdings Limited

Consolidated statement of financial position
at 31 December 2020

	Note	2020 $	2019 $
ASSETS			
Non-current asset			
Property, plant and equipment	11	3,428,640	4,685,968
Right of use asset	12	1,977,335	3,419,268
Intangible assets	13	2,179,990	3,568,860
Goodwill	14	11,981,897	11,981,897
Trade and other receivables	17	5,989,806	4,439,539
Deferred Tax Asset	27	7,717	-
Total non-current assets		**25,565,385**	**28,095,532**
Current assets			
Inventories	16	803,548	672,928
Held for Sale Property	18	-	280,618
Trade and other receivables	17	61,191,748	61,173,918
Current tax assets	10	2,656,963	2,567,231
Cash and cash equivalents	26	10,664,616	16,553,831
Total current assets		**75,316,875**	**81,248,526**
Total assets		**100,882,260**	**109,344,058**

The notes on pages 16 to 58 form part of these financial statements

Kentech Corporate Holdings Limited

Consolidated statement of financial position
at 31 December 2020 *(continued)*

	Note	2020 $	2019 $
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	28	543,701	543,701
Share premium	29	70,041,384	70,041,384
Share option reserve	30	847,939	441,518
Retained earnings	29	(29,541,241)	(22,283,210)
Foreign exchange reserve	29	(5,931,057)	(3,170,761)
Equity attributable to owners of the parent		35,960,726	45,572,632
Non-controlling Interest	31	2,392,714	1,037,189
Total equity		**38,353,440**	**46,609,821**
Non-current liabilities			
Other liabilities	24	3,328,198	3,931,392
Lease liabilities	12	320,884	1,583,476
Deferred tax liability*	27	674,130	-
Total non-current liabilities		**4,323,212**	**5,514,868**
Current liabilities			
Trade and other payables	20	40,445,175	40,503,038
Contract liability	21	414,246	2,987,600
Lease liabilities	12	1,685,919	1,900,072
Onerous Contract Provision	22	942	255,632
Borrowings	25	12,075,388	7,851,939
Current End of Service Benefit	20	371,931	-
Current tax liabilities	23	3,212,007	2,971,918
Deferred tax liability	27	-	749,170
Total current liabilities		**58,205,608**	**57,219,369**
Total liabilities		**62,528,820**	**62,734,237**
Total equity and liabilities		**100,882,260**	**109,344,058**

*In the prior year deferred tax liabilities were presented as current. This was not considered material to adjust retrospectively.

The financial statements were authorised and approved for issue approved by the Board of Directors on 25 July 2021 and signed on its behalf by:

John Gilley
Director

Ben Jones
Director

Kentech Corporate Holdings Limited

Consolidated statement of cash flows
for the year ended 31 December 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Profit/(loss) for the year		(5,898,965)	4,580,921
Income tax expense	10	3,969,252	1,499,340
Profit/(loss) before taxation		(1,929,713)	6,080,261
Added back unrealised foreign exchange loss/(gain)		261,564	(119,318)
Adjustments for:			
Depreciation of property, plant and equipment	11	1,730,579	1,830,062
Impairment of assets held for sale	18	-	282,277
Amortisation of intangible fixed assets	13	1,933,333	2,636,685
IFRS 16 depreciation	12	1,751,118	2,034,391
Gain on disposal of property, plant and equipment		165,818	(26,925)
Provision movements		(337,108)	(2,718,000)
Finance costs	9	980,026	1,145,422
Finance expense/(income) relating to unrealised loss on translation	8	(1,328,191)	897,540
Share option expense	30	406,421	268,205
Operating cash flows before working capital changes		3,633,847	12,310,600
Decrease/(increase) in:			
- Trade and other receivables		(3,706,223)	(16,611,969)
- Inventories		(130,620)	(17,210)
Increase/(decrease) in:			
- Trade and other payables		(1,610,411)	15,500,731
- Liabilities over one year		(603,189)	224,013
Income taxes paid		(4,379,473)	(1,393,309)
Net cash generated in/(used in) operating activities		**(6,796,069)**	**10,012,856**
Cash flows from investing activities			
Additions to property, plant and equipment	11	(545,643)	(2,464,029)
Proceeds from sale of property, plant and equipment		141,361	26,924
Payments for intangible assets	13	(544,463)	(651,284)
Net cash used in investing activities		**(948,745)**	**(3,088,389)**

The notes on pages 16 to 58 form part of these financial statements

	Note	2020 $	2019 $
Cash flows from financing activities			
Repayment of loans and overdrafts		26,679,990	-
Drawdown of loans and overdrafts		(21,179,369)	-
Invoice Discounting		174,104	3,386,967
Equity Loan Payments		(1,178,000)	(4,712,000)
Cash outflow to Minority Shareholder	31	-	(969,490)
Principal paid on lease liabilities under IFRS 16		(1,732,622)	(2,081,529)
Finance costs paid		(980,026)	(946,967)
Net cash flows used in financing activities		**1,784,077**	**(5,323,019)**
Net increase/(decrease) in cash and cash equivalents		**(5,960,737)**	**1,601,448**
Foreign exchange gains on cash and cash equivalents		71,522	140,683
Cash and cash equivalents at the beginning of the year	26	16,553,831	14,811,700
Cash and cash equivalents at the end of the year	26	**10,664,616**	**16,553,831**

The notes on pages 16 to 58 form part of these financial statements.

Kentech Corporate Holdings Limited

Consolidated statement of changes in equity
for the year ended 31 December 2020

	Issued capital $	Share premium $	Share option reserve $	Retained earnings $	Foreign Exchange reserve $	Revaluation reserve $	Total attributable To the shareholders of the company $	Non-controlling interest $	Total $
At 1 January 2019	**543,701**	**70,041,384**	**173,313**	**(25,741,836)**	**(3,686,306)**	**429,150**	**41,759,406**	**884,384**	**42,643,790**
Comprehensive income for the period:									
Profit for the year	-	-	-	3,458,626	-	-	3,458,626	1,122,295	4,580,921
Gain on foreign exchange transaction	-	-	-	-	515,545	-	515,545	-	515,545
Loss on Property Revaluation	-	-	-	-	-	(429,150)	(429,150)	-	(429,150)
Total comprehensive income	-	-	-	3,458,626	515,545	(429,150)	3,545,021	1,122,295	4,667,316
Contributions by and distributions to owners									
Distribution to minority interest	-	-	-	-	-	-	-	(969,490)	(969,490)
New Share Option Scheme	-	-	268,205	-	-	-	268,205	-	268,205
Total contributions by and distributions to owners	-	-	268,205	-	-	-	268,205	(969,490)	(701,285)
At 31 December 2019	543,701	70,041,384	441,518	(22,283,210)	(3,170,761)	-	45,572,632	1,037,189	46,609,821

The notes on pages 16 to 58 form part of these financial statements

Kentech Corporate Holdings Limited

Consolidated statement of changes in equity
for the year ended 31 December 2020 *(continued)*

	Issued capital $	Share Premium $	Share option reserve $	Retained earnings $	Foreign exchange reserve $	Total Attributable to the Shareholders of the Company $	Non-controlling interest $	Total $
At 1 January 2020	**543,701**	**70,041,384**	**441,518**	**(22,283,210)**	**(3,170,761)**	**45,572,632**	**1,037,189**	**46,609,821**
Comprehensive income for the period:								
Loss for the year	-	-	-	(7,258,031)	-	(7,258,031)	1,355,525	(5,902,506)
Loss on foreign exchange transaction	-	-	-	-	(2,760,296)	(2,760,296)	-	(2,760,296)
Gain on Property Revaluation	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(7,258,031)**	**(2,760,296)**	**(10,018,327)**	**1,355,525**	**(8,662,802)**
Contributions by and distributions to owners								
Distribution to minority interest	-	-	-	-	-	-	-	-
New Share Option Scheme	-	-	406,421	-	-	406,421	-	406,421
Issue of convertible loan note	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**406,421**	**-**	**-**	**406,421**	**-**	**406,421**
At 31 December 2020	**543,701**	**70,041,384**	**847,939**	**(29,541,241)**	**(5,931,057)**	**35,960,726**	**2,392,714**	**38,353,440**

The notes on pages 16 to 58 form part of these financial statements

1 Accounting policies

Statement of compliance

The Company is incorporated and domiciled in Guernsey. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are prepared on the historical cost basis except for:

- Property assets which are held at fair value; and,
- Convertible loan notes which are initially recognised at fair value and subsequently at historical cost (equity component) and amortised cost (liability component); and,
- Assets and liabilities recognised at fair value on acquisition, then subsequently measured at historical cost, and amortised cost.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 December each year. The Company controls its subsidiaries and jointly controls the joint operations listed on note 15. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities and the ability to use its power to affect the Group’s return. The Company also consolidates subsidiaries in which it has a less than majority equity shareholding when this criterion is met. The arrangements are local requirements and control is provided though contractual arrangements. The consolidated financial statements include the results, assets and liabilities of all subsidiary undertakings for the period from the date of their acquisition or incorporation to the date of their ultimate disposal, if applicable.

Upon the acquisition of a business, fair values are attributed to the separable net assets acquired.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Cash and cash equivalents

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a

1 Accounting policies *(continued)*

Deferred taxation (continued)

business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends and is permitted to settle its current tax assets and liabilities on a net basis.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends this is when approved by the shareholders at the AGM.

End of service benefits

End of service benefits, due in certain regions to employees, are accrued over the service contract on a straight line basis.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the business model for which the asset was acquired.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a) Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost using effective interest rate method:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not hold any financial assets that meet conditions for subsequent recognition at fair value through other comprehensive income (“FVTOCI”). All other financial assets are measured subsequently at fair value through profit or loss (“FVTPL”).

1 Accounting policies *(continued)*

Financial assets (continued)

b) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets that are measured at amortised cost which comprise mainly trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired e.g. where there is no reasonable expectation of recovery due to customer liquidity position, lifetime expected credit losses along with interest income on a net basis are recognised.

a) De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets and financial liabilities are recognised in the Group statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1 Accounting policies *(continued)*

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss. Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The Group's financial liabilities measured at amortised cost comprise loans and other borrowings, equipment loans, finance leases, and other payables and accruals.

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

Foreign currency

For the purposes of the consolidated financial information, the results and financial position of each Group entity are presented in US Dollars.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are all recognised in the statement of profit or loss under profit from operations.

On consolidation, the results of overseas operations are translated into US Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Going Concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2020, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis having considered the financial projections of the Group for a period of at least 12 months from the date of signing the accounts.

On February 9th 2021 Kentech announced the acquisition of the Oil & Gas business of SNC-Lavalin ("Omega"). Completion of the acquisition is subject to customary closing conditions. The conditions are mostly procedural in nature and the acquisition is expected to complete in Q3 2021. It is not possible for Kentech or SNC-Lavalin to unilaterally pull out of the deal.

Financing for the acquisition will be secured through the issuance by Kent Global plc, a subsidiary of Kentech Corporate Holdings Ltd, of a $65m senior secured bond. Subject to customary conditions precedent, this bond will be drawn concurrently with the completion of the acquisition. The bond has a five year tenor, and pricing of

1 Accounting policies *(continued)*

Going Concern (continued)

10%. In addition to this, Bluewater PE will loan Kentech Corporate Holdings Ltd $20m. This loan has a twelve month tenor, at which point it will, unless repaid, convert to equity in the borrower. If against management's expectations the bond issue does not complete as expected then the Group has committed shareholder funding in place to finance the acquisition.

The going concern assessment has been made for both the Group's existing business as well as for the combined Kentech – SNC-Lavalin business. The assessment has firstly looked at the Group's operational, market and financing risks and considered additional impacts:

- Operational risk fundamentally relates to the Group's ability to safely access customer sites, continuation of activity at these sites and receiving requests for reduced pricing from customers. These risks are mitigated by a cost-efficient approach to how work is executed particularly in the event of demobilisation.
- Market risk for the Group is linked to the oil price which has an indirect impact on demand for services. Whilst the recent changes in the oil price may have a longer term impact on the business, in the short-to-medium term our strong backlog of $475m is protected as the majority of it relates to commissioning and maintenance works which continue in low oil price environments.
- Financing risk for the exiting business are largely mitigated due to the Group's positive working capital position as well as the RCF with HSBC for $6m, which is expected to be renewed in November 2021. Management have prepared downside scenarios which show that the business would remain cash positive even without renewal of the RCF. In the event of a worsening cash position, additional mitigating actions can be taken either permanently or temporarily to improve the short-term liquidity of the Group. The financing for the combined business has been explained above.

In response to the associated risks, the Directors have modelled various downside scenarios. The relevant scenarios include extended site shut-downs, additional site shut-downs, delayed customer payments and new projects facing delays. For example, even without the bond raise, the Group can sustain a decrease in revenue of 10% or a delay in payment by key customers of up to two months without requiring additional funding under both the existing group and combined group cash flow forecasts. The Group maintains cash headroom sufficient to operate as a going concern in all of these scenarios. No covenant breaches were forecast under both the existing group and combined group cash flow forecasts, nor were any breached at any testing stage in 2020. The covenants tested are gearing ratio, net debt to EBITDA, DSCR and Maximum leverage ratio.

The Directors also modelled a "reverse stress-test" in order to understand the point at which going concern would be challenged. This required a combination of the various business risks outlined above. The risk associated with this combined scenario is considered to be remote, as it would only follow a further significant and more severe global economic shut-down.

The Group has already taken mitigating actions to protect is liquidity in light of the global economic conditions. These include temporary and permanent salary reductions for executive and senior management, staff redundancies, freeze of capital expenditure and indirect recruitment, as well as, tightened controls on all other discretionary spend. Should the outlook deteriorate, the Group would be in a position to apply additional mitigation actions, either temporarily or permanently, to enhance short-term liquidity.

At the balance sheet date the Group had net assets of $38m (2019: $47m) and was holding combined cash of $10.7m (2019: $16.6m). The Group has a net debt to Adjusted EBITDA ratio of 0.41x (2019: -0.58x).

Having reviewed current performance, forecasts and risks, the Directors have a reasonable expectation that the Group can continue in operation, have adequate resources to meet its liabilities as they fall due and therefore continue as a going concern for the foreseeable future.

1 Accounting policies *(continued)*

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value assigned to assets acquired and liabilities assumed. Goodwill on acquisition of subsidiaries is separately disclosed and goodwill on acquisitions of associates and joint ventures is included within investments accounted for by the equity method. For the purpose of impairment testing, Goodwill from subsidiaries is allocated to each of the Group's CGU on the basis of historic revenues as a percentage of total group revenue.

A CGU or group of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU or group of CGUs may be impaired. If the recoverable amount of the CGU or group of CGUs is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU or group of CGUs and then to the other assets of the CGU or group of CGUs pro-rata on the basis of the carrying amount of each asset in the CGU or group of CGUs. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Intangible assets

Intangible assets acquired separately are capitalised at cost and intangible assets acquired in the course of a business combination are capitalised at fair value at the date of acquisition. Subsequent to initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses.
The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on the following basis:

- Software assets – 3 years on a straight line basis to Other Administrative Expenses
- Revenue backlog – Based on forecast discounted cash flows to Cost of Sales
- Customer relationships – 6 years on a straight line basis to Cost of Sales

Impairment of property, plant and equipment and other intangible assets

At each reporting date, the Group reviews the carrying amount of its tangible and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease, any excess will be recognized as profit and loss.

Impairment of property, plant and equipment and other intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit ("CGU") is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies *(continued)*

Inventory

Inventory includes materials and supplies that are used in providing services.

Costs include all costs of purchases (including taxes, transport and handling), net of discounts received, cost of conversion and all costs incurred in bringing the inventories to their present location and condition, measured at the lower of cost and net realisable value.

Invoice discounting

Amounts due in respect of invoice discounting are separately disclosed as current liabilities. The Group can use these facilities to draw down a percentage of the value of certain sales invoices. The management and collection of trade receivables remains with the Group.

Joint Operations

The Group holds interest in joint operations. In a joint operation the partners that have joint control have rights to the underlying assets, liabilities, revenues and expenses of the joint arrangements.
Under a joint arrangement, which typically refers to an unincorporated vehicle, the Group records its contractual share of revenues, expenses, assets, liabilities and cash flows on a line by line basis in accordance with the relevant accounting policy of the Group for such items. Intercompany transactions are eliminated on consolidation.

Non-controlling interests

The Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Onerous Contract Provision

Onerous contracts predominantly relate to the unavoidable costs to meet the minimum requirements of loss making contracts. Inherent uncertainties in measuring the provision relate to estimates of the unavoidable costs to be incurred to complete the contract or complete work to the minimum termination notice. The Group recognises onerous contract provisions as they occur.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, costs include directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer with interim valuations performed by the directors with reference to market trends. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve.

Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates on a straight line basis:

1 Accounting policies *(continued)*

Property, plant and equipment (continued)

Property	-	20 years
Plant and machinery	-	5 years
Motor vehicles	-	4 years
Office equipment	-	3 years

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. If material, the excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the consolidated statement of comprehensive income (e.g. through depreciation or impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

Pensions

All pension schemes are defined contribution schemes.

The Group contributes to a separately administered pension fund in order to provide retirement benefits for certain employees.

The Group also contributes to industry-wide pension schemes in certain jurisdictions. As the Group is a very small part of such schemes they are accounted as if defined contribution scheme.

Annual contributions are charged to the statement of comprehensive income on an accruals basis. Benefits for other employees are funded through relevant state schemes.

Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue represents amounts receivable in respect of sales of $194,945,203 (2019: $232,092,789). Revenue represents only sales for which contracts have been agreed and for which the product has been delivered to the purchaser in the manner set out in the contract. Revenue is stated net of any applicable sales taxes.

The Company enters into 3 types of contracts, Reimbursable Contracts, Unit Rate/Lump Sum Contracts and Maintenance Contracts.

Reimbursable contracts

Revenues from cost-plus reimbursable contracts relate to the provision of services and include distinct performance obligations. The services obligations are satisfied over time given the customer simultaneously receives and consumes the benefits provided by the Group. The revenue is measured using the input method which is based on work spent, this measured through timecards and using applicable contracted rates.

Unit rate/lump sum contracts

Revenues from unit rate contracts are fixed price contracts for the delivery of work, for example engineering and procurement contracts. These types of contracts are satisfied over time, since the customer controls the asset as it is built in a location which is controlled by the customer, The construction creates an asset that does not have an alternative use other than what it was designed for and the Group is entitled to collect payment for services as construction is completed. The customer simultaneously receives and consumes the benefits provided by the Group.

1 Accounting policies *(continued)*

Revenue (continued)

Lump sum contracts contain distinct goods and services, but these are not distinct in the context of the contract and are therefore combined into a single performance obligation. At contract inception the management generally considers the following factors to determine whether the contract contains a single performance obligation or multiple performance obligations.

Revenues from lump sum contracts and unit-rate contracts are recognized using the output method in line with completion of obligations, which consists of recognizing revenue on a given contract proportionately with its stage of completion at any given time. Output is measured using based on the work completed this is corroborated by obtaining quantity surveyor reports.

Contract modifications are generally not distinct from the existing contracts due to the significant integration service provided in the context of the contract and are accounted for as a modification of the existing contract and performance obligation, with a cumulative catch-up adjustment to revenue.

Variable consideration, e.g. variation orders are assessed either using the expected value approach (i.e. the sum of probability weighted amounts in a range of possible consideration amounts) or the most likely amount method (i.e. the single most likely outcome of the contract)

Maintenance contracts

In a long-term maintenance contract the company is obliged to perform a number of set, regular tasks for preventative maintenance plus complete additional one off projects such as fix any problems arising on a plant over the duration of the project and also to plan for any shut-downs that may occur. These contracts are typically fixed, long term nature (between 3-5 years) and give rise to a steady, known return with a stable work force. Revenue on maintenance is recognised at a point in time as the work is delivered. The revenue Is calculated via the agreements for routine maintenance and in line with the rate cards for the one-off services. All devices under the contracts are distinct.

The Company recognises 100% of the revenue on delivery of agreed services where it is considered highly probable there will be no reversals. The performance obligation and associated revenue from customers is recorded when the agreed services are delivered to the customer in accordance with the contract terms. On completion of services, control is considered to have passed to the customer with the Company having right to payment.

Modifications to the agreements are usually considered be distinct as the services being delivered are distinct.

Right of use asset

A right-of-use asset and lease liability will be recognised at the lease commencement date. The lease liability will be recognised at the present value of all future lease payments discounted using an appropriate discount rate. Discount rates are based upon interest rates for the relevant country. Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 12).

Subsequent measurement of the lease liability decreases the liability by lease payment made and increases it by the interest cost. It is subject to re-measurement when there is change in lease term of discount rate. The right-of-use asset is subsequently depreciated over the term of the lease.

1 Accounting policies *(continued)*

Right of use asset (continued)

The group has applied judgement when assessing lease terms for leases where there is an option to renew.

Only when the group has reasonable certainty that the renewal options will be exercised the right of use asset is adjusted for this extension. Events which would lead to a renewal option being exercised is dependent on project and contract life.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Share Based Payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received. If fair value of goods and services cannot be attained, the share based payments is recognized at the fair value of the equity at grant date

Taxation

Current tax is provided on the Group’s taxable profits in each jurisdiction at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted at the reporting date.

Trade and other payables, borrowings, other financial liabilities

Trade and other payables, bank borrowings and other financial liabilities classified as financial liabilities are recognised initially at fair value and subsequently at amortised cost.

1 Accounting policies *(continued)*

Trade and other payables, borrowings, other financial liabilities (continued)

Borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Changes in accounting policies

a) New standards, interpretations and amendments adopted from 1 January 2020

Other standards

New standards that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the Group are:

• IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
• Revisions to the Conceptual Framework for Financial Reporting

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

• Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
• Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
• References to Conceptual Framework (Amendments to IFRS 3).

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

The following are the critical judgements and estimates that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

2 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

Revenue recognition and long term contract accrued income

The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors such as potential variances in scheduling and cost of materials along with the availability and cost of qualified labour and subcontractors, productivity, and possible claims from subcontractors.

The determination of anticipated revenues includes the contractually agreed revenue and may also involve estimates of future revenues from claims and unapproved variations, if such additional revenues can be reliably estimated and it is considered probable that they will be recovered. A variation results from a change to the scope of the work to be performed compared to the original contract signed. An example of such contract variation could be a change in the specifications or design of the project, whereby costs related to such variation might be incurred prior to the client's formal contract amendment signature. A claim represents an amount expected to be collected from the client or a third party as reimbursement for costs incurred that are not part of the original contract. A modification is only then accounted for as a separate contract if the goods and services are distinct in that the customer can benefit from the good or service on its own. In both cases, management's judgments are required in determining the probability that additional revenue will be recovered from these variations and in determining the measurement of the amount to be recovered.

As risks and uncertainties are different for each project, the sources of variations between anticipated costs and actual costs incurred will also vary for each project. The long-term nature of certain arrangements usually results in significant estimates related to scheduling and prices.

The determination of estimates is based on internal policies as well as historical experience. Furthermore, management regularly reviews underlying estimates of project profitability.

Onerous Contract Provision

The determination of the minimum unavoidable loss to complete a contract is based on estimates that could be affected by a variety of factors including cost of materials, cost of labour, productively and variations. Management reviews all contracts on a regular basis to identify indications that a contract may be onerous. Where sufficient evidence exists that a contract will be onerous Management provide for the total anticipated loss on the contract immediately.

Goodwill impairment

In performing impairment reviews for goodwill, Management is required to estimate the value in use of the CGU or group of CGUs to which goodwill has been allocated. At the beginning of 2020 management determined that the composition of the CGUs had changed from a regional basis to a service line basis. This change is aligning the CGUs to the management reporting and the way in which the business is managed. The value in use calculation requires management to estimate future cash flows expected to arise from the CGU or group of CGUs and a suitable discount rate (15%) in order to calculate present value. A key assumption on which management has based its recoverable amount is the growth rate and the range that has been used is 5% to 10%.

Cash flows for each CGU or group of CGUs are derived from the budget for the upcoming year and a long-term forecast prepared by management, which covers an additional period from three to five years.

The long-term forecast, which is prepared on an annual basis by the Group's senior management and is approved by the Directors, is the primary source for the determination of value in use. Cash flows beyond the long-term forecast are extrapolated using an appropriate inflation rate. The discount rate is derived from the Group's post-tax weighted average cost of capital and is adjusted where applicable to take into account any specific risks.

2 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

Other tangible and intangible assets impairment (continued)

When there is any indication that the tangible and intangible assets other than goodwill have suffered an impairment loss, the determination of the recoverable amount of tangible and intangible assets other than goodwill requires management to estimate cash flows expected to arise from these assets and a suitable discount rate in order to calculate the present value in a manner described above for goodwill.

The identification of events that could have an impact on the estimated cash flows of the assets and the determination of these estimated cash flows require the exercise of judgment, which might result in significant variances in the carrying amount of these assets if found to be impaired.

Taxation

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets liabilities in the period in which such determination is made.

3 Revenue

All income arises from the principal activity undertaken by the group.

The following is an analysis of the group's revenue for the year from continuing operations.

	2020 $	2019 $
Revenue from rendering of services	149,526,046	175,093,071
Long term contract revenue	45,419,157	56,999,718
	194,945,203	**232,092,789**

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided below.

Of the contract liability held at 31st December 2020 $2,987,600 (2019: $1,523,313) was recognized in the current year.

12 months ended 31 December 2020

Type of goods or service	STS	CHU	TMM	Total
Lump Sum/Unit Rate	40,692	40,637,605	2,381,560	43,059,857
Reimbursable	89,839,040	4,781,550	6,730,850	101,351,440
Maintenance	-	-	50,533,906	50,533,906
Total revenue from contracts with customers	**89,879,732**	**45,419,155**	**59,646,316**	**194,945,203**

12 months ended 31 December 2019

Type of goods or service	STS	CHU	TMM	Total
Lump Sum/Unit Rate	-	54,460,295	2,535,182	56,995,477
Reimbursable	96,312,446	9,896,760	13,055,389	119,264,595
Maintenance	-	-	55,832,717	55,832,717
Total revenue from contracts with customers	**96,312,446**	**64,357,055**	**71,423,288**	**232,092,789**

There has been no material cumulative catch-up adjustment in the year, and no material changes to contract assets.

- STS – Specialised technical services
- CHU – Construction and hook-up
- TMM – Turnarounds, maintenance, and modifications

4 Financial risk management

The Group is exposed through its operations to the following financial risks:

- Market risk
- Liquidity risk
- Foreign exchange risk
- Credit risk
- Interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from last year unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows;

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts and invoice discounting
- Obligations under Finance Leases

Financial Assets	**2020**	**2019**
	$	**$**
Cash and cash equivalents – note 26	10,664,616	16,553,831
Trade and other receivables – note 17	52,668,802	48,485,876
Total financial assets	**63,333,418**	**65,039,707**

All financial assets are measured at amortised cost and are categorised as loans and receivables.

Financial Liabilities	**2020**	**2019**
	$	**$**
Trade and other payables – note 20	40,445,175	40,503,038
Loans and borrowings – note 25	12,075,388	7,851,939
Lease obligations under IFRS 16 – note 12	2,006,804	3,483,548
Total financial liabilities	**54,527,367**	**51,838,525**

All financial liabilities are categorised as amortised cost.

In the opinion of the board, the fair value of the financial assets and financial liabilities at the year-end does not differ significantly from the value being carried at in the statement of financial position.

4 Financial risk management *(continued)*

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of objectives and policies to the Group's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Market risk

Market risk arises from the Group’s use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors. The policies for interest rate and currency risk are laid out below.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Cleared funds, overdrafts and loan facilities with banks are monitored regularly by senior management and it is the Group’s policy to keep surplus funds on interest bearing deposits. The table below details the maturity of the Group’s non-derivative financial liabilities as at 31 December:

	Up to 1 year $	**1 – 5 years $**	**5+ years $**	**Total $**
At 31 December 2020				
Trade and other payables (excluding taxes - note 20)	34,343,571	-	-	34,343,571
Bank loans & credit facilities (note 25)	12,075,388	-	-	12,075,388
Lease obligations under IFRS 16 – note 12	1,685,919	369,017	-	2,054,936
	48,104,878	**369,017**	**-**	**48,473,895**

	Up to 1 year $	**1 – 5 years $**	**5+ years $**	**Total $**
At 31 December 2019				
Trade and other payables (excluding taxes - note 20)	36,560,329	-	-	36,560,329
Bank loans & credit facilities (note 25)	7,851,939	-	-	7,851,939
Lease obligations under IFRS 16 – note 12	1,900,072	1,820,997	-	3,721,069
	46,312,340	**1,820,997**	**-**	**48,133,337**

The balances above exclude taxes which are not classified as financial liabilities under IFRS 7 disclosures.

4 Financial risk management *(continued)*

General objectives, policies and processes
Liquidity risk (continued)

	Banks and other loans	Lease Liabilities Current	Lease Liabilities Non-Current	Contract Liability
	$	**$**	**$**	**$**
At 1 January 2020	7,851,939	1,900,072	1,583,476	2,987,600
Cashflows	4,303,881	(1,628,407)	-	(2,987,600)
Movement	-	1,414,254	(1,424,254)	414246
FX	(80,432)	-	161,662	-
At 31 December 2020	**12,075,388**	**1,685,919**	**320,884**	**414,246**

	Banks and other loans	Lease Liabilities Current	Lease Liabilities Non-Current	Contract Liability
	$	**$**	**$**	**$**
At 1 January 2019	9,037,930	-	-	1,523,313
Cashflows	(1,266,356)	(2,081,592)	-	(1,523,313)
Movement	-	3,981,664	1,583,476	2,987,600
FX	80,365	-	-	-
At 31 December 2019	**7,851,939**	**1,900,072**	**1,583,476**	**2,987,600**

Foreign currency risk

The financial statements are presented in US Dollars, which represent the primary economic currency in which the Group operates. The Group is exposed to foreign currency risk on sales, purchases, working capital and borrowings that are denominated in a currency other than US Dollars.

In 2020, the currencies giving rise to such risks were primarily: Euro, Russian Rouble, Kazakhstan Tenge, Great British Pounds and Australian Dollar. Exchange rate risk is managed at the subsidiary levels by ensuring that as far as possible income and expenses are denominated in the functional currency for the region. Total exchange losses/gains for the year arose as follows:

	$
Trading balances – foreign exchange unrealised gain	1,066,627
Financing balances – foreign exchange loss on translation	(71,521)
Total gain on foreign exchange translations	**995,106**

As of 31 December 2020 and 31 December 2019, the Group's net exposure to foreign exchange risk was as follows:

4 Financial risk management *(continued)*

Net Foreign Currency financial assets/(liabilities)	Sakhalin		Australia	
	2020	2019	2020	2019
EUR	-	(17,134)	-	(7,016)
USD	3,562,668	5,368,740	2,169,958	701,411
AED	-	-	-	-
GBP	-	-	-	-
KZT	-	-	-	-

Net Foreign Currency financial assets/(liabilities)	Kazakhstan		EURO Base Business Units	
	2020	2019	2020	2019
EUR	-	(91,947)	-	-
USD	(5,161,178)	(2,531,471)	(28,469,921)	23,474,048
AED	-	(59,203)	-	-
GBP	-	-	10,920	28,809
KZT	-	-	(182,793)	67,268
KWD	-	-	(692,240)	(108,401)

Net Foreign Currency financial assets/(liabilities)	UK		Egypt	
	2020	2019	2020	2019
EUR	-	-	-	-
USD	1,064,838	(606,313)	(6,254,351)	(2,590,960)
AED	-	-	-	-
GBP		-	7,439,335	7,791,469
KZT	-	-	-	-
KWD	-	-	-	-

The following table sets out the impact of a 1% increase or decrease in the listed exchange rates:

Exchange Rate Impact:	2020	2019
	$	$
Euro/US Dollar	(870,396)	(104,053)
Russian Rouble/US Dollar	(77,011)	(83,918)
Kazakhstan Tenge/US Dollar	(77,195)	(98,374)
Australian Dollar / US Dollar	(19,936)	(23,530)
Egyptian Pound / US Dollar	(20,606)	(49,537)
Great British Pound/ US Dollar	9,927	2,699

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. The Group manages this risk by either only contracting with “blue-chip” clients or performing detailed credit checks on new clients.

At the reporting date there were three customers with receivables due, representing between 35% and 40% of the total receivables. (2019 – Three customers). This is not considered a significant risk given they are existing long term clients. The maximum exposure to credit risk is represented by the carrying amount of each financial

4 Financial risk management *(continued)*

asset. The financial assets of the Group comprise trade and other receivables and cash. At 31 December 2020, the provisions for doubtful debts has increased to $2,518,907 (2019 - $2,274,345) which represents 3.8% (2019 – 4.4%) of trade receivables at that date.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables, which are neither past due nor impaired are set out in note 17.

	2020 Carrying Value $	2020 Maximum Exposure $	2019 Carrying Value $	2019 Maximum Exposure $
Cost				
Cash and cash equivalents (note 26)	10,664,616	10,664,616	16,553,831	16,553,831
Trade and other receivables due within one year (note 17)	61,191,748	61,191,748	61,173,918	61,173,918
Total financial assets	**71,856,364**	**71,856,364**	**77,727,749**	**77,727,749**

Interest rate risk

The financial assets of the Group comprise trade and other receivables and cash and cash equivalents. The trade and other receivables are non-interest bearing. The cash and cash equivalents earn interest at floating rates based on individual bank base rate.

Overdrafts, RCF and invoice discounting amounted to $9,718,929 at 31 December 2020 (2019 – $4,317,480). See note 25.

The financial liabilities of the Group comprise of loans and borrowings, finance leases, amount due to related parties, trade and other payables. The Group manages this risk by fixing interest rates at the time instruments are taken out.

If interest rates had been 1% higher/lower, and all other variables were held constant, the Group’s profit for the year at 31 December 2020 would decrease / increase by $9,836 (2019: $13,341).

5 Capital management

The Group manages its capital to ensure that the Group is able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of financial liabilities, cash and cash equivalents, a convertible loan note and total equity.

The Group’s management reviews the capital structure on a yearly basis. As part of the review, management considers the cost of capital and risks associated with it. The Group’s overall strategy on capital risk management is to continue to improve the ratio of debt to equity. Furthermore during 2019, a central Treasury function was established to enhance efficiency of capital management across the wider group.

The main areas of capital management revolve around working capital management and compliance with externally imposed financial covenants. The components of working capital management include monitoring age of receivables, receivables days, payables days, balance sheet reforecasting, period projected loss, bi-

5 Capital Management (continued)

weekly cash flow forecasts and daily cash balances. Major investment decisions are based on reviewing the expected future cash flows and all major capital expenditure requires approval by the Board. There were no changes in the Group's approach to capital management during the period.

The unadjusted gearing ratio of the Group for the years presented is as follows:

	2020 $	2019 $
Short term debt (Note 25)	12,075,388	7,851,939
Less: Cash and cash equivalents (Note 26)	(10,664,616)	(16,553,831)
Net debt/(cash)	1,410,772	(8,701,892)
Equity	38,353,440	46,609,821
Net debt: Equity ratio	0.04	-0.19

6 Adjusted EBITDA

The Groups management has identified certain measures that it believes will assist understanding of the performance of the business. As the measures are not defined under IFRS they may not be directly comparable with other companies' measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, however management has included them as they are considered to be important comparable and key measures used within the business for assessing performance. These measures are explained further below:

Adjusted EBITDA is calculated by first calculating the EBITDA for the Group and then adjusting this for certain non-trading items that management do not believe represent the underlying performance

	Year end 2020	Year end 2019
Total reported profit/(loss)	**(5,898,965)**	**4,580,921**
Adjustments		
Other finance costs (interest on short term financing) - note 9	980,026	1,145,422
Unrealised loss on foreign exchange translation	(1,066,627)	778,223
Tax expense - note 10	3,969,252	1,499,340
Depreciation of fixed assets - note 11	1,730,579	1,830,062
Hexagon house excess impairment – note 18	-	282,277
Amortisation of intangible assets - note 13	1,933,333	2,636,685
Share option expense – note 30	406,421	268,205
Redundancy	1,344,854	-
Acquisition related costs	2,927,536	-
IFRS 16 depreciation – note 12	1,751,118	2,034,391
Adjusted EBITDA	**8,077,526**	**15,055,526**

7 Employees and remuneration

	2020 $	2019 $
Staff costs		
Wages and salaries (including social welfare)	121,578,605	124,169,363
Pension costs	1,611,269	2,157,256
	123,189,874	**126,326,619**

The average weekly number of employees during the year was as follows:

	2020 No.	2019 No.
Average number of employees	**2,517**	**3,293**

8 Finance income

	2020 $	2019 $
Finance Income/(Expense) (related unrealised gain on forex)	1,328,191	(897,540)
Total Finance Income/(Expense)	**1,328,191**	(897,540)

9 Finance costs

	2020 $	2019 $
Interest on bank loans and overdrafts	529,034	357,099
IFRS 16 Interest	122,711	198,455
Banking and bond charges	328,281	589,868
Total interest expense	**980,026**	**1,145,422**

10 Income tax expense

Current tax expense in respect of the current year arises in the following locations:

	2020 $	2019 $
Guernsey	-	-
Overseas	3,962,290	1,499,340
	3,962,290	**1,499,340**

Analysis of tax charge

Current tax expense in respect of the current year	3,962,290	1,689,214
Adjustments recognised in the current year in relation to the current tax of prior years'	-	(685,176)
	3,962,290	1,004,038
Deferred tax expense relating to the origination and reversal of temporary timing differences	(14,958)	487,681
Other taxes	21,920	7,621
Tax expense relating to continuing operations	**3,969,252**	**1,499,340**

The expense for the year can be reconciled to the accounting profit (loss) as follows:

	2020 $	2019 $
Profit/(loss) before tax	(1,929,713)	6,080,261
Profit/(loss) on ordinary activities at the standard rate of tax in Guernsey of nil% (2019 - nil%)	-	-
Impact of higher tax rates on profits arising overseas	1,230,749	620,728
Irrecoverable withholding taxes	2,731,541	383,310
Other non-deductibles	6,962	495,302
Total tax expense	**3,969,252**	**1,499,340**

The profit is assessed at various tax rates including those in Egypt, Albania, Saudi Arabia, Oman, Kuwait, Qatar, Iraq, Kazakhstan, Russia, Canada and the US.

Current tax assets and liabilities	2020 $	2019 $
Current tax assets:		
Tax refund receivable	2,656,963	2,567,231
Current tax liabilities:		
Income tax payable	**3,212,007**	**2,971,918**

10 Income tax expense (continued)

Irrecoverable withholding tax is made up of the following:

- $1.2m of withholding tax which was originally recoverable, however due to a change in the operations of a Group company this will now longer be recoverable and this has been written off in the year
- $1.1m relates to tax that has been withheld at source in respect of the company's foreign branch operations. This is a standard method of collecting taxes on a foreign company's local operation by applying withholding taxes at a gross rate.
- $0.4m relates to withholding taxes on services provided. The Group company is not subject to tax in its local jurisdiction, thus the withholding tax represents a final tax cost.

11 Property, plant and equipment

	Property $	Plant and machinery $	Motor vehicles $	Office Equipment $	Total $
Cost					
At 1 January 2019	**3,753,576**	**9,563,446**	**5,170,321**	**4,285,492**	**22,772,835**
Additions	472,380	661,917	-	1,329,732	2,464,029
Disposals	-	-	(80,759)	(71,222)	(151,981)
Transfers to HFS	(1,078,231)				(1,078,231)
At 31 December 2019	**3,147,725**	**10,225,363**	**5,089,562**	**5,544,002**	**24,006,652**
Additions	4,657	247,845	13,975	279,166	545,643
Disposals	-	(36,581)	(46,847)	(13,109)	(96,537)
Foreign exchange movements	(93,330)	(137,144)	(51,531)	(65,178)	(347,183)
At 31 December 2020	**3,059,052**	**10,299,483**	**5,005,159**	**5,744,881**	**24,108,575**
Depreciation					
At 1 January 2019	(982,312)	(7,510,610)	(5,179,426)	(3,757,872)	(17,430,220)
Charge for the year	(294,391)	(625,792)	(267,752)	(642,127)	(1,830,062)
Transfers to HFS	86,250				86,250
Disposals	-	-	80,759	46,392	127,151
Foreign exchange movements	(153,066)	(574,082)	416,506	36,839	(273,803)
At 31 December 2019	**(1,343,519)**	**(8,710,484)**	**(4,949,913)**	**(4,316,768)**	**(19,320,684)**
Charge for the year	(169,312)	(578,962)	(329,503)	(652,802)	(1,730,579)
Transfers to HFS	-	-	-	-	-
Disposals	-	14,023	274,218	13,109	301,350
Foreign exchange movements	(43,696)	69,754	40,083	3,837	69,978
At 31 December 2020	**(1,556,527)**	**(9,205,669)**	**(4,965,115)**	**(4,952,624)**	**(20,679,935)**
Carrying amount at 31 December 2020	**1,502,525**	**1,093,814**	**40,044**	**792,257**	**3,428,640**
Carrying amount at 31 December 2019	**1,804,206**	**1,514,879**	**139,649**	**1,227,234**	**4,685,968**

11 Property, plant and equipment *(continued)*

The fair value of land and buildings is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2020 $	2019 $
Opening balance (level 3 recurring fair values)	1,804,206	2,771,264
Other additions	4,655	472,383
Depreciation charge for the period	(169,312)	(294,391)
Foreign Exchange movements	(137,026)	-
Loss on unrealised foreign exchange rate movements		(153,069)
Transfers to HFS	-	(991,981)
Closing balance (level 3 recurring fair values)	**1,502,525**	**1,804,206**

Valuation Techniques used	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value**
Market comparable approach	Price per square meter Euro stated at year end Euro to USD rate of 1.041 Price per square Meter Tenge stated at year end, Tenge to USD rate of 381.13	Changes in square meter rates or currencies affect USD fair value.

The Kazakhstan property is used in the group’s operations in Kazakhstan and was part of the acquisition of the Josar group with a value of $1,017,011 as at June 2015. This is still deemed to be in line with the current market value.

Hexagon House in Cork, Ireland was part of the acquisition of the Josar group in 2015.This property was transferred to assets held for sale (HFS) at 31 December 2019. It has now been sold.

As part of the acquisition of the Netherlands maintenance projects in 2015 facilities were purchased at both the Moerdijk and Pernis sites and these were subject to an independent valuation. The valuation of $855,485 has been capitalised and is subject to depreciation due to the pre-fabrication nature of these facilities with a net book value at 31 December 2020 of $nil (2019 - $115,122).

12 Leases

This note provides information for leases where the group is a lessee. The group's leasing arrangements consist of leases for office buildings and vehicles.

a) Amounts recognised in the balance sheet

The balance sheet shows the following amount relating to leases of buildings and vehicles:

Right- of-use assets	**2020**	**2019**
	$	**$**
Cost		
At 1 January 2020	5,453,659	3,199,810
Additions	222,772	2,253,849
Disposals	-	-
Foreign exchange movement	86,413	-
At 31 December 2020	**5,762,844**	**5,453,659**
Depreciation		
At 1 January 2020	2,034,391	-
Charge for year	1,751,118	2,034,391
Disposals	-	-
At 31 December 2020	**3,785,509**	**2,034,391**
Carrying amount at 31 December 2020	**1,977,335**	**3,419,268**

Lease Liabilities	**2020**	**2019**
	$	**$**
At 1 January 2020	3,483,548	3,199,810
Additions	222,772	2,253,849
Interest expense	122,711	198,455
Lease payments	(1,732,622)	(2,081,529)
Foreign exchange movement	(89,606)	(87,037)
	2,006,803	**3,483,548**

12 Leases (continued)

Lease Liabilities	**2020**	**1 January 2020**
	$	**$**
Current	1,685,919	1,900,072
Non-current	320,884	1,583,476
	2,006,803	**3,483,548**

b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right –of-use assets	**2020** **$**	**2019** **$**
Buildings	1,648,247	1,314,954
Vehicles	102,871	719,437
	1,751,118	**2,034,391**

Depreciation charge is inclusive of an interest amount of $122,711 (2019: $198,455)

Annual lease costs applicable for a short-term exemption totalled $134,894 (2019: $3,259) and related to printer costs and short term office rental.

13 Intangible assets

In June 2015, the Group completed its acquisition of Josar Holdings Limited group (Trading as Kentech Group), which resulted in recognition of intangible assets by the Group in relation to customer backlogs and sales pipeline.

The customer backlog relates to secured future work and is amortised in line with future cash flows.
The sales pipeline relates to weighted potential future work at the time of acquisition, the amortisation period is six years.

	Software $	Customer Related Backlog $	Sales Pipeline $	Total $
Cost				
At 1 January 2019	7,477,471	523,058	10,478,374	18,478,903
Additions	651,283	-	-	651,283
Disposals	-	-	-	-
At 31 December 2019	**8,128,754**	**523,058**	**10,478,374**	**19,130,186**
Additions	**544,463**	-	-	544,463
Disposals	-	-	-	-
At 31 December 2020	**8,673,217**	**523,058**	**10,478,374**	**19,674,649**
Amortisation				
At 1 January 2019	(7,299,931)	-	(5,624,710)	(12,924,641)
Charge for the year	(160,221)	(523,058)	(1,953,406)	(2,636,685)
At 31 December 2019	**(7,460,152)**	**(523,058)**	**(7,578,116)**	**(15,561,326)**
Charge for the year	-	-	(1,933,333)	(1,933,333)
At 31 December 2020	**(7,460,152)**	**(523,058)**	**(9,511,449)**	**(17,494,659)**
Carrying amount at 31 December 2020	**1,213,065**	**-**	**966,925**	**2,179,990**
Carrying amount at 31 December 2019	**668,602**	**-**	**2,900,258**	**3,568,860**

14 Goodwill

	2020 $	2019 $
Goodwill	**11,981,897**	11,981,897

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The carrying amount of goodwill is allocated to the cash generating units (CGUs) based on historic revenues, as a percentage of total group revenue, as follows:

Service line	**Goodwill Allocated On Purchase** **$**	**Impairment** **$**	**2019** **$**	**Impairment** **$**	**2020** **$**
TMM	3,670,030	-	3,670,030	-	3,670,030
STS	8,311,867	-	8,311,867	-	8,311,867
Carrying amount	**11,981,897**	**-**	**11,981,897**	**-**	**11,981,897**

The recoverable amounts of all the above CGUs have been determined from value in use calculations based on projections from the formally approved 2021 forecast, which has been extended to five years using the inflation rate. Other major assumptions include a discount rate of 15% (2019: 15%) and a growth rate in line with industry expectations. Following the recalculation of the recoverable amount of each CGU, based on 2021 forecasted service line cash flows, management believe no impairment is required in 2021 as no significant changes have been made in relation to the strategic plans of the regions.

A key assumption on which management has based its recoverable amount is the growth rate and the range that has been used is 5% to 10%. There is no impairment if growth rate is nil.

Management has evaluated allocating goodwill to the different Service Lines as required by IAS 36 following reorganisation of its business. Based on review of the business, Management concludes that Goodwill can be allocated to the different Service Lines due to the following reasons:

A pool of assets exists for each service line either within the Service Line, or centrally, to support the service lines.

All resources (including manpower resources, assets etc.) across these two Service Lines are purchased/allocated considering each Service Line as a single cash generating unit.

Given the above and as permitted by IFRS, Management has aggregated the various Service Lines into single cash generating units (CGU) based on the Services Line how the common pool of assets are managed Management has therefore determined the following CGUs TMM and STS.

15 Subsidiary entities & joint arrangements

Subsidiary Companies	Country of Incorporation or Registration	Class of Shareholding	Holding	Nature of Business
Kentech Group DMCC	UAE	Ordinary	100%	Management Services
Kentech Global DMCC	UAE	Ordinary	100%	Project Management
Kentech Global Services BV	Netherlands	Ordinary	100%	Project Management
Kentech Pernis BV	Netherlands	Ordinary	100%	Project Management
Kentech Moerdijk BV	Netherlands	Ordinary	100%	Project Management
Kentech Holdings BV	Netherlands	Ordinary	100%	Holding Company
Kentech Kazakhstan Technical Services LLP	Kazakhstan	Ordinary	100%	Project Management
Kentech Kyzmet LLP	Kazakhstan	Ordinary	50%*	Project Management
Kentech Egypt	Egypt	Ordinary	100%	Project Management
Kentech International Electrical Equipment & Contracting Company WLL	Kuwait	Ordinary	49%*	Project Management
Kentech Qatar Technical Services WLL	Qatar	Ordinary	49%*	Project Management
Kentech Sakhalin Technical Services LLC	Russia	Ordinary	50%*	Project Management
Kentech Eurasia LLC	Russia	Ordinary	50%	Project Management
Kentech Saudi Arabia LLC	Saudi Arabia	Ordinary	51%*	Project Management
Kentech Contracting LLC	Oman	Ordinary	70%*	Project Management
Kentech Australia Pty Limited	Australia	Ordinary	100%	Project Management
Kentech Technical Services LLC	USA	Ordinary	100%	Project Management
Kentech Project Maintenance & Engineering Limited	Canada	Ordinary	100%	Project Management
Kentech (Shenzhen) Engineering Ltd	China	Ordinary	100%	Project Management
Kentech Senegal SUARL	Senegal	Ordinary	100%	Project Management
Kentech Trinidad Technical Services Limited	Trinidad & Tobago	Ordinary	100%	Project Management
Kentech Gulf Holdings Limited	UAE	Ordinary	100%	Management Services
Josar Holdings Limited	Ireland	Ordinary	100%	Holding Company
Kentech Group Limited	Ireland	Ordinary	100%	Holding Company
Kentech Group Holdings Limited	Ireland	Ordinary	100%	Holding Company
Kentech International Limited	Ireland	Ordinary	100%	Management Services & Project Management
Hexagon Properties Limited	Ireland	Ordinary	100%	Property Rental
Hexakom Limited	Ireland	Ordinary	100%	Holding Company
Tandil Limited	Cyprus	Ordinary	100%	Management Services
Kentech Caspian Limited	Isle of Man	Ordinary	100%	Management Services

15 Subsidiary entities & joint arrangements (continued)

Kentech Engineering & Construction Limited	Isle of Man	Ordinary	100%	Management Services
Kentech Technical Services Singapore Pte Ltd	Singapore	Ordinary	100%	Management Services
Kentech Mozambique LDA	Mozambique	Ordinary	100%	Management Services
PT Kentech Group Indonesia	Indonesia	Ordinary	100%	Management Services
Kentech Guyana Technical Services Inc Guyana	Guyana	Ordinary	100%	Management Services
Kentech Iraq Branch	Iraq	Ordinary	100%	Management Services

*Due to the nature of the ownership structures and the rights to control the operating and strategic decision making, these companies are consolidated as 100% subsidiaries, with provision made for any amounts due to the company's partners and any relevant non-controlling interest considering all relevant agreements.

The structures arise due to local legislative requirements in some of the countries of operation. The basis of consolidation is described in Note 1.

Joint Arrangements

Kentech Corporate Holdings Limited has interests in the following Joint Operations all of which have been included in these consolidated financial statements based on the proportionate consolidation method.

Joint Operations Companies	Country of Incorporation or Registration	Class of Shareholding	Holding	Nature of Business
KSJV Unincorporated JV	Australia	N/A	50%	Project Management
KSJV Services PTY Ltd	Australia	Ordinary	50%	Project Management
MKJV Unincorporated JV	Australia	N/A	50%	Project Management
MKJV Services PTY Ltd	Australia	Ordinary	50%	Project Management

The group has a 50% (2018: 50%) interest in unincorporated joint operations, KSJV and MKJV, in Australia which has been included in the consolidated financial statements on a line by line basis. The following amounts have been recognised in the group's consolidated statement of financial position and statement of comprehensive income relating to this joint venture. KSJV Services PTY Ltd and MKJV Services PTY Ltd act as service companies supplying labour to KSJV and MKJV and is eliminated against the unincorporated JVs with the net effect showing below.

	2020 $	2019 $
Current assets	30,949	431,304
Current liabilities	(30,957)	(70,158)
Net assets/liabilities	(8)	361,146
Income	-	1,508,205
Expenses	(2,960)	(1,584,486)
Profit/(loss) after tax	**(2,960)**	**(76,281)**

15 Subsidiary entities & joint arrangements (continued)

The group's share of KSJV's contingent liabilities and capital commitments is $nil (2019: $nil) and $nil (2019: $nil) respectively. KSJV and MKJV are self-funding based upon project cash flows.

16 Inventories

	2020	**2019**
	$	**$**
Inventories	**803,548**	672,928

The amount of inventory charged to cost of sales in the year is $488,466 (2019:$17,210)

17 Trade and other receivables

Trade and other receivables due within one year	**2020**	**2019**
	$	**$**
Trade receivables	19,705,869	22,401,555
Provision for impairment of trade receivables	(1,826,793)	(1,974,211)
	17,879,076	20,427,344
Contract asset	30,309,821	29,871,325
Provision for impairment of contract assets	(365,134)	(300,134)
	29,944,687	29,571,191
Prepayments and other debtors	2,801,616	3,017,203
Retentions	5,743,615	4,110,201
Loans to related companies	-	247,877
Loans to directors and staff	102,196	56,227
Deposits held against trade finance	1,385,898	1,718,372
VAT receivable	3,334,660	2,025,503
Trade and other receivables due within one year	**61,191,748**	**61,173,918**
Trade and other receivables due in more than one year		
Retentions due after more than one year	**5,989,806**	**4,439,539**
Less Non- Financial Assets	(14,512,752)	(17,127,581)
Add: Non-current Financial Assets	5,989,806	4,439,539
Total Financial Assets	52,668,802	48,485,876

17 Trade and other receivables *(continued)*

Trade receivables analysed as

Relating to rendering of services	15,779,234	14,616,890
Relating to construction contracts	3,926,635	7,784,665
	19,705,869	**22,401,555**

At 31 December 2020 the expected credit loss provision for trade receivables and contract assets is $2,538,907. We reviewed various scenarios and weighed up the probabilities of clients defaulting on payment and whether the debts outstanding at the end of the prior period were recoverable.

Movements in the impairment allowance for trade receivables are as follows:

	2020 **$**	**2019** **$**
At 1 January under IFRS 9	2,274,345	4,145,939
Increase/(decrease) during the year	(147,418)	26,940
Receivable written off during the year as uncollectible	-	-
Unused amounts reversed	-	(2,198,668)
Provision for impairment of contract assets	65,000	300,134
At 31 December	**2,191,927**	**2,274,345**

The ageing of these receivables is as follows:

	2020 **$**	**2019** **$**
0 - 60 days	18,570,632	19,693,180
61 - 120 days	787,660	2,184,493
Over 120 days	347,577	523,882
	19,705,869	**22,401,555**

Normal credit terms are up to 120 days. Amounts past due not impaired are considered recoverable given subsequent receipts, assessments of the credit quality of counterparts and factors such as payment history and ongoing relations. Provisions against trade debtors are made based on review by the directors on any indication that the clients is in financial distress. Trade debtors undergoes regular management review and based on likelihood of realization write off decisions are taken.

18 Held for Sale Assets

	2020 $	2019 $
Hexagon House	280,618	927,975
Impairment	-	(647,357)
Sold	(280,618)	-
	-	**280,618**

Hexagon House in Cork, Ireland was part of the acquisition of the Josar group in 2015. The group has sold the asset in 2020. As the consequence of the above previously recognised revaluation reserves have been derecognised and a further impairment was recognised in the prior year of $282,277 in the statement of profit and loss.

19 Current tax assets

Group	**2020** **$**	**2019** **$**
Corporation tax	**2,656,963**	2,567,231

20 Trade and other payables

Group	**2020** **$**	**2019** **$**
Trade payables and accruals	34,722,468	36,555,722
Advances received	(6,966)	4,607
Payroll/social security taxes	5,729,673	3,942,709
Current end of service benefit	371,931	-
	40,817,106	**40,503,038**

The carrying amount of trade and other payables approximates fair value. All trade and other payables fall due within one year. The average credit period on purchases is between 30 and 60 days. No interest is charged on the outstanding trade payable balance.

21 Contract liability

	2020 $	2019 $
Arising from sales invoices issued	**414,246**	**2,987,600**

The Contract liability arises as a result of sales invoices being issued before the transfer of goods or services to the customer. This revenue will be recognised as goods or services are transferred in future periods.

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22 Onerous Contract Provision

	2020 $	2019 $
Onerous Contract Provision	**942**	**255,632**

Onerous contracts predominantly relate to the unavoidable costs to meet the minimum requirements of loss -making contracts. This provision relates to FGP Substations project in Kazakhstan and is a provision for additional costs required in 2020 to close out the contract commitments.

23 Current tax liabilities

Group	2020 $	2019 $
Corporation tax	**3,212,007**	**2,971,918**

24 Other non-current liabilities

Group	2020 $	2019 $
Defined Contribution Plan	**3,328,198**	**3,931,392**

Defined Contribution Plan relates to amounts which will become due to some overseas employees under statute when their employment is terminated. This amount has not been discounted as the effect is insignificant.

25 Borrowings

	2020 $	2019 $
Current liability		
BWE loan (a)	2,356,459	3,534,459
Short- term revolving credit facility	5,864,137	363,516
Invoice discounting (b)	3,854,792	3,953,964
	12,075,388	**7,851,939**

Summary of borrowing arrangements:

a) On 26 June 2015, the Company secured a convertible loan of $32 million from BlueWater Energy (BWE) to finance the acquisition of Josar Holdings Limited. This loan was converted in to equity in the Company on 26 June 2018.

The loan attracted interest at a rate of 10%, payable in kind rather than in cash. The interest accrued and was added to the balance on each anniversary. On conversion of the principal to equity, the interest became payable in cash to BWE in eight equal quarterly instalments. The loan interest is due to be repaid in full in 2021.

b) The group has invoice discounting lines in Kazakhstan and Kuwait where certain receivables are used as security for short term working capital management, receivable value of $4,240,271 (2019: $4,349,360), the value of these short term financing loans is based on an amortized cost basis.

The Group has issued tender and performance guarantees amounting to $3,348,313 (2019 - $7,769,680) in relation to specific contracts. The board the likelihood of the bonds being called to be low.

26 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2020 $	2019 $
Cash and bank balances	**10,664,616**	**16,553,831**

Overdraft balances set out in note 25 are classified as debt rather than as cash and cash equivalents.

27 Deferred tax liability

	2020 $	2019 $
Deferred tax asset		
At the beginning of the year	4,339	166,373
Movement in deferred tax	3,378	(162,034)
Deferred tax asset at the end of the year	**7,717**	**4,339**
Deferred tax liability		
At the beginning of the year	(753,509)	(487,356)
Movement in deferred tax	79,379	(266,153)
Deferred tax liability at the end of the year	**(674,130)**	**(753,509)**
Total Deferred tax liability after offset of deferred tax asset	**(666,413)**	**(749,170)**

The deferred tax asset primarily arises due to timing differences in the recognition of employee termination payments in some jurisdictions and losses arising in jurisdictions where these losses are available to carry forward and future profits are expected in those jurisdictions.

28 Issued capital

	2020 $	2019 $
Authorised		
543,701 redeemable ordinary shares at US$1.00 per share	543,701	543,701
Issued and fully paid		
543,701 redeemable ordinary shares at US$1.00 per share	**543,701**	**543,701**

The share capital comprises the issued redeemable ordinary shares of the company at par.

29 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium

The share premium is the amount subscribed for share capital in excess of nominal value. This partly arose during:

- the acquisition of Josar in 2015 and is the difference between an external valuation of the group and the par value of the shares in the company that were issued as part of the transaction,
- the conversion of the loan from BWE.

Share option reserve

The share option reserve relates to the equity-settled share based remuneration schemes for employees.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Foreign exchange reserve

Gains/losses arising on retranslating the net assets of overseas operations into US Dollars.

Revaluation reserve

Gains/losses arising on the revaluation of the group's property (other than investment property).

30 Share-based payment

The company operates an equity-settled share based remuneration schemes for employees. Under the unapproved scheme, options vest if basic earnings per share increase on average by more than the retail price index over a 3 year period from the date of grant. In addition, the options will lapse if the individual leaves within 2 years of satisfying this criterion.

	2020 Weighted average exercise price (USD)	2020 Number	2019 Weighted average exercise price (USD)	2019 Number
Outstanding at 1 January	$0.01	51,653	$0.01	56,701
Granted during the year	$0.01	18,505	$0.01	3,496
Forfeited during the year	$0.01	(1,533)	$0.01	(8,544)
Outstanding at 31 December	**$0.01**	**68,625**	**$0.01**	**51,653**

The exercise price of options outstanding at 31 December 2020 ranged between $0.01 and $0.02 and their vesting period is 3 years and then contractual life is 5 years.

Of the total number of options outstanding at 31 December 2020, 68,625 (2019: 51,653) two thirds had vested and none were exercisable. The weighted average fair value of each option granted during the year was $203.71 (2019: $203.71).

The following information is relevant in the determination of the fair value of options granted during the year under the equity- and cash-settled share based remuneration schemes operated by the Group.

IFRS 2 requires Kentech to recognise as an expense in its accounts all unvested share-based payment transactions granted during its financial year, by reference to the fair value of those financial instruments at their respective grant date. The fair value of the options should be based on market prices, however since Options over Kentech's shares are not traded in the market, we have applied the Black-Scholes Option Pricing Model ("BSOPM") to determine the fair value of the Options. The value calculated by the BSOPM is a function of the market price of Kentech's shares at the respective Strike Price, the exercise price, the volatility of Kentech's shares, the current level of risk-free rates of return, the dividend yield and the time to exit of the Options.

30 Share-based payment *(continued)*

Exercise price and risk free interest rate used	Black-Scholes
Share price at date of grant (USD)	$203.71
Contractual life (in years)	1.83
Volatility relative to comparator index	20%
Dividend growth rate relative to comparator index	0%
Excise Price	$0.01
Risk Free Interest rate	2.63%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

The share-based remuneration expense (note 6) comprises:

	2020 **$**	**2019** **$**
Equity-settled schemes	**406,421**	**268,205**

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

31 Non-controlling interest

	2020 **$**	**2019** **$**
At beginning of year	1,037,189	884,384
Profit for the year attributable to non-controlling interests	1,355,525	1,122,295
Distribution on account to minority interest	-	(969,490)
At end of year	**2,392,714**	**1,037,189**

The acquisition of Josar included the non-controlling interest in the Kuwait subsidiary of 15%. Non-controlling interests comprise the non-controlling interests' share of cumulative profits and losses in the group, less their share of dividends paid.

32 Commitments

Capital commitments

At the end of the year commitments to buy equipment existed totalling $14,691 (2019: $14,070).

33 Pension costs

The group makes contributions to employees' personal pension plans. The pension charge of $2,079,223 (2019 $2,157,256) represents contributions payable by the group to these plans.

The company has arranged a pension scheme for its employees whereby the pension benefits are based on average pay. This pension scheme is administered by Pensioenfonds Metaal en Techniek. The premiums due for the financial year are recognized as costs. A short-term debt is recognized for premiums that have not yet been paid as at the balance sheet date. Since these liabilities are short-term in nature, they are valued at face value. The risks of wage developments, price indexation and investment returns on fund assets may lead to future adjustments in the annual contributions to the pension fund. These risks are not reflected in a provision included in the balance sheet. In the event of a deficit at the pension fund, the company has no obligation to pay additional contributions other than higher future contributions. At December 31, 2019 the pension fund had a coverage ratio of 96.3%. Pensioenfonds Metaal en Techniek wrote a recovery plan in 2019. If the funding ratio is below 110%, no indexation will take place. If the funding ratio exceeds 110%, partial indexation will take place. During the recovery period, the premium will gradually increase to the maximum allowed.

34 Related party transactions

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

Certain companies in the group have local partners due to local legislative requirements. The local partners also provide goods and services to the group as follows:

	Russia	**Oman**	**Qatar**	**KSA**	**Kuwait**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance due 1 January 2019	25,000	-	205,299	20,714	(512)	250,501
Goods and services provided during 2019	55,611	15,600	286,152	48,094	-	405,457
Payments made during 2019	(47,033)	(15,600)	(156,225)	-	-	(218,858)
Balance due 31 December 2019	**33,578**	**-**	**335,226**	**68,808**	**(512)**	**437,100**
Goods and services provided during 2020	62,602	15,600	276,149	13,609	-	367,960
Payments made during 2020	(83,578)	(15,600)	(276,334)	-	-	(375,512)
Balance due 31 December 2020	**12,602**	**-**	**335,041**	**82,417**	**(512)**	**429,548**

The following are the local partners who have legal shareholding in subsidiaries. Non-controlling interest, as detailed in note 31, is recognised to reflect the economic rights of the local partners which may differ to legal shareholdings in local jurisdictions:

- Russia: Mr Alexander Dashevsky
- Qatar: Sheikh Dr. Jassim Bin Nasser Bin Jassim Al-Thani
- Kuwait: Mr Attullah Al-Mutari

34 Related party transactions *(continued)*

BlueWater Energy has one representative on the board acting as director, Mr Mark Dickinson. This director does not receive remuneration from the group but the group does reimburse BlueWater Energy directly for costs relating to these services as follows:

	2020 $	2019 $
Costs reimbursed to BWE	-	12,282

Loans to directors and staff

	2020 $	2019 $
Directors	-	-
Other staff	102,196	56,227
Total loans to directors and staff (note 17)	**102,196**	**56,227**

35 Key management personnel

Key management personnel of Kentech Corporate Holdings Limited consist of the board of directors as they are responsible for planning, directing and controlling the activities of the group.

The remuneration of directors during the years presented was as follows:

	2020 $	2019 $
Salary	1,558,423	1,605,778
Director fees	307,981	359,925
Defined benefit scheme costs	227,536	92,423
Performance related pay	-	393,548
Total	**2,093,940**	**2,451,674**

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

36 Post balance sheet events

On 9th February 2021 the group signed a conditional SPA to purchase the Oil & Gas business of SNC-Lavalin Group Inc ("SNC"), a global integrated energy services provider operating in around 25 countries, with a workforce of approximately 7,000. The transaction will consist of the purchase of various legal entities as well as acquiring some trade and assets.

The acquisition is conditional on the completion of various milestones with completion is expected in Q3 2021. The transaction is priced on a cash free, debt free basis with a normal level of working capital, and the

36 Post balance sheet events (continued)

total consideration for the acquisition will depend on the consolidated balance sheet of the acquired companies at the date of acquisition.

We are acquiring the business to provide increased scale and capability to our existing business. The transaction will help accelerate Kentech's growth strategy and cement its position as a leading player in the international energy services market and we acquired the business through a typical M&A process. We expect to recognize goodwill based on the value of ongoing, long-term customer contracts; the benefit accruing to client relationships; the pipeline of identified future opportunities; and certain cost synergies.

Financing for the acquisition will be secured through the issuance by Kent Global plc, a subsidiary of Kentech Corporate Holdings Ltd, of a $65m senior secured bond. Subject to customary conditions precedent, this bond will be drawn concurrently with the completion of the acquisition. The bond has a five year tenor, and pricing of 10%. In addition to this, Bluewater PE will loan Kentech Corporate Holdings Ltd $20m. This loan has a twelve month tenor, at which point it will, unless repaid, convert to equity in the borrower. If against management's expectations the bond issue does not complete as expected then the Group has committed shareholder funding in place to finance the acquisition.

In addition to this financing, the Group has access to other liquidity through receivables financing, and a revolving credit facility. The Directors are confident that the Group has sufficient access to liquidity.