



## **ES GROUP (HOLDINGS) LIMITED**

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

### **ES GROUP (HOLDINGS) LIMITED**

### **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

*This announcement has been prepared by ES Group (Holdings) Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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### CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|  |      | Group                          |                                |                              |
|--|------|--------------------------------|--------------------------------|------------------------------|
|  | Note | Unaudited<br>HY2021<br>S\$'000 | Unaudited<br>HY2020<br>S\$'000 | Increase/<br>(Decrease)<br>% |
| <b>Revenue</b>   | 4    | <b>8,414</b>                   | <b>8,878</b>                   | <b>(5.2)</b>                 |
| Cost of services   |      | (8,207)                        | (7,459)                        | 10.0                         |
| <b>Gross profit</b>  |      | <b>207</b>                     | <b>1,419</b>                   | <b>(85.4)</b>                |
| Other operating income   | 17   | 1,164                          | 2,825                          | (58.8)                       |
| Administrative expenses  |      | (3,081)                        | (3,103)                        | (0.7)                        |
| Other operating expenses   |      | (916)                          | (636)                          | 44.0                         |
| Finance costs  |      | (81)                           | (91)                           | (11.0)                       |
| <b>(Loss)/Profit before share of results of a joint venture</b>  | 6    | <b>(2,707)</b>                 | <b>414</b>                     | <b>n/m</b>                   |
| Share of results of a joint venture  |      | 15                             | -                              | n/m                          |
| <b>(Loss)/Profit before income tax</b>   |      | <b>(2,692)</b>                 | <b>414</b>                     | <b>n/m</b>                   |
| Income tax expense   | 18   | 15                             | -                              | n/m                          |
| <b>(Loss)/Profit for the period</b>  |      | <b>(2,677)</b>                 | <b>414</b>                     | <b>n/m</b>                   |
| Other comprehensive income:  |      |                                |                                |                              |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                   |      |                                |                                |                              |
| Exchange differences on translation of foreign operation   |      | (28)                           | (9)                            | n/m                          |
| <b>Total comprehensive (loss)/income for the period</b>  |      | <b>(2,705)</b>                 | <b>405</b>                     | <b>n/m</b>                   |
| <b>(Loss)/Profit attributable to:</b>  |      |                                |                                |                              |
| Owners of the Company  |      | (2,427)                        | 774                            | n/m                          |
| Non-controlling interests  |      | (250)                          | (360)                          | (30.6)                       |
|  |      | (2,677)                        | 414                            | n/m                          |
| <b>Total comprehensive (loss)/income attributable to:</b>  |      |                                |                                |                              |
| Owners of the Company  |      | (2,435)                        | 769                            | n/m                          |
| Non-controlling interests  |      | (270)                          | (364)                          | (25.8)                       |
|  |      | (2,705)                        | 405                            | n/m                          |
| <b>(Loss)/Earnings per share <sup>1</sup> attributable to owners of the Company during the period:</b> |      |                                |                                |                              |
| Basic <sup>2</sup> (SGD in cent)   |      | (1.72)                         | 0.55                           |                              |
| Diluted <sup>2</sup> (SGD in cent)   |      | (1.72)                         | 0.55                           |                              |

n/m: not meaningful

<sup>1</sup> Computed based on (loss)/profit attributable to owners of the Company for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

<sup>2</sup> As there are no dilutive potential ordinary shares that were outstanding during the respective financial periods, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.



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### B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

|  | Note | Group                             |                                  | Company                           |                                  |
|--|------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|  |      | Unaudited<br>30/6/2021<br>S\$'000 | Audited<br>31/12/2020<br>S\$'000 | Unaudited<br>30/6/2021<br>S\$'000 | Audited<br>31/12/2020<br>S\$'000 |
| <b>ASSETS</b>  |      |                                   |                                  |                                   |                                  |
| <b>Current assets</b>                                  |      |                                   |                                  |                                   |                                  |
| Cash and cash equivalents                              |      | 10,453                            | 19,807                           | 121                               | 115                              |
| Fixed deposit pledged                                  |      | 314                               | 344                              | -                                 | -                                |
| Trade receivables                                      | 12   | 5,831                             | 5,879                            | -                                 | -                                |
| Contract assets  |      | 2,725                             | 2,630                            | -                                 | -                                |
| Other receivables                                      |      | 1,190                             | 838                              | 61                                | 73                               |
| Amount due from subsidiaries                           |      | -                                 | -                                | 18,088                            | 19,607                           |
| Inventories  |      | 566                               | 457                              | -                                 | -                                |
| Total current assets                                   |      | <u>21,079</u>                     | <u>29,955</u>                    | <u>18,270</u>                     | <u>19,795</u>                    |
| <b>Non-current assets</b>                              |      |                                   |                                  |                                   |                                  |
| Deposits   |      | 6                                 | 5                                | -                                 | -                                |
| Investments in subsidiaries                            |      | -                                 | -                                | 18,708                            | 19,154                           |
| Investment in a joint venture                          | 15   | 248                               | 233                              | -                                 | -                                |
| Club membership  |      | 50                                | 50                               | -                                 | -                                |
| Property, plant and equipment                          | 9    | 18,500                            | 13,173                           | -                                 | -                                |
| Total non-current assets                               |      | <u>18,804</u>                     | <u>13,461</u>                    | <u>18,708</u>                     | <u>19,154</u>                    |
| <b>Total assets</b>                                    |      | <u>39,883</u>                     | <u>43,416</u>                    | <u>36,978</u>                     | <u>38,949</u>                    |
| <b>LIABILITIES AND EQUITY</b>                          |      |                                   |                                  |                                   |                                  |
| <b>Current liabilities</b>                             |      |                                   |                                  |                                   |                                  |
| Bank loans   | 10   | 1,234                             | 757                              | -                                 | -                                |
| Trade payables   | 13   | 1,103                             | 936                              | -                                 | -                                |
| Contract liabilities                                   |      | 46                                | 77                               | -                                 | -                                |
| Other payables   |      | 3,875                             | 3,847                            | 69                                | 61                               |
| Amount due to subsidiaries                             |      | -                                 | -                                | 12,866                            | 12,312                           |
| Lease liabilities                                      | 16   | 187                               | 158                              | -                                 | -                                |
| Income tax payable                                     |      | 21                                | 360                              | -                                 | -                                |
| Total current liabilities                              |      | <u>6,466</u>                      | <u>6,135</u>                     | <u>12,935</u>                     | <u>12,373</u>                    |
| <b>Non-current liabilities</b>                         |      |                                   |                                  |                                   |                                  |
| Bank loans   | 10   | 3,466                             | 4,243                            | -                                 | -                                |
| Lease liabilities                                      | 16   | 737                               | 766                              | -                                 | -                                |
| Total non-current liabilities                          |      | <u>4,203</u>                      | <u>5,009</u>                     | <u>-</u>                          | <u>-</u>                         |
| <b>Capital, reserves and non-controlling interests</b> |      |                                   |                                  |                                   |                                  |
| Share capital  | 11   | 23,698                            | 23,698                           | 23,698                            | 23,698                           |
| Retained earnings                                      |      | 23,857                            | 26,637                           | 345                               | 2,878                            |
| Statutory surplus reserve                              |      | 442                               | 442                              | -                                 | -                                |
| Currency translation reserve                           |      | (207)                             | (199)                            | -                                 | -                                |
| Merger reserve   |      | (18,570)                          | (18,570)                         | -                                 | -                                |
| Equity attributable to owners of the Company           |      | <u>29,220</u>                     | <u>32,008</u>                    | <u>24,043</u>                     | <u>26,576</u>                    |
| Non-controlling interests                              |      | (6)                               | 264                              | -                                 | -                                |
| Total equity   |      | <u>29,214</u>                     | <u>32,272</u>                    | <u>24,043</u>                     | <u>26,576</u>                    |
| <b>Total liabilities and equity</b>                    |      | <u>39,883</u>                     | <u>43,416</u>                    | <u>36,978</u>                     | <u>38,949</u>                    |



**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

|   | Note | Share capital<br>S\$'000 | Statutory surplus reserve<br>S\$'000 | Retained earnings<br>S\$'000 | Currency translation reserve<br>S\$'000 | Merger reserve<br>S\$'000 | Attributable to owners of the Company<br>S\$'000 | Non-controlling interests<br>S\$'000 | Total<br>S\$'000 |
|---|------|--------------------------|--------------------------------------|------------------------------|---|---------------------------|--|--------------------------------------|------------------|
| <b>Group</b>  |      |                          |                                      |                              |   |                           |  |                                      |                  |
| Balance at 1 January 2021 (audited)                             |      | 23,698                   | 442                                  | 26,637                       | (199)                                   | (18,570)                  | 32,008   | 264                                  | 32,272           |
| <u>Total comprehensive income for the period</u>                |      |                          |                                      |                              |   |                           |  |                                      |                  |
| - Loss for the period   |      | -                        | -                                    | (2,427)                      | -                                       | -                         | (2,427)  | (250)                                | (2,677)          |
| - Other comprehensive loss for the period                       |      | -                        | -                                    | -                            | (8)                                     | -                         | (8)  | (20)                                 | (28)             |
| Total   |      | -                        | -                                    | (2,427)                      | (8)                                     | -                         | (2,435)  | (270)                                | (2,705)          |
| <u>Transactions with owners, recognised directly in equity:</u> |      |                          |                                      |                              |   |                           |  |                                      |                  |
| - Dividends   | 14   | -                        | -                                    | (353)                        | -                                       | -                         | (353)  | -                                    | (353)            |
| Balance at 30 June 2021 (unaudited)                             |      | 23,698                   | 442                                  | 23,857                       | (207)                                   | (18,570)                  | 29,220   | (6)                                  | 29,214           |
| Balance at 1 January 2020 (audited)                             |      | 23,698                   | 451                                  | 26,282                       | (204)                                   | (18,570)                  | 31,657   | (423)                                | 31,234           |
| <u>Total comprehensive income for the period</u>                |      |                          |                                      |                              |   |                           |  |                                      |                  |
| - Profit/(Loss) for the period                                  |      | -                        | -                                    | 774                          | -                                       | -                         | 774  | (360)                                | 414              |
| - Other comprehensive income for the period                     |      | -                        | -                                    | -                            | (5)                                     | -                         | (5)  | (4)                                  | (9)              |
| Total   |      | -                        | -                                    | 774                          | (5)                                     | -                         | 769  | (364)                                | 405              |
| <u>Transactions with owners, recognised directly in equity:</u> |      |                          |                                      |                              |   |                           |  |                                      |                  |
| - Dividends   | 14   | -                        | -                                    | (635)                        | -                                       | -                         | (635)  | -                                    | (635)            |
| Balance at 30 June 2020 (unaudited)                             |      | 23,698                   | 451                                  | 26,421                       | (209)                                   | (18,570)                  | 31,791   | (787)                                | 31,004           |



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Balance at 1 January 2021 (audited)  
 Loss for the period, representing total  
 comprehensive loss for the period  
 Dividends  
 Balance at 30 June 2021 (unaudited)

| Note | Share<br>capital<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Total<br>S\$'000 |
|------|-----------------------------|---------------------------------|------------------|
|      | 23,698                      | 2,878                           | 26,576           |
|      | -                           | (2,180)                         | (2,180)          |
| 14   | -                           | (353)                           | (353)            |
|      | <u>23,698</u>               | <u>345</u>                      | <u>24,043</u>    |

Balance at 1 January 2020 (audited)  
 Profit for the period, representing total  
 comprehensive income for the period  
 Dividends  
 Balance at 30 June 2020 (unaudited)

|    |               |              |               |
|----|---------------|--------------|---------------|
|    | 23,698        | 2,012        | 25,710        |
|    | -             | 224          | 224           |
| 14 | -             | (635)        | (635)         |
|    | <u>23,698</u> | <u>1,601</u> | <u>25,299</u> |



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### D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

|  | Group                          |                                |
|--|--------------------------------|--------------------------------|
|  | Unaudited<br>HY2021<br>S\$'000 | Unaudited<br>HY2020<br>S\$'000 |
| <b>Operating activities</b>  |                                |                                |
| (Loss)/Profit before income tax  | (2,692)                        | 414                            |
| Adjustments for:   |                                |                                |
| Interest income  | (4)                            | (32)                           |
| Interest expense   | 81                             | 91                             |
| Share of results of a joint venture  | (15)                           | -                              |
| Depreciation of property, plant and equipment                                      | 643                            | 627                            |
| Recovery of doubtful debt  | -                              | (17)                           |
| Loss allowance made for third party trade receivables                              | -                              | 207                            |
| Gain on disposal of property, plant and equipment                                  | (20)                           | (1,542)                        |
| Operating cash flows before movements in working capital                           | (2,007)                        | (252)                          |
| Trade receivables  | 25                             | 1,425                          |
| Contract assets  | (97)                           | 248                            |
| Other receivables  | (417)                          | (268)                          |
| Inventories  | (115)                          | (46)                           |
| Trade payables   | 177                            | (188)                          |
| Contract liabilities   | (30)                           | -                              |
| Other payables   | 385                            | (252)                          |
| Cash (used in)/generated from operations   | (2,079)                        | 667                            |
| Interest received  | 4                              | 32                             |
| Income tax paid  | (338)                          | (2)                            |
| Net cash (used in)/generated from operating activities                             | (2,413)                        | 697                            |
| <b>Investing activities</b>  |                                |                                |
| Proceeds from disposal of property, plant and equipment                            | 20                             | 5,578                          |
| Purchases of property, plant and equipment   | (6,123)                        | (12)                           |
| Net cash (used in)/generated from investing activities                             | (6,103)                        | 5,566                          |
| <b>Financing activities</b>  |                                |                                |
| Dividend paid  | (353)                          | (635)                          |
| Interest paid  | (81)                           | (91)                           |
| Fixed deposit pledge   | 30                             | (15)                           |
| Repayment of term loans  | (300)                          | (2,790)                        |
| Repayment of lease liabilities   | (80)                           | (31)                           |
| Net cash used in financing activities  | (784)                          | (3,562)                        |
| Net (decrease)/increase in cash and cash equivalents                               | (9,300)                        | 2,701                          |
| Cash and cash equivalents at the beginning of the period                           | 19,807                         | 15,471                         |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (54)                           | 3                              |
| <b>Cash and cash equivalents at the end of the period</b>                          | <b>10,453</b>                  | <b>18,175</b>                  |



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### E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 1 Corporate information

ES Group (Holdings) Limited (the “**Company**”) is a public company limited by shares, incorporated and domiciled in the Republic of Singapore with its registered office at 8 Ubi Road 2 #06-26 Zervex Singapore 408538. The Company’s registration number is 200410497Z.

The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Company are those of an investment holding company and provider of management and technical services.

The principal activities of the Company’s subsidiaries are:

- (a) New building and repair of vessel; and
- (b) Shipping, which includes ship chartering and ship chandling.

#### 2 Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2021 (“**HY2021**”, and for the corresponding six months ended 30 June 2020, “**HY2020**”) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statement. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual audited consolidated financial statements for the year ended 31 December 2020.

The accounting policies and methods of computations adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 of the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company’s functional currency.

##### 2.1 New and amended standards adopted by the Group

The Group and the Company have adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations that are relevant to its operations and effective for the annual period beginning on 1 January 2021. The adoption of these new and revised SFRS(I)s and SFRS(I) Interpretations has no material effect on the performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new and revised standards and interpretations.

##### 2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.





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The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period on which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

a) Control over ES Offshore and Marine Engineering (Thailand) Co., Ltd.

ES Offshore and Marine Engineering (Thailand) Co., Ltd. is a subsidiary of the Group, although the Group only owns 50% ownership interest in ES Offshore and Marine Engineering (Thailand) Co., Ltd.. Based on the contractual arrangements between the Group and other investors, the Group holds 51% of voting power that gives it the ability to direct the relevant activities of ES Offshore and Marine Engineering (Thailand) Co., Ltd. based on simple majority votes. Hence, the directors of the Company assessed and determined that the Group has control over ES Offshore and Marine Engineering (Thailand) Co., Ltd..

b) Joint control over Proxess Engineering Pte. Ltd

The Group and a third-party partner hold 51% and 49% of the equity interest in Proxess Engineering Pte. Ltd ("**Proxess**") respectively. The management has carried out an assessment to determine whether the Group has control over Proxess. Based on the shareholders' agreement entered with the third-party partner, unanimous consent is required for major decisions over the relevant activities of Proxess. Accordingly, the directors of the Company assessed and determined that joint control exists and Proxess is classified as a joint venture of the Group.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as follows:

a) Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets are determined by the management based on their highest and best use using its fair value less costs of disposal.

In previous year, the recoverable amounts of these assets are determined by the management based on fair value less costs of disposal. The fair value of the vessel is determined by an independent professional valuer.

The carrying amounts of property, plant and equipment of the Group as at 30 June 2021 were S\$18,499,723 (31 December 2020: S\$13,172,873). During HY2021, no impairment loss (HY2020: nil) was recognised.

b) Revenue recognition

Revenue from rendering of services is recognised over time by reference to engineers' estimates of project recovery rates and the Group's progress towards complete satisfaction of each performance obligation.



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In deriving an estimated project recovery rate for each project, management has performed the cost studies, the actual rates for other contracts and taking into account engineers' estimate. The recovery rate is regularly reviewed and revised, as appropriate.

Where the actual project recovery rate is different from the original estimate, such difference will impact revenue in the period in which such estimate has been changed.

c) Loss allowance for trade receivables

The Group determines expected credit losses on trade receivables from third parties by making individual assessment of expected credit loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, past due status of the trade receivables and adjusted with forward looking assumptions, as appropriate. Management takes into account historical provision trend and other relevant factors.

d) Impairment of investments in subsidiaries

Management has carried out a review of the recoverable amount of the investments in subsidiaries, having regard to the existing performance of the relevant subsidiaries and the carrying value of the net assets in these subsidiaries.

Management has estimated the recoverable amount based on fair value less costs of disposal. The fair value less costs of disposal is determined by reference to the net book value which approximates the fair value of the subsidiaries. The assessment has led to the recognition of impairment loss of S\$446,039 (31 December 2020: net impairment loss of S\$1,159,965) during HY2021.

e) Loss allowance for amount due from subsidiaries

The Company is required to assess and recognise a loss allowance for expected credit losses on amount due from subsidiaries in accordance with three-stage impairment model. Management has made the assessment based on whether there has been a significant increase in the credit risk of the amount due from subsidiaries since its initial recognition. Subsequently, determine the amount of allowance to be recognised either based on 12-month expected credit loss or lifetime expected credit loss as well as the amount of interest revenue, if any, to be recognised in future periods.

The assessment has led to the recognition of impairment loss of S\$1,710,750 (31 December 2020: net impairment loss of S\$1,355,773) during HY2021.

### 3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during HY2021.

### 4 Segment and revenue information

The Group is organised into the following main operating segments:

| <u>Segments</u>         | <u>Principal activities</u>  |
|-------------------------|--|
| New building and repair | New building, conversion and repair of offshore and marine structures and vessels, and labour supply |
| Shipping                | Ship chartering, marine supplies and related activities  |

These operating segments are reported in a manner consistent with internal reporting provided to management for allocating resources and assessing performance of the operating segments.



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### 4.1 Reportable segments

| Segments  | New building<br>and repair<br>S\$'000 | Shipping<br>S\$'000 | Total<br>S\$'000 |
|---|---------------------------------------|---------------------|------------------|
| <b><u>HY2021</u></b>                            |                                       |                     |                  |
| <b>Revenue</b>                                  |                                       |                     |                  |
| Segment revenue                                 | 6,013                                 | 2,401               | 8,414            |
| Gross profit/(loss)                             | 1,208                                 | (1,001)             | 207              |
| Other operating income                          |                                       |                     | 1,164            |
| Administrative expenses                         |                                       |                     | (3,081)          |
| Other operating expenses                        |                                       |                     | (916)            |
| Finance costs                                   |                                       |                     | (81)             |
| Loss before share of results from joint venture |                                       |                     | (2,707)          |
| Share of results of a joint venture             |                                       |                     | 15               |
| Loss before income tax                          |                                       |                     | (2,692)          |
| Income tax expense                              |                                       |                     | 15               |
| Loss for the period                             |                                       |                     | (2,677)          |
| <b>Other information</b>                        |                                       |                     |                  |
| Additions to property, plant and equipment      |                                       |                     | 5,974            |
| Depreciation of property, plant and equipment   | -                                     | (a)253              | 640              |
| <b>Assets and Liabilities</b>                   |                                       |                     |                  |
| Segment assets                                  | 12,432                                | 10,942              | 23,374           |
| Unallocated corporate assets                    |                                       |                     | 16,509           |
| Total assets                                    |                                       |                     | 39,883           |
| Segment liabilities                             | 111                                   | 1,288               | 1,399            |
| Unallocated corporate liabilities               |                                       |                     | 9,270            |
| Total liabilities                               |                                       |                     | 10,669           |

(a) The difference between the depreciation of shipping segment and the total depreciation of property, plant and equipment is attributable to property, plant and equipment for general purpose that are used for all segments.

| Segments             | New building<br>and repair<br>S\$'000 | Shipping<br>S\$'000 | Total<br>S\$'000 |
|----------------------|---------------------------------------|---------------------|------------------|
| <b><u>HY2020</u></b> |                                       |                     |                  |
| <b>Revenue</b>       |                                       |                     |                  |
| Segment revenue      | 6,036                                 | 2,842               | 8,878            |



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### Results

|                                     |       |    |         |
|-------------------------------------|-------|----|---------|
| Gross profit                        | 1,342 | 77 | 1,419   |
| Other operating income              |       |    | 2,825   |
| Administrative expenses             |       |    | (3,103) |
| Other operating expenses            |       |    | (636)   |
| Finance costs                       |       |    | (91)    |
| Share of results of a joint venture |       |    | -       |
| Profit before income tax            |       |    | 414     |
| Income tax expense                  |       |    | -       |
| Profit for the year                 |       |    | 414     |

### Other information

|   |   |        |     |
|---|---|--------|-----|
| Additions to property, plant and equipment    |   |        | 12  |
| Depreciation of property, plant and equipment | - | (a)207 | 627 |

### Assets and Liabilities

|                                   |        |       |        |
|-----------------------------------|--------|-------|--------|
| Segment assets                    | 12,530 | 5,444 | 17,974 |
| Unallocated corporate assets      |        |       | 23,987 |
| Total assets                      |        |       | 41,961 |
| Segment liabilities               | 99     | 1,617 | 1,716  |
| Unallocated corporate liabilities |        |       | 9,241  |
| Total liabilities                 |        |       | 10,957 |

(a) The difference between the depreciation of shipping segment and the total depreciation of property, plant and equipment is attributable to property, plant and equipment for general purpose that are used for all segments.

## 4.2 Disaggregation of Revenue

|   | Group<br>HY2021                          |                     |                  |
|---|--|---------------------|------------------|
|   | New<br>building<br>and repair<br>S\$'000 | Shipping<br>S\$'000 | Total<br>S\$'000 |
| <u>Type of goods and services</u>               |  |                     |                  |
| Service Revenue                                 | 6,013                                    | -                   | 6,013            |
| Marine Supplies                                 | -  | 540                 | 540              |
| Ship Charter                                    | -  | 1,861               | 1,861            |
| Total Revenue                                   | 6,013                                    | 2,401               | 8,414            |
| <u>Timing of transfer of goods and services</u> |  |                     |                  |
| At a point in time                              | 2  | 2,401               | 2,403            |
| Over time                                       | 6,011                                    | -                   | 6,011            |
| Total Revenue                                   | 6,013                                    | 2,401               | 8,414            |
| <u>Geographical information</u>                 |  |                     |                  |
| Singapore                                       | 5,778                                    | 2,401               | 8,179            |
| People's Republic of China                      | 182                                      | -                   | 182              |
| Malaysia  | 41                                       | -                   | 41               |
| Myanmar   | 12                                       | -                   | 12               |
| Total Revenue                                   | 6,013                                    | 2,401               | 8,414            |



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|   | <b>Group<br/>HY2020</b>                |                 |                |
|---|--|-----------------|----------------|
|   | <b>New<br/>building<br/>and repair</b> | <b>Shipping</b> | <b>Total</b>   |
|   | <b>S\$'000</b>                         | <b>S\$'000</b>  | <b>S\$'000</b> |
| <u>Type of goods and services</u>               |  |                 |                |
| Service Revenue                                 | 6,036                                  | -               | 6,036          |
| Marine Supplies                                 | -                                      | 376             | 376            |
| Ship Charter                                    | -                                      | 2,466           | 2,466          |
| Total Revenue                                   | <u>6,036</u>                           | <u>2,842</u>    | <u>8,878</u>   |
| <u>Timing of transfer of goods and services</u> |  |                 |                |
| At a point in time                              | -                                      | 2,682           | 2,682          |
| Over time                                       | 6,036                                  | 160             | 6,196          |
| Total Revenue                                   | <u>6,036</u>                           | <u>2,842</u>    | <u>8,878</u>   |
| <u>Geographical information</u>                 |  |                 |                |
| Singapore                                       | 5,608                                  | 2,842           | 8,450          |
| People's Republic of China                      | 115                                    | -               | 115            |
| Malaysia  | 281                                    | -               | 281            |
| Myanmar   | 32                                     | -               | 32             |
| Total Revenue                                   | <u>6,036</u>                           | <u>2,842</u>    | <u>8,878</u>   |

### 5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

|   | <b>Group</b>     |                   | <b>Company</b>   |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | <b>30/6/2021</b> | <b>31/12/2020</b> | <b>30/6/2021</b> | <b>31/12/2020</b> |
|   | <b>S\$'000</b>   | <b>S\$'000</b>    | <b>S\$'000</b>   | <b>S\$'000</b>    |
| <b>Financial assets</b>                                   |                  |                   |                  |                   |
| Financial assets carried at amortised cost (Note 12)      | <u>17,057</u>    | <u>26,343</u>     | <u>18,209</u>    | <u>19,733</u>     |
| <b>Financial liabilities</b>                              |                  |                   |                  |                   |
| Financial liabilities carried at amortised cost (Note 13) | <u>10,573</u>    | <u>10,147</u>     | <u>12,935</u>    | <u>12,373</u>     |



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### 6 Profit before taxation

#### 6.1 Significant items

|   | Group             |                   | Increase/<br>(Decrease)<br>% |
|---|-------------------|-------------------|------------------------------|
|   | HY2021<br>S\$'000 | HY2020<br>S\$'000 |                              |
| Depreciation of property, plant and equipment:                              |                   |                   |                              |
| - cost of services  | 539               | 514               | 4.9                          |
| - administrative expenses   | 38                | 43                | (11.6)                       |
| - other operating expenses  | 66                | 70                | (5.7)                        |
|   | 643               | 627               | 2.6                          |
| Audit fee:  |                   |                   |                              |
| - paid/payable to auditors of the Company                                   | 40                | 48                | (16.7)                       |
| - paid/payable to other auditors  | 5                 | 4                 | 25.0                         |
| Employee benefits expense (including directors' remuneration)               | 5,347             | 4,756             | 12.4                         |
| Costs of defined contribution plans (included in employee benefits expense) | 248               | 204               | 21.6                         |
| Cost of inventories recognised as expense                                   | 965               | 1,096             | (12.0)                       |
| Loss allowance made for third party trade receivables <sup>(a)</sup>        | -                 | 207               | (100.0)                      |
| Recovery of doubtful debts  | -                 | (17)              | (100.0)                      |
| Interest expense  | 81                | 91                | (11.0)                       |
| Gain on disposal of property, plant and equipment <sup>(b)</sup>            | (20)              | (1,542)           | (98.7)                       |
| Interest income <sup>(c)</sup>  | (4)               | (32)              | (87.5)                       |
| Net foreign exchange loss/(gain) <sup>(d)</sup>                             | 68                | (172)             | (139.5)                      |

#### Notes:-

- The management has assessed that no additional loss allowance was required to be made for HY2021, while loss allowance made for third party receivables for HY2020 related to two customers from the Group's new building and repair segment where the management has assessed that collection of these trade receivables is not likely.
- The decreased in gain on disposal of property, plant and equipment was due to the absence in HY2021 of the gain on disposal of the Group's vessel, ES Bristol (the "Vessel") of S\$1.5 million, which was completed in February 2020.
- The decrease in interest income was due to the withdrawal of fixed deposit and decrease in fixed deposit interest rate in HY2021.
- The difference in net foreign exchange was mainly due to weakening of both Thai Baht (THB) and Myanmar Kyat (MMK) against SGD in HY2021. The average exchange rates for both currencies are as summarised below:

|                | HY2021   | HY2020 |
|----------------|----------|--------|
| <b>THB/SGD</b> | 23.58    | 22.37  |
| <b>MMK/SGD</b> | 1,035.76 | 988.05 |

#### 6.2 Related party transactions

During HY2021, in addition to the information disclosed elsewhere in these condensed interim consolidated financial statements, the Group entities and the Company entered into the following transaction with a related party at rates and terms agreed between the parties:



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|   | Group   |         |
|---|---------|---------|
|   | HY2021  | HY2020  |
|   | S\$'000 | S\$'000 |
| Consultancy fee paid to immediate family member of directors/shareholders | 102     | 102     |

### 7 Net asset value

|  | Group                      |                            | Company                    |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | 30/06/2021                 | 31/12/2020                 | 30/06/2021                 | 31/12/2020                 |
| Net asset value per ordinary share based on the number of issued ordinary shares | 20.69 cents <sup>(a)</sup> | 22.67 cents <sup>(b)</sup> | 17.03 cents <sup>(a)</sup> | 18.82 cents <sup>(b)</sup> |
| Number of issued ordinary shares   | 141,200,000                | 141,200,000                | 141,200,000                | 141,200,000                |

#### Notes:-

- a) Net asset value per ordinary share as at 30 June 2021 have been computed based on equity attributable to owners of the Company as at 30 June 2021 divided by the number of issued ordinary shares as at 30 June 2021.
- b) Net asset value per ordinary share as at 31 December 2020 have been computed based on equity attributable to owners of the Company as at 31 December 2020 divided by the number of issued ordinary shares as at 31 December 2020.

### 8 Fair value of financial assets and financial liabilities

The Group categorised fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used in making the measurements as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

The classification of an item into above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. There were no transfers between Levels 1 and 2 during HY2021.

#### Fair value of financial instruments that are not carried at fair value

The Group has no financial assets and financial liabilities carried at fair value as at end of HY2021.

#### Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, classified as current assets and current liabilities on the statements of financial position, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of non-current financial assets and liabilities are disclosed in Note 5 to the condensed interim consolidated financial statements.



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### 9 Property, plant and equipment

During HY2021, the Group acquired assets amounting to S\$6,202,896 (HY2020: S\$11,891) and disposed of assets amounting to S\$145,794 (HY2020: S\$71,624). During HY2021, property, plant and equipment acquired under lease arrangement amounted to S\$80,000 (HY2020: S\$nil).

### 10 Bank loans

|   | Group     |            |
|---|-----------|------------|
|   | 31/6/2021 | 31/12/2020 |
|   | S\$'000   | S\$'000    |
| Bank loans (secured)  |           |            |
| - Term loan 1   | 700       | 1,000      |
| - Term loan 2   | 4,000     | 4,000      |
| Total bank loans  | 4,700     | 5,000      |
| Less: Amount due for settlement within 12 months<br>(shown under current liabilities) | (1,234)   | (757)      |
| Amount due for settlement after 12 months<br>(shown under non-current liabilities)    | 3,466     | 4,243      |

At the end of HY2021, the Group's bank loans are secured by:

- (i) legal mortgage over the Group's leasehold land and property;
- (ii) a pledge over vessel; and
- (iii) corporate guarantees by the Company for all the monies owing.

### 11 Share capital

|  | Group and Company                      |           |  |            |
|--|--|-----------|--|------------|
|  | 30/6/2021                              | 30/6/2021 | 31/12/2020                             | 31/12/2020 |
|  | Number of<br>Ordinary<br>Shares ('000) | S\$'000   | Number of<br>Ordinary<br>Shares ('000) | S\$'000    |
| <b>Issued and paid up<br/>(excluding treasury shares):</b> |  |           |  |            |
| At beginning and at end of<br>period/year                  | 141,200                                | 23,698    | 141,200                                | 23,698     |

The Company has one class of ordinary shares which carry one vote per share, has no par value and carries a right to dividend as and when declared by the Company.

There were no changes in the Company's issued and paid-up share capital during HY2021.

As at 30 June 2021, 31 December 2020 and 30 June 2020, the Company has no outstanding options, convertibles, treasury shares and subsidiary holdings.





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### 12 Trade receivables

|  | Group                |                       | Company              |                       |
|--|----------------------|-----------------------|----------------------|-----------------------|
|  | 30/6/2021<br>S\$'000 | 31/12/2020<br>S\$'000 | 30/6/2021<br>S\$'000 | 31/12/2020<br>S\$'000 |
| Third parties                                    | 6,717                | 6,767                 | -                    | -                     |
| Less: Loss allowance for trade receivables       | (886)                | (888)                 | -                    | -                     |
| Net trade receivables                            | 5,831                | 5,879                 | -                    | -                     |
| Add: Cash and cash equivalents                   | 10,767               | 20,151                | 121                  | 115                   |
| Add: Other receivables                           | 1,196                | 844                   | 61                   | 73                    |
| Add: Amount due from subsidiaries                | -                    | -                     | 18,088               | 19,607                |
| Less: Prepayments *                              | (724)                | (165)                 | (61)                 | (62)                  |
| Less: Value-added tax receivables *              | (13)                 | (62)                  | -                    | -                     |
| Less: Government grant receivables *             | -                    | (304)                 | -                    | -                     |
| Total financial assets carried at amortised cost | 17,057               | 26,343                | 18,209               | 19,733                |

\* These are part of other receivables.

### 13 Trade payables

|   | Group                |                       | Company              |                       |
|---|----------------------|-----------------------|----------------------|-----------------------|
|   | 30/6/2021<br>S\$'000 | 31/12/2020<br>S\$'000 | 30/6/2021<br>S\$'000 | 31/12/2020<br>S\$'000 |
| Third parties   | 1,103                | 936                   | -                    | -                     |
| Total trade payables                                  | 1,103                | 936                   | -                    | -                     |
| Less: Goods and service tax payable                   | (29)                 | (182)                 | -                    | -                     |
| Add: Bank loans                                       | 4,700                | 5,000                 | -                    | -                     |
| Add: Other payables                                   | 3,875                | 3,847                 | 12,935               | 12,373                |
| Add: Lease liabilities                                | 924                  | 924                   | -                    | -                     |
| Less: Deferred government grant income                | -                    | (378)                 | -                    | -                     |
| Total financial liabilities carried at amortised cost | 10,573               | 10,147                | 12,935               | 12,373                |

### 14 Dividends

|   | Group             |                   |
|---|-------------------|-------------------|
|   | HY2021<br>S\$'000 | HY2020<br>S\$'000 |
| Final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 0.25 cents (HY2020: 0.15 cents) per share  | 353               | 212               |
| Special tax-exempt (one-tier) dividend paid in respect of the previous financial year of nil cents (HY2020: 0.30 cents) per share | -                 | 423               |
|   | 353               | 635               |



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### 15 Investment in a joint venture

|                                     | Group      |            |
|-------------------------------------|------------|------------|
|                                     | 30/06/2021 | 31/12/2020 |
|                                     | S\$'000    | S\$'000    |
| Unquoted equity investment, at cost | 233        | 250        |
| Share of post-acquisition results   | 15         | (17)       |
|                                     | 248        | 233        |

Details of the Group's joint venture are as follows:

| Name of joint venture         | Country of incorporation and principal place of business | Principal activities  | Proportion of equity interest |            |
|-------------------------------|--|---|-------------------------------|------------|
|                               |  |   | 30/06/2021                    | 31/12/2020 |
|                               |  |   | %                             | %          |
| Proxess Engineering Pte. Ltd. | Singapore  | Provides wholesale trade of variety of goods and manufacture and repair of valves | 51                            | 51         |

There are no commitments to provide funding or contingent liabilities relating to the Group's interest in the joint venture.

### 16 Lease liabilities

|   | Minimum lease payments |            | Present value of minimum lease payments |            |
|---|------------------------|------------|---|------------|
|   | 30/6/2021              | 31/12/2020 | 30/6/2021                               | 31/12/2020 |
|   | S\$'000                | S\$'000    | S\$'000                                 | S\$'000    |
| <b>Group</b>  |                        |            |   |            |
| Contractual undiscounted cash flows:                      |                        |            |   |            |
| - Within one year   | 227                    | 198        | 187                                     | 158        |
| - In the second to fifth years inclusive                  | 653                    | 645        | 576                                     | 559        |
| - After five years  | 167                    | 218        | 161                                     | 207        |
|   | 1,047                  | 1,061      | 924                                     | 924        |
| Less: Future interest expense                             | (123)                  | (137)      | -                                       | -          |
| Present value of lease liabilities                        | 924                    | 924        | 924                                     | 924        |
| Presented in consolidated statement of financial position |                        |            |   |            |
| - Current   |                        |            | 187                                     | 158        |
| - Non-current   |                        |            | 737                                     | 766        |
|   |                        |            | 924                                     | 924        |

The Group's obligations under lease liabilities are secured by the leased assets and corporate guarantees by the Company.



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### 17 Other operating income

|   | Group             |                   |
|---|-------------------|-------------------|
|   | HY2021<br>S\$'000 | HY2020<br>S\$'000 |
| Reimbursement of expenses from foreign workers    | 147               | 133               |
| Rental income                                     | 100               | 100               |
| Interest income                                   | 4                 | 32                |
| Gain on disposal of property, plant and equipment | 20                | 1,542             |
| Scrap income                                      | 43                | 1                 |
| Government grants                                 |                   |                   |
| - Job Support Scheme                              | 550               | 173               |
| - Foreign Worker Levy Rebate                      | 209               | 571               |
| - Others  | 47                | 47                |
| Foreign exchange gain – net                       | -                 | 172               |
| Recovery of doubtful debts                        | -                 | 17                |
| Others  | 44                | 37                |
|   | 1,164             | 2,825             |

Government grant income relates to income recognised under the Job Support Scheme and cash grants received from the Singapore government to help businesses deal with the impact from the COVID-19 pandemic such as foreign worker levy rebate, special employment credit and others.

### 18 Income tax expense

|   | Group             |                   |
|---|-------------------|-------------------|
|   | HY2021<br>S\$'000 | HY2020<br>S\$'000 |
| Income tax:                               |                   |                   |
| - Current year                            | -                 | -                 |
| - Overprovision in respect of prior years | (15)              | -                 |
|   | (15)              | -                 |

Domestic income tax is calculated at 17% (HY2020: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.



## **19 Contingent liabilities**

The Company has given corporate guarantees to certain banks and insurers in respect of banking facilities and foreign worker bonds granted to certain subsidiaries. The maximum amount the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee is S\$4,980,812 (31 December 2020: S\$5,236,226). The earliest period that the guarantee could be called is within 1 year (31 December 2020: 1 year) from the end of the reporting period.

Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed will suffer credit losses.

## **20 Impact of COVID-19**

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's operations in Singapore and overseas have been affected by the spread of COVID-19 since 2020.

The Group has set up a specific task force in each operating facility to handle the matter and implemented various course of action to prevent a spread of the COVID-19. Since second half of 2020, the COVID-19 pandemic is gradually under control in Singapore and the Group has since started to operate close to as normal thereon.

However, with the tighter restriction imposed by Singapore government requiring safe entry approvals for all incoming overseas workers and the sudden spike of Delta variant cases, the Group is facing difficulties to bring back its overseas workers returning from home leave. In addition, no new foreign workers came in during first half of 2021. This has intensified the labour crunch and resulted in operational challenges and negative costs impact to the Group in 2021.

Despite the challenging business environment, the Group continues to explore opportunities to diversify and mitigate risk, both locally and overseas. The Group also continues to remain cautious by monitoring the global economic situation, conserving cash and being prudent with on-going cost management efforts as well as seizing opportunities in order to recover and rebound from the COVID-19 pandemic.

## **21 Subsequent events**

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.



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**OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL SECTION B: RULES OF CATALIST (“CATALIST RULES”)**



**F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES**

**1 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The condensed interim consolidated statement of financial position of ES Group (Holdings) Limited and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated profit of loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for HY2021 and explanatory notes have not been audited or reviewed by the Company's auditors.

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

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

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

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

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

**(a) Review of Financial Performance of the Group**

Revenue decreased by S\$0.5 million or 5.2%, from S\$8.9 million in HY2020 to S\$8.4 million in HY2021, mainly due to the decrease in revenue contributed from the Group's shipping segment.

Revenue from the Group's shipping segment decreased by S\$0.4 million, from S\$2.8 million in HY2020 to S\$2.4 million in HY2021 due mainly to lower chartering revenue as a result of disruptions caused by the COVID-19 pandemic. The Group's vessel performed lesser yield voyages in HY2021, as compared to HY2020. COVID-19 pandemic had resulted in more vessels idling at sea, thus charterers were pushing the charter fee lower in view of the surplus of idle vessels, which resulted in a decline in revenue of S\$0.6 million generated from the ship chartering division in HY2021, as compared to HY2020. The aforesaid decline in revenue from the ship chartering division was partially offset by the increase in revenue of S\$0.2 million generated from the ship chandling division.

Revenue from the Group's new building and repair segment remained relatively stable at S\$6.0 million with only marginal decline in revenue in HY2021, as compared to HY2020. The marginal decline in revenue was mainly due to the on-going COVID-19 pandemic that caused delays in execution and completion of the Group's projects brought about by the constraint of manpower curb in the Group's shipyard activities as a result of restrictions due to the COVID-19 pandemic on safe entry approval to enter Singapore for overseas workers returning from home leave. The lockdown in Malaysia had also further halted yard operations in that region, which led to a decline in revenue of S\$0.2 million. The decline in revenue was partially offset by the increase in revenue of S\$0.2 million generated from Dalian ES Marine & Offshore Engineering Co., Ltd. ("**ES Dalian**"). ES Dalian had secured new engineering projects which are expected to be completed in the second half of 2021.



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Gross profit decreased by S\$1.2 million or 85.4%, from S\$1.4 million in HY2020 to S\$0.2 million in HY2021. Gross profit margin decreased by 13.5 percentage points, from 16.0% in HY2020 to 2.5% in HY2021. The decreases in gross profit and gross profit margin were mainly due to:

- (i) lesser voyages run coupled with lesser yield voyages from the Group's shipping segment due to the regional lockdowns in response to the COVID-19 pandemic which resulted in more vessels idling at sea and also the increase in bunker costs of around 60% during HY2021. In addition, subsequent to the acquisition of the Vessel (ES Jewel) by the Group in March 2021, the Vessel underwent pre-operating readiness activities relating mainly to survey and maintenance matters from April to June 2021, which needed more lay time thus resulting in lesser voyages run; and
- (ii) higher manpower costs. The Group is facing constraint of manpower curb in its shipyard activities as a result of restrictions due to the COVID-19 pandemic on safe entry approval to enter Singapore for overseas workers returning from home leave. Due to shortage in manpower, more overtime was needed to complete the projects, which resulted in lower gross profit margin.

Other operating income decreased by S\$1.7 million or 58.8%, from S\$2.8 million in HY2020 to S\$1.1 million in HY2021, mainly due to the following items recorded in HY2020 which were absent in HY2021:

- a) gain on disposal of the Vessel of S\$1.5 million; and
- b) net foreign exchange gain of S\$0.2 million. The Group recorded net foreign exchange loss of S\$0.1 million for HY2021 mainly due to the weakening of THB and MMK against SGD.

Administrative expenses and finance costs remained largely stable at S\$3.1 million and S\$0.1 million, respectively, for both HY2021 and HY2020.

Other operating expenses increased by S\$0.3 million or 44.0%, to S\$0.9 million in HY2021 from S\$0.6 million in HY2020, mainly due to the increase in rental cost for workers' dormitory after moving the Group's workers to JTC dormitory at Woodlands as dormitories occupied earlier were taken back by the customer's shipyard to cater for the customer's own workers as a result of safe management requirement in response to the COVID-19 pandemic. Additional stamp duty was also incurred for the aforesaid rental of workers' dormitory which resulted in the increased in other operating expenses in HY2021.

As a result of the above, the Group recorded a net loss of S\$2.7 million in HY2021, as compared to a net profit of S\$0.4 million in HY2020. Net loss attributable to owners of the Company was S\$2.4 million in HY2021, as compared to a net profit attributable to owners of the Company of S\$0.8 million in HY2020.

### (b) Review of Financial Position of the Group

The Group recorded positive working capital (current assets less current liabilities) of S\$14.6 million as at 30 June 2021, as compared to S\$23.8 million as at 31 December 2020.

#### **Assets**

##### Current assets

The Group's current assets decreased by S\$8.9 million, to S\$21.1 million as at 30 June 2021 from S\$30.0 million as at 31 December 2020, mainly due to:

- a) a decline in cash and cash equivalents of S\$9.4 million as a result of:
  - S\$2.4 million used in the Group's business operations;
  - S\$6.0 million for the acquisition of the Group's new vessel, ES Jewel, which was completed in March 2021;



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- S\$0.4 million for payment of dividend; and
- S\$0.5 million for repayment of term loans and obligations under finance leases.

The decrease was partially offset by:

- an increase in other receivables of S\$0.4 million, of which S\$0.3 million related to cash outflow in the new building and repair segment in Myanmar division for payment of performance guarantee in relation to the on-going projects and down payment to supplier. The new building and repair segment in Myanmar division currently has two on-going projects which are expected to be completed by 2021; and
- an increase in inventories of S\$0.1 million in the marine supplies division of the shipping segment as its operations grow.

### Non-current assets

Non-current assets increased by S\$5.3 million, to S\$18.8 million as at 30 June 2021 from S\$13.5 million as at 31 December 2020, due mainly to the capitalisation of the Group's new vessel, ES Jewel, of S\$6.0 million acquired in March 2021, partially offset by depreciation charges for property, plant and equipment.

### **Liabilities**

#### Current liabilities

Current liabilities increased by S\$0.3 million, to S\$6.4 million as at 30 June 2021 from S\$6.1 million as at 31 December 2020. This was mainly attributable to:

- an increase in bank loans of S\$0.5 million due to reclassification of bank loans of S\$0.8 million from non-current liabilities to current liabilities and payment of bank loans of S\$0.3 million;
- an increase in trade payables of S\$0.1 million, mainly related to amount due to supplier for purchase of vessel spare parts for the preparation of vessel dry docking in August 2021; and
- a decrease in income tax payable of S\$0.3 million.

#### Non-current liabilities

Non-current liabilities decreased by S\$0.8 million, to S\$4.2 million as at 30 June 2021 from S\$5.0 million as at 31 December 2020, mainly due to repayment of lease liabilities coupled with the reclassification of bank loans of S\$0.8 million from non-current liabilities to current liabilities.

### **Equity**

As a result of the above, total equity of the Group decreased by S\$3.1 million, to S\$29.2 million as at 30 June 2021 from S\$32.3 million as at 31 December 2020. The Group's equity attributable to owners of the Company decreased by S\$2.8 million, to S\$29.2 million as at 30 June 2021 from S\$32.0 million as at 31 December 2020.

### **(c) Review of Statement of Cash Flows of the Group**

In HY2021, net cash used in operating activities amounted to S\$2.4 million, due to operating cash outflows before changes in working capital of S\$2.0 million and net cash used in operations of S\$0.4 million.

The net cash used in operations of S\$0.4 million in HY2021 was mainly due to:

- an increase in other receivables of S\$0.4 million;





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- (ii) an increase in inventories of S\$0.1 million; and
- (iii) payment of income tax of S\$0.3 million,

partially offset by:

- (i) an increase in other payables of S\$0.4 million.

Net cash used in investing activities of S\$6.1 million in HY2021 was related to purchases of property, plant and equipment, which included S\$6.0 million incurred for the acquisition of the Group's Vessel, ES Jewel, in March 2021.

Net cash used in financing activities of S\$0.8 million in HY2021 was mainly due to:

- (i) payment of dividend of S\$0.4 million; and
- (ii) repayment of term loans and finance leases of S\$0.4 million.

As a result of the above, there was a net decrease in the Group's cash and cash equivalents of S\$9.3 million, to S\$10.5 million as at 30 June 2021 from S\$19.8 million as at 1 January 2021.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

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

With the challenges emanating from COVID-19 pandemic, the global market is expected to remain volatile and uncertain. The evolving situation will continue to affect the Group's business and operations.

The Group continues to be on the lookout for opportunities including expanding the scope of works with existing major customer while exploring possible mergers and acquisitions in areas of industry related products with a view to diversify and enhance shareholders' value in the long run.

The Group remains cautious in all aspect in order to mitigate any negative financial impact arising from COVID-19 pandemic.

#### **6 Dividend**

##### **(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

No dividend has been declared or recommended for HY2021.

##### **(b) Corresponding Period of the Immediately Preceding Financial Year**

None.

##### **(c) Date payable**

Not applicable.

##### **(d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.



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

No dividend has been declared/recommended for HY2021 in view of the net loss position of the Group for HY2021 and in order to conserve cash for the Group's operations in view of the COVID-19 pandemic.

**8 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company has not obtained a general mandate from shareholders in respect of interested person transactions.

The aggregate value of interested person transactions entered into during HY2021 are as follows:

| Name of interested person                           | Nature of Relationship  | Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---|---|---|--|
|   |   | <b>S\$'000</b>  | <b>S\$'000</b>   |
| Low Chye Hin<br>- Provision of consultancy services | Low Chye Hin, the Group's consultant, is the father of Low Chee Wee (Executive Director, Chief Executive Officer cum Chief Operating Officer of the Company). | 102   | -  |
| <b>Total</b>  |   | <b>102</b>  | -  |



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### **9 Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules.**

For the purpose of registering the Group's newly acquired vessel, ES Jewel, with the Singapore Registry of Ships, the Company's wholly-owned subsidiary, ES Chartering Pte. Ltd., had on 11 March 2021 incorporated a new wholly-owned subsidiary, ES Jewel Pte. Ltd. ("**ESJ**"), in Singapore, with an initial issued and fully paid-up share capital of S\$50,000, comprising 50,000 ordinary shares. The principal activities of ESJ are those of chartering and freight water transport activities. Please refer to the Company's announcement dated 29 March 2021 for more information.

Save for the above, the Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period.

### **10 Negative confirmation pursuant to Rule 705(5) of the Catalist Rules.**

We, Low Chee Wee and Eddy Neo Chiang Swee, being two directors of the Company, confirm on behalf of the board of directors of the Company ("**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for HY2021 to be false or misleading in any material aspect.

### **11 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.**

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

## **ON BEHALF OF THE BOARD OF DIRECTORS**

**Low Chee Wee**  
Executive Director and Chief Executive Officer

**Eddy Neo Chiang Swee**  
Executive Director

**13 August 2021**