



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 2022

*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.

The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.



ES GROUP (HOLDINGS) LIMITED

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 HY2022 S\$'000	Unaudited HY2021 S\$'000	Increase/ (Decrease) %
Revenue	4	16,200	8,414	92.5
Cost of services		(14,121)	(8,207)	72.1
Gross profit		2,079	207	>100
Other operating income		1,075	1,164	(7.6)
Administrative expenses		(2,837)	(3,081)	(7.9)
Other operating expenses		(924)	(916)	0.9
Finance costs		(74)	(81)	(8.6)
Loss before share of results of a joint venture	6	(681)	(2,707)	(74.8)
Share of results of a joint venture		134	15	>100
Loss before income tax		(547)	(2,692)	(79.7)
Income tax (expense)/credit	17	(6)	15	n/m
Loss for the period		(553)	(2,677)	(79.3)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operation		4	(28)	n/m
Total comprehensive loss for the period		(549)	(2,705)	(79.7)
Loss attributable to:				
Owners of the Company		(467)	(2,427)	n/m
Non-controlling interests		(86)	(250)	(65.6)
		(553)	(2,677)	(79.3)
Total comprehensive loss attributable to:				
Owners of the Company		(464)	(2,435)	n/m
Non-controlling interests		(85)	(270)	(68.5)
		(549)	(2,705)	(79.7)
Loss per share¹ attributable to owners of the Company during the period:				
Basic ² (SGD in cent)		(0.33)	(1.72)	
Diluted ² (SGD in cent)		(0.33)	(1.72)	

n/m: not meaningful

¹ Computed based on loss 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.

² As there are no dilutive potential ordinary shares that were outstanding during the respective financial periods, the diluted loss per share is the same as the basic loss per share.



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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		Unaudited 30/6/2022 S\$'000	Audited 31/12/2021 S\$'000	Unaudited 30/6/2022 S\$'000	Audited 31/12/2021 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		4,889	8,496	94	39
Fixed deposit pledged		362	351	-	-
Trade receivables	12	8,068	6,375	-	-
Contract assets		2,585	3,137	-	-
Other receivables		947	670	40	48
Amount due from subsidiaries		-	-	12,735	12,769
Inventories		469	617	-	-
Total current assets		<u>17,320</u>	<u>19,646</u>	<u>12,869</u>	<u>12,856</u>
Non-current assets					
Deposits		97	97	-	-
Investments in subsidiaries		-	-	18,842	19,283
Investment in a joint venture	15	353	219	-	-
Club membership		50	50	-	-
Property, plant and equipment	9	18,906	18,598	-	-
Total non-current assets		<u>19,406</u>	<u>18,964</u>	<u>18,842</u>	<u>19,283</u>
Total assets		<u>36,726</u>	<u>38,610</u>	<u>31,711</u>	<u>32,139</u>
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	10	1,632	1,901	-	-
Trade payables	13	1,777	1,958	-	-
Contract liabilities		43	43	-	-
Other payables		3,239	3,286	126	45
Amount due to subsidiaries		-	-	12,172	12,248
Lease liabilities	16	163	170	-	-
Income tax payable		2	38	-	19
Total current liabilities		<u>6,856</u>	<u>7,396</u>	<u>12,298</u>	<u>12,312</u>
Non-current liabilities					
Bank loans	10	4,293	5,000	-	-
Lease liabilities	16	574	662	-	-
Deposits		40	40	-	-
Total non-current liabilities		<u>4,907</u>	<u>5,702</u>	<u>-</u>	<u>-</u>
Capital, reserves and non-controlling interests					
Share capital	11	23,698	23,698	23,698	23,698
Retained earnings		19,798	20,265	(4,285)	(3,871)
Statutory surplus reserve		442	442	-	-
Currency translation reserve		(236)	(239)	-	-
Merger reserve		(18,570)	(18,570)	-	-
Equity attributable to owners of the Company		<u>25,132</u>	<u>25,596</u>	<u>19,413</u>	<u>19,827</u>
Non-controlling interests		(169)	(84)	-	-
Total equity		<u>24,963</u>	<u>25,512</u>	<u>19,413</u>	<u>19,827</u>
Total liabilities and equity		<u>36,726</u>	<u>38,610</u>	<u>31,711</u>	<u>32,139</u>



C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory surplus reserve	Retained earnings	Currency translation reserve	Merger reserve	Attributable to owners of the Company	Non-controlling interests	Total
Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 January 2022 (audited)	23,698	442	20,265	(239)	(18,570)	25,596	(84)	25,512
<u>Total comprehensive income for the period:</u>								
- Loss for the period	-	-	(467)	-	-	(467)	(86)	(553)
- Other comprehensive income for the period	-	-	-	3	-	3	1	4
Total	-	-	(467)	3	-	(464)	(85)	(549)
Balance at 30 June 2022 (unaudited)	23,698	442	19,798	(236)	(18,570)	25,132	(169)	24,963
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	-	-	(353)	-	-	(353)	-	(353)
Balance at 30 June 2021 (unaudited)	23,698	442	23,857	(207)	(18,570)	29,220	(6)	29,214

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Balance at 1 January 2022 (audited)
 Loss for the period, representing total
 comprehensive loss for the period
 Balance at 30 June 2022 (unaudited)

Note	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
	23,698	(3,871)	19,827
	-	(414)	(414)
	<u>23,698</u>	<u>(4,285)</u>	<u>19,413</u>
	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 2021 (audited)
 Loss for the period, representing total
 comprehensive loss for the period
 Dividends
 Balance at 30 June 2021 (unaudited)



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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Unaudited HY2022 S\$'000	Unaudited HY2021 S\$'000
Operating activities		
Loss before income tax	(547)	(2,692)
Adjustments for:		
Interest income	(10)	(4)
Interest expense	74	81
Share of results of a joint venture	(134)	(15)
Depreciation of property, plant and equipment	830	643
Recovery of doubtful debts	(44)	-
Loss allowance made for third party trade receivables	32	-
Gain on disposal of property, plant and equipment	(46)	(20)
Operating cash flows before movements in working capital	155	(2,007)
Trade receivables	(1,688)	25
Contract assets	552	(97)
Other receivables	(288)	(417)
Inventories	145	(115)
Trade payables	(175)	177
Contract liabilities	1	(30)
Other payables	96	385
Cash used in operations	(1,202)	(2,079)
Interest received	10	4
Income tax paid	(43)	(338)
Net cash used in operating activities	(1,235)	(2,413)
Investing activities		
Proceeds from disposal of property, plant and equipment	46	20
Purchases of property, plant and equipment	(1,257)	(6,123)
Net cash used in investing activities	(1,211)	(6,103)
Financing activities		
Dividend paid	-	(353)
Interest paid	(74)	(81)
Fixed deposit pledge	-	30
Repayment of term loans	(976)	(300)
Repayment of lease liabilities	(95)	(80)
Net cash used in financing activities	(1,145)	(784)
Net decrease in cash and cash equivalents	(3,591)	(9,300)
Cash and cash equivalents at the beginning of the period	8,496	19,807
Effects of exchange rate changes on the balance of cash held in foreign currencies	(16)	(54)
Cash and cash equivalents at the end of the period	4,889	10,453



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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 2022 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 2022 (“**HY2022**”, and for the corresponding six months ended 30 June 2021, “**HY2021**”) 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 2021.

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 2021, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out below in Note 2.1 of the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements are presented in Singapore dollar (“**S\$**” or “**\$**”) 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 2022. 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 last annual audited consolidated financial statements as at and for the year ended 31 December 2021.

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

Information about critical judgements made by the management in applying the Group's accounting policies that have a significant effect on the amounts recognised in the condensed interim consolidated 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 2022 were S\$18,905,518 (31 December 2021: S\$18,597,600). During HY2022, no impairment loss (31 December 2021: reversal of impairment loss of S\$264,707) 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\$441,126 (31 December 2021: reversal of impairment loss of S\$129,536) during HY2022.

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\$nil (31 December 2021: impairment loss of S\$6,479,235) during HY2022.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during HY2022.



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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.

4.1 Reportable segments

Segments	New building and repair S\$'000	Shipping S\$'000	Total S\$'000
<u>HY2022</u>			
Revenue			
Segment revenue	11,196	5,004	16,200
Gross profit/(loss)	4,164	(2,085)	2,079
Other operating income			1,075
Administrative expenses			(2,837)
Other operating expenses			(924)
Finance costs			(74)
Loss before share of results of a joint venture			(681)
Share of results of a joint venture			134
Loss before income tax			(547)
Income tax expense			(6)
Loss for the period			(553)
Other information			
Additions to property, plant and equipment			1,257
Depreciation of property, plant and equipment	-	(a)533	830
Assets and Liabilities			
Segment assets	14,493	12,410	26,903
Unallocated corporate assets			9,823
Total assets			36,726
Segment liabilities	1,606	3,603	5,209
Unallocated corporate liabilities			6,554
Total liabilities			11,763

(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.



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Segments	New building and repair S\$'000	Shipping S\$'000	Total S\$'000
<u>HY2021</u>			
Revenue			
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 of a joint venture			(2,707)
Share of results of a joint venture			15
Loss before income tax			(2,692)
Income tax credit			15
Loss for the period			(2,677)
Other information			
Additions to property, plant and equipment			5,974
Depreciation of property, plant and equipment	-	(a)253	643
Assets and Liabilities			
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.



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4.2 Disaggregation of Revenue

	Group HY2022		
	New building and repair	Shipping	Total
	S\$'000	S\$'000	S\$'000
<u>Type of goods and services</u>			
Service Revenue	11,196	-	11,196
Marine Supplies	-	381	381
Ship Charter	-	4,623	4,623
Total Revenue	11,196	5,004	16,200
<u>Timing of transfer of goods and services</u>			
At a point in time	13	5,004	5,017
Over time	11,183	-	11,183
Total Revenue	11,196	5,004	16,200
<u>Geographical information</u>			
Singapore	10,781	5,004	15,785
People's Republic of China	160	-	160
Malaysia	181	-	181
Myanmar	16	-	16
Thailand	58	-	58
Total Revenue	11,196	5,004	16,200

	Group HY2021		
	New building and repair	Shipping	Total
	S\$'000	S\$'000	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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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 2022 and 31 December 2021:

	Group		Company	
	30/6/2022 S\$'000	31/12/2021 S\$'000	30/6/2022 S\$'000	31/12/2021 S\$'000
Financial assets				
Financial assets carried at amortised cost (Note 12)	13,795	15,769	12,869	12,808
Financial liabilities				
Financial liabilities carried at amortised cost (Note 13)	11,718	13,017	12,298	12,293

6 Loss before taxation

6.1 Significant items

	Group		Increase/ (Decrease) %
	HY2022 S\$'000	HY2021 S\$'000	
Depreciation of property, plant and equipment ^(a) :			
- cost of services	729	539	35.3
- administrative expenses	38	38	-
- other operating expenses	63	66	(4.5)
	830	643	29.1
Audit fee:			
- paid/payable to auditors of the Company	47	40	17.5
- paid/payable to other auditors	3	5	(40.0)
Employee benefits expense (including directors' remuneration) ^(b)	6,727	5,347	25.8
Costs of defined contribution plans (included in employee benefits expense)	232	248	(6.5)
Cost of inventories recognised as expense ^(b)	1,490	965	54.4
Loss allowance made for third party trade receivables ^(c)	32	-	n/m
Recovery of doubtful debts ^(d)	(44)	-	n/m
Interest expense	74	81	(8.6)
Gain on disposal of property, plant and equipment ^(e)	(46)	(20)	>100
Interest income ^(f)	(10)	(4)	>100
Net foreign exchange loss ^(g)	77	68	13.2

n/m: not meaningful

Notes:-

a) The increase in depreciation of property, plant and equipment was mainly due to the commencement of depreciation charges for the Group's vessels, namely ES Jewel and ES Aspire, in year 2022 as docking expenses incurred for ES Jewel and ES Aspire were previously capitalised.



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- b) The increases in employee benefits expense and cost of inventories recognised as expense were mainly due to higher revenue and more projects completed and delivered in HY2022, as compared to HY2021.
- c) Loss allowance made for third party trade receivables in HY2022 was provided for customers from the Group's new building and repair segment and shipping segment after the management has assessed that the probability of collection of the outstanding trade receivables is low. There was no such loss allowance made for third party trade receivables in HY2021.
- d) Recovery of doubtful debts in HY2022 pertained to outstanding trade receivables recovered from customers from the Group's new building and repair segment. There was no such recovery of doubtful debts in HY2021.
- e) Gain on disposal of property, plant and equipment in HY2022 arose mainly from the sale of machinery and equipment from one of the Company's subsidiaries, namely, ES Offshore and Marine Engineering (Thailand) Co., Ltd..
- f) The increase in interest income was due to the additional fixed deposit placed by ES Offshore and Engineering (Myanmar) Co., Ltd. (a subsidiary of the Company) since January 2022.
- g) Net foreign exchange gain or loss relates to changes in the relative value of assets denominated in foreign currencies. Net foreign exchange loss increased in HY2022, as compared to HY2021, due to the weakening of both Thai Baht (THB) and Myanmar Kyat (MMK) against Singapore Dollar (SGD) in HY2022.

6.2 Related party transactions

During HY2022, 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:

	Group	
	HY2022 S\$'000	HY2021 S\$'000
Professional fee paid to immediate family member of directors/shareholders	78	102

7 Net asset value

	Group		Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Net asset value per ordinary share based on the number of issued ordinary shares	17.80 cents ^(a)	18.13 cents ^(b)	13.75 cents ^(a)	14.04 cents ^(b)
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 2022 have been computed based on equity attributable to owners of the Company as at 30 June 2022 divided by the number of issued ordinary shares as at 30 June 2022.



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

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 HY2022.

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 HY2022.

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.

9 Property, plant and equipment

During HY2022, the Group acquired assets amounting to S\$1,256,986 (HY2021: S\$6,202,896) and disposed of assets amounting to S\$319,808 (HY2021: S\$145,794). During HY2022, no property, plant and equipment was acquired under lease arrangement (HY2021: S\$80,000).

10 Bank loans

	Group	
	30/6/2022	31/12/2021
	S\$'000	S\$'000
Bank loans (secured)		
- Term loan 1	100	400
- Term loan 2	3,366	3,843
- Term loan 3	2,459	2,658
Total bank loans	5,925	6,901
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,632)	(1,901)
Amount due for settlement after 12 months (shown under non-current liabilities)	4,293	5,000



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At the end of HY2022, the Group's bank loans are secured by:

- (i) legal mortgage over the Group's leasehold land and property;
- (ii) a pledge over the Group's two vessels;
- (iii) corporate guarantees by the Company for all the monies owing;
- (iv) a first priority pledge over the earnings account maintained with a financial institution;
- (v) a pledge over a deposit; and
- (vi) a pledge over 100% shares of a subsidiary of the Company.

As at the end of HY2022, the Company did not meet the net asset value as required under Term Loan 1, amounting to S\$100,000, which was repayable on demand. On 7 August 2022, the Company had fully repaid the balance outstanding under Term Loan 1.

11 Share capital

	Group and Company			
	30/6/2022 Number of Ordinary Shares ('000)	30/6/2022 S\$'000	31/12/2021 Number of Ordinary Shares ('000)	31/12/2021 S\$'000
Issued and paid up (excluding treasury shares):				
At beginning and at end of 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 HY2022.

As at 30 June 2022, 31 December 2021 and 30 June 2021, the Company has no outstanding options, convertibles, treasury shares and subsidiary holdings.

12 Trade receivables

	Group		Company	
	30/6/2022 S\$'000	31/12/2021 S\$'000	30/6/2022 S\$'000	31/12/2021 S\$'000
Third parties	8,880	7,193	-	-
Related parties	-	32	-	-
Less: Loss allowance for trade receivables	(812)	(850)	-	-
Net trade receivables	8,068	6,375	-	-
Add: Cash and cash equivalents	5,251	8,847	94	39
Add: Other receivables	1,044	767	40	48
Add: Amount due from subsidiaries	-	-	12,735	12,769
Less: Prepayments *	(521)	(209)	-	(48)
Less: Value-added tax receivables *	(47)	(11)	-	-
Total financial assets carried at amortised cost	13,795	15,769	12,869	12,808

* These are part of other receivables.



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13 Trade payables

	Group		Company	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Third parties	1,777	1,958	-	-
Total trade payables	1,777	1,958	-	-
Add: Bank loans	5,925	6,901	-	-
Add: Other payables	3,239	3,286	12,298	12,293
Add: Lease liabilities	737	832	-	-
Add: Deposits (Classified as non-current liability)	40	40	-	-
Less: Deferred government grant income	-	-	-	-
Total financial liabilities carried at amortised cost	11,718	13,017	12,298	12,293

14 Dividends

	Group	
	HY2022	HY2021
	S\$'000	S\$'000
Final tax-exempt (one-tier) dividend paid subsequently in respect of the previous financial year of nil cents (HY2021: 0.25 cents that was declared for FY2020) per share	-	353
	-	353

15 Investment in a joint venture

	Group	
	30/06/2022	31/12/2021
	S\$'000	S\$'000
Unquoted equity investment, at cost	219	250
Impairment on Goodwill	-	(12)
Share of post-acquisition results	134	(19)
	353	219

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	
			30/06/2022	31/12/2021
			%	%
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.



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16 Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
Contractual undiscounted cash flows:				
- Within one year	192	204	162	170
- In the second to fifth years inclusive	461	562	414	501
- After five years	167	167	161	161
	<u>820</u>	<u>933</u>	<u>737</u>	<u>832</u>
Less: Future interest expense	(83)	(101)	-	-
Present value of lease liabilities	<u>737</u>	<u>832</u>	<u>737</u>	<u>832</u>
Presented in consolidated statement of financial position				
- Current			163	170
- Non-current			574	662
			<u>737</u>	<u>832</u>

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

17 Income tax expense

	Group	
	HY2022 S\$'000	HY2021 S\$'000
Income tax:		
- Current period	-	-
- Under/(Over)provision in respect of prior periods	6	(15)
	<u>6</u>	<u>(15)</u>

Domestic income tax is calculated at 17% (HY2021: 17%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

18 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\$6,110,812 (31 December 2021: S\$7,135,023). The earliest period that the guarantee could be called is within 1 year (31 December 2021: 1 year) from the end of the reporting period.



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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.

19 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 the first half of 2021. This has intensified the labour crunch and resulted in operational challenges and negative costs impact to the Group in 2021.

As the spread of COVID-19 further came under control in early 2022, the Singapore government further eases travel restrictions. The Group has since brought in closed to 100 workers from India and Bangladesh. There are also plans to bring in additional 60 workers during the second half of 2022. Barring unforeseen circumstances, these additional workers are expected to focus on the completion of the Group's existing projects, which would contribute positively to the Group's results.

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.

20 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 2022 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 HY2022 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 2021 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 increased by S\$7.8 million or 92.5%, from S\$8.4 million in HY2021 to S\$16.2 million in HY2022 as a result of the increase in revenue contributed by both business segments of the Group.

Revenue from the Group's shipping segment increased by S\$2.6 million, from S\$2.4 million in HY2021 to S\$5.0 million in HY2022 due mainly to more voyages ran by the Group's vessel, ES Jewel, coupled with upwards revision of charter fee due to surge in bunker cost. ES Jewel was acquired in March 2021 and only ran for 2 voyages from March 2021 to June 2021 as the vessel needed to perform post-acquisition maintenance and preparation for docking in September 2022, as compared to HY2022, where the vessel was running at its full capacity.

Revenue from the Group's new building and repair segment increased by S\$5.2 million, from S\$6.0 million in HY2021 to S\$11.2 million in HY2022. The significant increase in revenue was contributed by the project engineering division, as well as the steelwork and staging division of the new building and repair segment. The increase of orders from wind farm projects was the main reason for the revenue from the project engineering division to increase by S\$3.6 million in HY2022, as compared to HY2021. The revenue from the steelwork and staging division increased in HY2022 as more manpower was being allocated to cope with increased orders as business activity gradually resumes from the COVID-19 pandemic. Since the ease of COVID-19 restrictions and measures in 2021, the Group has successfully brought in more workers from Bangladesh and India, which allowed the Group to complete and deliver more projects during HY2022.



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Gross profit increased by S\$1.9 million or 904.3%, from S\$0.2 million in HY2021 to S\$2.1 million in HY2022. Gross profit margin increased by 10.3 percentage points, from 2.5% in HY2021 to 12.8% in HY2022. The increases in gross profit and gross profit margin were the result of:

- a) the improvement in gross profit from the new building and repair segment due to (i) higher margin projects; (ii) changes in cost mix, lesser down time and increase in utilisation rate of the workers; and (iii) following the Company's auditors' recommendation to be prudent, the Company had recognised the revenue from some work-in-progress projects at cost in FY2021 (i.e. no profit was recognised in FY2021), and their corresponding profit was only realised and recorded in HY2022 when these projects were completed and billed; and
- b) partially offset by a temporarily gross loss from the shipping segment. The shipping segment suffered from an unexpected rise in bunker cost from USD600 per metric ton in December 2021 to USD1,200 per metric ton in June 2022.

Other operating income decreased by S\$0.1 million or 7.6%, from S\$1.2 million in HY2021 to S\$1.1 million in HY2022, mainly due to reduction of government grants received during the period under review.

Administrative expenses decreased by S\$0.3 million or 7.9%, from S\$3.1 million in HY2021 to S\$2.8 million in HY2022 as a result of the management's cost control measures.

Other operating expenses and finance costs remained largely stable at S\$0.9 million and S\$0.1 million, respectively, for both HY2022 and HY2021.

Share of results of a joint venture increased by S\$0.1 million, from approximately S\$15,000 in HY2021 to S\$0.1 million in HY2022 as a result of an improved performance as the joint venture entity secured and delivered higher value projects in HY2022.

As a result of the above, the Group recorded an improvement in its net loss position of S\$0.6 million in HY2022, as compared to a net loss position of S\$2.7 million in HY2021. Net loss attributable to owners of the Company was S\$0.5 million in HY2022, as compared to a net loss attributable to owners of the Company of S\$2.4 million in HY2021.

(b) Review of Financial Position of the Group

The Group recorded positive working capital (current assets less current liabilities) of S\$10.5 million as at 30 June 2022, as compared to S\$12.3 million as at 31 December 2021.

Assets

Current assets

The Group's current assets decreased by S\$2.3 million, to S\$17.3 million as at 30 June 2022 from S\$19.6 million as at 31 December 2021, mainly due to:

- a) a decline in cash and cash equivalents of S\$3.6 million as a result of:
 - S\$1.2 million used in the Group's business operations;
 - S\$1.2 million for dry docking of the vessel, ES Aspire, which was completed in March 2022; and
 - S\$1.1 million for repayment of term loans and obligations under finance leases; and
- b) a decrease in contract assets of S\$0.6 million mainly due to a reduction of incompleting projects in HY2022.

The decrease was partially offset by an increase in trade receivables of S\$1.7 million as the projects were completed and billed but pending collection as at 30 June 2022, and an



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increase in other receivables of S\$0.3 million due to prepayment made for insurance and general expenses.

Non-current assets

Non-current assets increased by S\$0.4 million, to S\$19.4 million as at 30 June 2022 from S\$19.0 million as at 31 December 2021, due mainly to capitalisation of vessel docking cost of S\$1.2 million, partially offset by depreciation charges for property, plant and equipment.

Liabilities

Current liabilities

Current liabilities decreased by S\$0.5 million, to S\$6.9 million as at 30 June 2022 from S\$7.4 million as at 31 December 2021. This was mainly attributable to:

- a) the repayment of bank loans and lease liabilities of S\$0.3 million; and
- b) a decrease in trade payables of S\$0.2 million.

Non-current liabilities

Non-current liabilities decreased by S\$0.8 million, to S\$4.9 million as at 30 June 2022 from S\$5.7 million as at 31 December 2021, mainly due to repayment of bank loans and lease liabilities.

Equity

As a result of the above, total equity of the Group decreased by S\$0.5 million, to S\$25.0 million as at 30 June 2022 from S\$25.5 million as at 31 December 2021. The Group's equity attributable to owners of the Company decreased similarly by S\$0.5 million, to S\$25.1 million as at 30 June 2022 from S\$25.6 million as at 31 December 2021.

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

In HY2022, net cash used in operating activities amounted to S\$1.2 million, due to operating cash inflows before changes in working capital of S\$0.2 million and net cash used in operations of S\$1.4 million.

The net cash used in operations of S\$1.4 million in HY2022 was mainly due to:

- (i) an increase in trade receivables of S\$1.7 million;
- (ii) an increase in other receivables of S\$0.3 million; and
- (iii) a decrease in trade payables of S\$0.2 million,

partially offset by:

- (i) a decrease in contract assets of S\$0.6 million; and
- (ii) a decrease in inventories of S\$0.1 million.

Net cash used in investing activities of S\$1.2 million in HY2022 was related to purchases of property, plant and equipment, which included S\$1.2 million incurred for dry docking of the Group's vessel, ES Aspire, in March 2022.

Net cash used in financing activities of S\$1.1 million in HY2022 was mainly due to repayment of term loans and finance leases.

As a result of the above, there was a net decrease in the Group's cash and cash equivalents of S\$3.6 million, to S\$4.9 million as at 30 June 2022 from S\$8.5 million as at 1 January 2022.



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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.

As travel restrictions progressively lifted, the Group manages to bring in more foreign workers, allowing the Group to catch up on delayed projects due to labour shortage from border control as a result of the COVID-19 pandemic. With these additional workers, the Group remains focused on execution of projects so as to complete and deliver all its existing projects scheduled for completion during the year.

The global market is expected to remain volatile and challenging as the world progresses towards an endemic COVID-19. The evolving situation will continue to affect the Group's business and operations.

The Group is actively looking out 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.

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 HY2022.

(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.

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 or recommended for HY2022 in view of the net loss position of the Group for HY2022 and in order to conserve cash for the Group's operations.

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 HY2022 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)
		S\$'000	S\$'000
Low Chye Hin - Professional fee	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, and a controlling shareholder of the Company), Christopher Low Chee Leng (a controlling shareholder of the Company) and Yvonne Low-Triomphe (a controlling shareholder of the Company), and spouse of Neo Peck Keow @ Ng Siang Keng (a controlling shareholder of the Company).	78	-
Total		78	-



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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.

The Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period, up to 30 June 2022.

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 condensed interim consolidated financial statements of the Group for HY2022 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

12 August 2022