



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 AND FULL YEAR ENDED 31 DECEMBER 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

	Note	Group					
		Unaudited 6 months ended 31 Dec 2021	Unaudited 6 months ended 31 Dec 2020	Increase/ (Decrease)	Unaudited 12 months ended 31 Dec 2021	Audited 12 months ended 31 Dec 2020	Increase/ (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4	12,536	8,655	44.8	20,950	17,533	19.5
Cost of services		(13,679)	(7,064)	93.6	(21,886)	(14,523)	50.7
Gross (loss)/profit		(1,143)	1,591	n/m	(936)	3,010	n/m
Other operating income		1,246	2,871	(56.6)	2,410	5,696	(57.7)
Administrative expenses		(2,758)	(2,938)	(6.1)	(5,839)	(6,041)	(3.3)
Other operating expenses		(869)	(1,405)	(38.1)	(1,785)	(2,041)	(12.5)
Finance costs		(82)	(55)	49.1	(163)	(146)	11.6
(Loss)/Profit before share of results of a joint venture	6	(3,606)	64	n/m	(6,313)	478	n/m
Share of results of a joint venture		(16)	(17)	(5.9)	(1)	(17)	(94.1)
(Loss)/Profit before income tax		(3,622)	47	n/m	(6,314)	461	n/m
Income tax expense	17	(34)	(125)	(72.8)	(19)	(125)	(84.8)
(Loss)/Profit for the period/year		(3,656)	(78)	> 100	(6,333)	336	n/m
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operation		(43)	37	n/m	(71)	28	n/m
Total comprehensive (loss)/income for the period/year		(3,699)	(41)	> 100	(6,404)	364	n/m
(Loss)/Profit attributable to:							
Owners of the Company		(3,590)	207	n/m	(6,017)	981	n/m
Non-controlling interests		(66)	(285)	(76.8)	(316)	(645)	(51.0)
		(3,656)	(78)	> 100	(6,333)	336	n/m
Total comprehensive (loss)/income attributable to:							
Owners of the Company		(3,622)	218	n/m	(6,057)	987	n/m
Non-controlling interests		(77)	(259)	(70.3)	(347)	(623)	(44.3)
		(3,699)	(41)	> 100	(6,404)	364	n/m
(Loss)/Earnings per share¹ attributable to owners of the Company during the period/year:							
Basic ² (SGD in cent)		(2.54)	0.15		(4.26)	0.69	
Diluted ² (SGD in cent)		(2.54)	0.15		(4.26)	0.69	

n/m: not meaningful

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

² As there are no dilutive potential ordinary shares that were outstanding during the respective financial periods/years, 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 31/12/2021 S\$'000	Audited 31/12/2020 S\$'000	Unaudited 31/12/2021 S\$'000	Audited 31/12/2020 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		8,497	19,807	39	115
Fixed deposit pledged		351	344	-	-
Trade receivables	12	6,376	5,879	-	-
Contract assets		3,137	2,630	-	-
Other receivables		670	838	49	73
Amount due from subsidiaries		-	-	12,769	19,607
Inventories		617	457	-	-
Total current assets		<u>19,648</u>	<u>29,955</u>	<u>12,857</u>	<u>19,795</u>
Non-current assets					
Deposits		97	6	-	-
Investments in subsidiaries		-	-	19,283	19,154
Investment in a joint venture	15	219	233	-	-
Club membership		50	50	-	-
Property, plant and equipment	9	18,598	13,172	-	-
Total non-current assets		<u>18,964</u>	<u>13,461</u>	<u>19,283</u>	<u>19,154</u>
Total assets		<u>38,612</u>	<u>43,416</u>	<u>32,140</u>	<u>38,949</u>
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	10	1,901	757	-	-
Trade payables	13	1,958	936	-	-
Contract liabilities		43	76	-	-
Other payables		3,284	3,847	46	61
Amount due to subsidiaries		-	-	12,248	12,312
Lease liabilities	16	170	158	-	-
Income tax payable		38	360	19	-
Total current liabilities		<u>7,394</u>	<u>6,134</u>	<u>12,313</u>	<u>12,373</u>
Non-current liabilities					
Bank loans	10	5,000	4,243	-	-
Lease liabilities	16	662	766	-	-
Deposits		40	-	-	-
Total non-current liabilities		<u>5,702</u>	<u>5,009</u>	<u>-</u>	<u>-</u>
Capital, reserves and non-controlling interests					
Share capital	11	23,698	23,698	23,698	23,698
Retained earnings		20,267	26,637	(3,871)	2,878
Statutory surplus reserve		442	442	-	-
Currency translation reserve		(238)	(198)	-	-
Merger reserve		(18,570)	(18,570)	-	-
Equity attributable to owners of the Company		<u>25,599</u>	<u>32,009</u>	<u>19,827</u>	<u>26,576</u>
Non-controlling interests		(83)	264	-	-
Total equity		<u>25,516</u>	<u>32,273</u>	<u>19,827</u>	<u>26,576</u>
Total liabilities and equity		<u>38,612</u>	<u>43,416</u>	<u>32,140</u>	<u>38,949</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 2021 (audited)	23,698	442	26,637	(198)	(18,570)	32,009	264	32,273
<u>Total comprehensive loss for the year</u>								
- Loss for the year	-	-	(6,017)	-	-	(6,017)	(316)	(6,333)
- Other comprehensive loss for the year	-	-	-	(40)	-	(40)	(31)	(71)
Total	-	-	(6,017)	(40)	-	(6,057)	(347)	(6,404)
<u>Transactions with owners, recognised directly in equity:</u>								
- Dividends	14	-	(353)	-	-	(353)	-	(353)
Balance at 31 December 2021 (unaudited)	23,698	442	20,267	(238)	(18,570)	25,599	(83)	25,516
Balance at 1 January 2020 (audited)	23,698	451	26,282	(204)	(18,570)	31,657	(423)	31,234
<u>Total comprehensive income/(loss) for the year</u>								
- Profit/(Loss) for the year	-	-	981	-	-	981	(645)	336
- Other comprehensive income for the year	-	-	-	6	-	6	22	28
Total	-	-	981	6	-	987	(623)	364
<u>Transactions with owners, recognised directly in equity:</u>								
- Transfer to statutory surplus reserve	-	(9)	9	-	-	-	-	-
- Increase in share capital of a subsidiary	-	-	-	-	-	-	1,310	1,310
- Dividends	14	-	(635)	-	-	(635)	-	(635)
Balance at 31 December 2020 (audited)	23,698	442	26,637	(198)	(18,570)	32,009	264	32,273



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	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Company			
Balance at 1 January 2021 (audited)	23,698	2,878	26,576
Loss for the year, representing total comprehensive loss for the year	-	(6,396)	(6,396)
Dividends	-	(353)	(353)
Balance at 31 December 2021 (unaudited)	23,698	(3,871)	19,827
Balance at 1 January 2020 (audited)	23,698	2,012	25,710
Profit for the year, representing total comprehensive income for the year	-	1,501	1,501
Dividends	-	(635)	(635)
Balance at 31 December 2020 (audited)	23,698	2,878	26,576



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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Unaudited 12 months ended 31 Dec 2021 S\$'000	Audited 12 months ended 31 Dec 2020 S\$'000
Operating activities		
(Loss)/Profit before income tax	(6,314)	461
Adjustments for:		
Interest income	(6)	(42)
Interest expense	198	146
Property, plant and equipment written off	-	1
Share of results of a joint venture	1	17
Impairment of property, plant and equipment	(265)	-
Impairment on goodwill from joint venture	13	-
Loss allowance made for third party trade receivables	64	256
Recovery of doubtful debts	(100)	-
Depreciation of property, plant and equipment	1,262	1,181
Gain on disposal of property, plant and equipment	(83)	(36)
Gain on disposal of non-current assets classified as held for sale	-	(1,365)
	(5,230)	619
Changes in working capital		
Trade receivables	(486)	982
Contract assets	(511)	170
Other receivables	56	15
Inventories	(184)	56
Trade payables	1,036	(243)
Contract liabilities	(31)	77
Other payables	(128)	(772)
Cash (used in)/from operations	(5,478)	904
Interest received	6	42
Income tax paid	(343)	(668)
Net cash (used in)/provided by operating activities	(5,815)	278
Investing activities		
Proceeds from disposal of property, plant and equipment	83	37
Proceeds on disposal non-current assets classified as held for sale	-	5,401
Investment in a joint venture	-	(250)
Increase in share capital of a subsidiary by non-controlling interests	-	1,310
Purchases of property, plant and equipment	(6,713)	(310)
Net cash (used in)/provided by investing activities	(6,630)	6,188
Financing activities		
Fixed deposit pledged	-	105
Interest paid	(198)	(146)
Dividend paid	(353)	(635)
Proceeds from:		
Term loans	2,742	4,000



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	Group	
	Unaudited 12 months ended 31 Dec 2021 S\$'000	Audited 12 months ended 31 Dec 2020 S\$'000
Repayments of:		
Term loans	(801)	(4,000)
Principal portion of lease liabilities	(172)	(150)
Repayment of loan from a director of subsidiary	-	(1,310)
Net cash provided by/(used in) financing activities	1,218	(2,136)
Net (decrease)/increase in cash and cash equivalents	(11,227)	4,330
Cash and cash equivalents at the beginning of the year	19,807	15,471
Effects of exchange rate changes on the balance of cash held in foreign currencies	(83)	6
Cash and cash equivalents at the end of the year	8,497	19,807



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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 and full year ended 31 December 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 and full year ended 31 December 2021 (“**FY2021**”, and for the previous corresponding full year ended 31 December 2020, “**FY2020**”) 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 interim consolidated financial statements for the six months ended 30 June 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 full 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 (SGD) 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 full year ended 31 December 2020.

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 in applying accounting policies that have a significant effect on the amounts recognised in the 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 key 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 current and prior years, 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 31 December 2021 were S\$18,597,600 (31 December 2020: S\$13,172,873). During FY2021, there is reversal of impairment loss on property, plant and equipment of S\$264,707 (FY2020: nil).



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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.

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 reversal of impairment loss of S\$129,536 during FY2021 (FY2020: net impairment loss of S\$1,159,965).

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 net impairment loss of S\$6,479,235 during FY2021 (FY2020: net impairment loss of S\$1,355,773).

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during FY2021.



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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>From 1 July 2021 to 31 December 2021</u>			
Revenue			
Segment revenue	7,754	4,782	12,536
Gross profit/(loss)	1,113	(2,256)	(1,143)
Other operating income			1,246
Administrative expenses			(2,758)
Other operating expenses			(869)
Finance costs			(82)
Loss before share of results of a joint venture			(3,606)
Share of results of a joint venture			(16)
Loss before income tax			(3,622)
Income tax expense			(34)
Loss for the period			(3,656)
Other information			
Additions to property, plant and equipment			819
Depreciation of property, plant and equipment	-	(a)272	619
Assets and Liabilities			
Segment assets	13,184	11,529	24,713
Unallocated corporate assets			13,899
Total assets			38,612
Segment liabilities	1,867	4,073	5,940
Unallocated corporate liabilities			7,156
Total liabilities			13,096



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Segments	New building and repair S\$'000	Shipping S\$'000	Total S\$'000
<u>From 1 July 2020 to 31 December 2020</u>			
Revenue			
Segment revenue	6,126	2,529	8,655
Gross profit	1,457	134	1,591
Other operating income			2,871
Administrative expenses			(2,938)
Other operating expenses			(1,405)
Finance costs			(55)
Profit before share of results of a joint venture			64
Share of results of a joint venture			(17)
Profit before income tax			47
Income tax expense			(125)
Loss for the period			(78)
Other information			
Additions to property, plant and equipment			298
Depreciation of property, plant and equipment	-	(a)133	554
Assets and Liabilities			
Segment assets	12,652	5,297	17,949
Unallocated corporate assets			25,467
Total assets			43,416
Segment liabilities	1,911	1,148	3,059
Unallocated corporate liabilities			8,084
Total liabilities			11,143



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Segments	New building and repair S\$'000	Shipping S\$'000	Total S\$'000
From 1 January 2021 to 31 December 2021			
Revenue			
Segment revenue	13,767	7,183	20,950
Gross profit/(loss)	2,321	(3,257)	(936)
Other operating income			2,410
Administrative expenses			(5,839)
Other operating expenses			(1,785)
Finance costs			(163)
Loss before share of results of a joint venture			(6,313)
Share of results of a joint venture			(1)
Loss before income tax			(6,314)
Income tax expense			(19)
Loss for the year			(6,333)
Other information			
Additions to property, plant and equipment			6,793
Depreciation of property, plant and equipment	-	(a)525	1,262
Assets and Liabilities			
Segment assets	13,184	11,529	24,713
Unallocated corporate assets			13,899
Total assets			38,612
Segment liabilities	1,867	4,073	5,940
Unallocated corporate liabilities			7,156
Total liabilities			13,096



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Segments	New building and repair S\$'000	Shipping S\$'000	Total S\$'000
From 1 January 2020 to 31 December 2020			
Revenue			
Segment revenue	12,162	5,371	17,533
Results			
Gross profit	2,799	211	3,010
Other operating income			5,696
Administrative expenses			(6,041)
Other operating expenses			(2,041)
Finance costs			(146)
Profit before share of results of a joint venture			478
Share of results of a joint venture			(17)
Profit before income tax			461
Income tax expense			(125)
Profit for the year			336
Other information			
Additions to property, plant and equipment			310
Depreciation of property, plant and equipment	-	(a)340	1,181
Assets and Liabilities			
Segment assets	12,652	5,297	17,949
Unallocated corporate assets			25,467
Total assets			43,416
Segment liabilities	1,911	1,148	3,059
Unallocated corporate liabilities			8,084
Total liabilities			11,143

(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		
	6 months ended 31 December 2021		
	New building and repair	Shipping	Total
	S\$'000	S\$'000	S\$'000
<u>Type of goods and services</u>			
Service Revenue	7,754	-	7,754
Marine Supplies	-	548	548
Ship Charter	-	4,234	4,234
Total Revenue	<u>7,754</u>	<u>4,782</u>	<u>12,536</u>
<u>Timing of transfer of goods and services</u>			
At a point in time	437	4,782	5,219
Over time	7,317	-	7,317
Total Revenue	<u>7,754</u>	<u>4,782</u>	<u>12,536</u>
<u>Geographical information</u>			
Singapore	7,117	4,782	11,899
The People's Republic of China	142	-	142
Malaysia	55	-	55
Myanmar	440	-	440
Total Revenue	<u>7,754</u>	<u>4,782</u>	<u>12,536</u>

	Group		
	6 months ended 31 December 2020		
	New building and repair	Shipping	Total
	S\$'000	S\$'000	S\$'000
<u>Type of goods and services</u>			
Service Revenue	6,126	-	6,126
Marine Supplies	-	655	655
Ship Charter	-	1,874	1,874
Total Revenue	<u>6,126</u>	<u>2,529</u>	<u>8,655</u>
<u>Timing of transfer of goods and services</u>			
At a point in time	45	2,509	2,554
Over time	6,081	20	6,101
Total Revenue	<u>6,126</u>	<u>2,529</u>	<u>8,655</u>
<u>Geographical information</u>			
Singapore	5,154	2,494	7,648
Thailand	763	-	763
The People's Republic of China	84	-	84
Malaysia	95	35	130
Myanmar	30	-	30
Total Revenue	<u>6,126</u>	<u>2,529</u>	<u>8,655</u>



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Group 12 months ended 31 December 2021

	New building and repair	Shipping	Total
	S\$'000	S\$'000	S\$'000
<u>Type of goods and services</u>			
Service Revenue	13,767	-	13,767
Marine Supplies	-	1,088	1,088
Ship Charter	-	6,095	6,095
Total Revenue	13,767	7,183	20,950
<u>Timing of transfer of goods and services</u>			
At a point in time	437	7,183	7,620
Over time	13,330	-	13,330
Total Revenue	13,767	7,183	20,950
<u>Geographical information</u>			
Singapore	12,895	7,183	20,078
The People's Republic of China	324	-	324
Malaysia	96	-	96
Myanmar	452	-	452
Total Revenue	13,767	7,183	20,950

Group 12 months ended 31 December 2020

	New building and repair	Shipping	Total
	S\$'000	S\$'000	S\$'000
<u>Type of goods and services</u>			
Service Revenue	12,162	-	12,162
Marine Supplies	-	1,031	1,031
Ship Charter	-	4,340	4,340
Total Revenue	12,162	5,371	17,533
<u>Timing of transfer of goods and services</u>			
At a point in time	45	5,191	5,236
Over time	12,117	180	12,297
Total Revenue	12,162	5,371	17,533
<u>Geographical information</u>			
Singapore	10,778	5,320	16,098
Thailand	763	-	763
The People's Republic of China	199	-	199
Malaysia	360	51	411
Myanmar	62	-	62
Total Revenue	12,162	5,371	17,533



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Group	FY2021 S\$'000	FY2020 S\$'000	Increase / (Decrease) %
(a) Sales reported for first half year	8,414	8,878	(5.2)
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(2,677)	414	n/m
(c) Sales reported for second half year	12,536	8,655	44.8
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(3,656)	(78)	> 100

n/m: not meaningful

5 Financial assets and financial liabilities

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

	Group		Company	
	31/12/2021 S\$'000	31/12/2020 S\$'000	31/12/2021 S\$'000	31/12/2020 S\$'000
Financial assets				
Financial assets carried at amortised cost (Note 12)	15,771	26,343	12,809	19,733
Financial liabilities				
Financial liabilities carried at amortised cost (Note 13)	13,015	10,147	12,294	12,373



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6 Profit before taxation

6.1 Significant items

	Group					
	6 months ended 31 December 2021	6 months ended 31 December 2020	Increase/ (Decrease)	12 months ended 31 December 2021	12 months ended 31 December 2020	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment:						
- cost of services	514	449	14.5	1,053	963	9.3
- administrative expenses	40	35	14.3	78	78	-
- other operating expenses	65	70	(7.1)	131	140	(6.4)
	619	554	11.7	1,262	1,181	6.9
Audit fee:						
- paid/payable to auditors of the Company	57	47	21.3	97	95	2.1
- paid/payable to other auditors	4	6	(33.3)	9	10	(10.0)
Employee benefits expense (including directors' remuneration)	5,776	4,745	21.7	11,123	9,501	17.1
Costs of defined contribution plans (included in employee benefits expense)	227	247	(8.1)	475	451	5.3
Cost of inventories recognised as expense	2,412	1,617	49.2	3,377	2,713	24.5
Loss allowance made for third party trade receivables ^(a)	64	49	30.6	64	256	(75.0)
Recovery of doubtful debts ^(b)	(100)	-	n/m	(100)	-	n/m
Property, plant and equipment written off	-	1	(100.0)	-	1	(100.0)
Interest expense	82	55	49.1	163	146	11.6
Interest expenses (included in COGS)	20	20	-	35	54	(35.2)
Gain on disposal of property, plant and equipment ^(c)	(63)	(36)	75.0	(83)	(36)	130.6
Gain on disposal of non-current assets classified as held for sale ^(d)	-	177	(100.0)	-	(1,365)	(100.0)
Reversal of impairment of property, plant and equipment ^(e)	(265)	-	n/m	(265)	-	n/m
Impairment on goodwill from joint venture	13	-	n/m	13	-	n/m
Interest income ^(f)	(2)	(10)	(80.0)	(6)	(42)	(85.7)
Government grants						
- Job Support Scheme	(119)	(1,005)	(88.2)	(669)	(1,178)	(43.2)
- Foreign Worker Levy Rebate	(411)	(765)	(46.3)	(620)	(1,336)	(53.6)
- Others	(102)	(93)	9.7	(149)	(140)	6.4
	(632)	(1,863)	(66.1)	(1,438)	(2,654)	(45.8)
Net foreign exchange loss/(gain) ^(g)	80	652	(87.7)	148	480	(69.2)



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Notes:-

- a) Loss allowance made for third party trade receivables in FY2021 and FY2020 was provided mainly for customers from the Group's new building and repair segment where the management has assessed that the probability of collection of the outstanding trade receivables is low. Management categorises trade receivables based on potential risk of default and adjusts the loss allowance made for third party trade receivables based on a given percentage. Loss allowance made for third party trade receivables decreased in FY2021, as compared to FY2020, as it has been adjusted to reflect lower risk of default in view that most of the outstanding trade receivables are newly past due.
- b) Recovery of doubtful debts pertains to outstanding trade receivables recovered from customers from the Group's new building and repair segment.
- c) The increase in gain on disposal of property, plant and equipment in FY2021 was due to disposal of old tools and equipment in the Thailand division.
- d) The decrease in gain on disposal of non-current assets classified as held for sale in FY2021 was due to the absence of the gain on disposal of the Group's vessel, ES Bristol, which was completed in February 2020.
- e) The reversal of impairment of property, plant and equipment in FY2021 pertains to a reversal of impairment on the Group's vessel, ES Aspire, provided in prior year as the vessel is valued at a higher amount as at 31 December 2021.
- f) The decrease in interest income was due to the withdrawal of fixed deposit and decrease in fixed deposit interest rate in FY2021.
- g) Net foreign exchange gain or loss relates to changes in the relative value of assets denominated in foreign currencies. The difference in net foreign exchange was mainly due to weakening of both Thai Baht (THB) and Myanmar Kyat (MMK) against SGD in FY2021, partially offset by strengthening of United States Dollar (USD) against SGD in FY2021, resulting in lower net foreign exchange loss in FY2021, as compared to FY2020.

The average exchange rates for all currencies are as summarised below:

	FY2021	FY2020
THB/SGD	23.77	22.58
MMK/SGD	1,233.28	1,005.76
SGD/USD	1.3517	1.3325

6.2 Related party transactions

During the second half of FY2021 and during FY2021, 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			
	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Professional fee paid to immediate family member of directors/shareholders	100	102	202	204



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7 Net asset value

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Net asset value per ordinary share based on the number of issued ordinary shares	18.13 cents ^(a)	22.67 cents ^(b)	14.04 cents ^(a)	18.82 cents ^(b)
Number of issued ordinary shares	141,200,000	141,200,000	141,200,000	141,200,000

Notes:-

- 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.
- 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 FY2021.

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 FY2021.

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 the six months ended 31 December 2021, the Group acquired assets amounting to S\$589,996 (six months ended 31 December 2020: S\$297,658) and disposed of assets amounting to S\$1,182,517 (six months ended 31 December 2020: S\$427,747). No property, plant and equipment was acquired under lease arrangement during six months ended 31 December 2021 and 31 December 2020.



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During FY2021, the Group acquired assets amounting to S\$6,792,892 (FY2020: S\$309,549) and disposed of assets amounting to S\$1,328,311 (FY2020: S\$499,371). During FY2021, property, plant and equipment acquired under lease arrangement amounted to S\$80,000 (FY2020: S\$nil).

10 Bank loans

	Group	
	31/12/2021	31/12/2020
	S\$'000	S\$'000
Bank loans (secured)		
- Term loan 1	400	1,000
- Term loan 2	3,843	4,000
- Term loan 3	2,658	-
Total bank loans	6,901	5,000
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,901)	(757)
Amount due for settlement after 12 months (shown under non-current liabilities)	5,000	4,243

At the end of FY2021, 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.

As at the end of FY2021, the Company did not meet the net asset value (the "Covenant") as required in Term Loan 1, amounting to S\$400,000 which is repayable on demand. Subsequent to year-end, the bank has granted the Company a waiver on the Covenant.

11 Share capital

	Group and Company			
	31/12/2021	31/12/2021	31/12/2020	31/12/2020
	Number of Ordinary Shares ('000)	S\$'000	Number of Ordinary Shares ('000)	S\$'000
Issued and paid up (excluding treasury shares):				
At beginning and at end of 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 FY2021.

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



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12 Trade receivables

	Group		Company	
	31/12/2021 S\$'000	31/12/2020 S\$'000	31/12/2021 S\$'000	31/12/2020 S\$'000
Third parties	7,226	6,767	-	-
Less: Loss allowance for trade receivables	(850)	(888)	-	-
Net trade receivables	6,376	5,879	-	-
Add: Cash and cash equivalents	8,848	20,151	39	115
Add: Other receivables	767	844	49	73
Add: Amount due from subsidiaries	-	-	12,769	19,607
Less: Prepayments *	(209)	(165)	(48)	(62)
Less: Value-added tax receivables *	(11)	(62)	-	-
Less: Government grant receivables *	-	(304)	-	-
Total financial assets carried at amortised cost	15,771	26,343	12,809	19,733

* These are part of other receivables.

13 Trade payables

	Group		Company	
	31/12/2021 S\$'000	31/12/2020 S\$'000	31/12/2021 S\$'000	31/12/2020 S\$'000
Third parties	1,958	936	-	-
Total trade payables	1,958	936	-	-
Less: Goods and service tax payable	-	(182)	-	-
Add: Bank loans	6,901	5,000	-	-
Add: Other payables	3,284	3,847	-	-
Add: Amount due to subsidiaries	-	-	12,294	12,373
Add: Lease liabilities	832	924	-	-
Add: Deposits	40	-	-	-
Less: Deferred government grant income	-	(378)	-	-
Total financial liabilities carried at amortised cost	13,015	10,147	12,294	12,373



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14 Dividends

	Group	
	FY2021 S\$'000	FY2020 S\$'000
Final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 0.25 cents (FY2020: 0.15 cents) per share	353	212
Special tax-exempt (one-tier) dividend paid in respect of the previous financial year of nil cents (FY2020: 0.30 cents) per share	-	423
	353	635

15 Investment in a joint venture

	Group	
	31/12/2021 S\$'000	31/12/2020 S\$'000
Unquoted equity investment, at cost	233	250
Impairment on Goodwill	(13)	-
Share of post-acquisition results	(1)	(17)
	219	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	
			31/12/2021 %	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.



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16 Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
Contractual undiscounted cash flows:				
- Within one year	204	198	170	158
- In the second to fifth years inclusive	562	645	501	559
- After five years	167	218	161	207
	<u>933</u>	<u>1,061</u>	<u>832</u>	<u>924</u>
Less: Future interest expense	(101)	(137)	-	-
Present value of lease liabilities	<u>832</u>	<u>924</u>	<u>832</u>	<u>924</u>
Presented in consolidated statement of financial position				
- Current			170	158
- Non-current			662	766
			<u>832</u>	<u>924</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			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Income tax:				
- Current year	-	-	63	63
- Overprovision in respect of prior years	34	19	62	62
	<u>34</u>	<u>19</u>	<u>125</u>	<u>125</u>

Domestic income tax is calculated at 17% (FY2020: 17%) of the estimated assessable profit for the year. 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\$7,135,023 (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.



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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's performance was greatly impacted by movement control and several restrictions imposed by Singapore government to control the spread of COVID-19 and the Group is still facing shortage of skilled workers due to border control.

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 and Omicron variant cases, the Group is facing difficulties to bring in new workers and bring back its overseas workers returning from home leave. 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.

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”)



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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 31 December 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 FY2021 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 increased by S\$3.4 million or 19.5%, from S\$17.5 million in FY2020 to S\$20.9 million in FY2021, mainly due to (i) increased revenue generated by the Group's shipping segment attributed to the Group's new vessel, ES Jewel; and (ii) completion of delayed projects from FY2020 for the Group's new building and repair segment in FY2021.

Revenue from the Group's shipping segment increased by S\$1.8 million, from S\$5.4 million in FY2020 to S\$7.2 million in FY2021 mainly due to the S\$2.2 million of revenue generated by the Group's new vessel, ES Jewel, that was acquired in March 2021, partially offset by the decrease in revenue of S\$0.4 million generated by another vessel, ES Aspire. The drop in revenue from ES Aspire was due to lower chartering revenue as a result of disruptions caused by the COVID-19 pandemic. The vessel performed lesser yield voyages in FY2021, as compared to FY2020. The 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 from ES Aspire.

Revenue from the Group's new building and repair segment increased by S\$1.7 million, from S\$12.1 million in FY2020 to S\$13.8 million in FY2021. The increase in revenue was attributed to completion in FY2021 of delayed projects from FY2020. These projects from the shipyard division were delayed due to lockdown and movement control imposed by the Singapore government in response to the COVID-19 pandemic. With the ease of the COVID-19 restrictions and measures in FY2021, the Group managed to complete and deliver more projects during FY2021.

Revenue contribution from Singapore amounted to 95.8% and 91.8% of the Group's total revenue in FY2021 and FY2020, respectively, with the balance contributed by revenue



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from the People's Republic of China (FY2021: 1.5% and FY2020: 1.1%), Myanmar (FY2021: 2.2% and FY2020: 0.4%), Malaysia (FY2021: 0.5% and FY2020: 2.3%) and Thailand (FY2021: nil% and FY2020: 4.4%). The Group's two business segments, namely new building and repair segment and shipping segment, made up majority of the revenue contribution from Singapore in both FY2021 and FY2020. Please refer to the reasons set out above for the increase in revenue contribution from Singapore in FY2021, as compared to FY2020. Revenue contribution from the People's Republic of China increased in FY2021 as the division managed to secure new engineering projects from its customer's newly setup shipyard in Dalian, People's Republic of China. Revenue contribution from Myanmar increased in FY2021 as the division successfully completed two projects and contributed approximately S\$400,000 to the Group's revenue. Revenue contribution from Malaysia decreased in FY2021 due to on-going COVID-19 disruption and lockdown in Malaysia that had further halted yard operation. The Group's division in Thailand did not secure any project in FY2021, and as such no revenue from Thailand was recorded during the year.

Gross profit decreased by S\$3.9 million, from a gross profit of S\$3.0 million in FY2020 to a gross loss of S\$0.9 million in FY2021. Gross profit margin decreased by 21.7 percentage points, from 17.2% in FY2020 to negative 4.5% in FY2021. The decreases in gross profit and gross profit margin were mainly due to:

- (i) 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 during FY2021. In addition, subsequent to the acquisition of the Group's vessel, ES Jewel, by the Group in March 2021, ES Jewel 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;
- (ii) the Group's vessel, ES Jewel, also suffered unplanned repair and scheduled docking that involved underwater survey in September 2021, resulting in significant repair, maintenance and docking expenses, a portion of which relating to repair and maintenance was charged to the income statement; and
- (iii) 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 the shortage in manpower, more overtime was needed to complete the projects, which resulted in lower gross profit margin.

Other operating income decreased by S\$3.3 million or 57.7%, from S\$5.7 million in FY2020 to S\$2.4 million in FY2021, mainly due to the following:

- a) gain on disposal of the Group's vessel, ES Bristol, of S\$1.4 million recorded in FY2020 which was absent in FY2021;
- b) recovery of insurance claims for the Group's vessel, ES Aspire, in relation to repair works of S\$0.9 million recorded in FY2020 which was absent in FY2021; and
- c) decrease in government grants mainly from jobs support scheme and foreign worker levy rebate of S\$1.2 million in FY2021.

The decrease was partially offset by reversal of impairment loss of S\$0.3 million from the Group's vessel, ES Aspire, which was recognised in earlier financial year.

Administrative expenses decreased by S\$0.2 million or 3.3%, to S\$5.8 million in FY2021 from S\$6.0 million in FY2020, due to gradual cost cutting on salary and manpower.

Other operating expenses decreased by S\$0.3 million or 12.5%, to S\$1.7 million in FY2021 from S\$2.0 million in FY2020 as the Group suffered lower foreign exchange loss as USD strengthened against SGD (Dec 2021 SGD1.3517/USD vs Dec 2020 SGD1.3221/USD) in FY2021.



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Finance costs remained largely stable at S\$0.1 million for both FY2021 and FY2020.

As a result of the above, the Group recorded a net loss of S\$6.3 million in FY2021, as compared to a net profit of S\$0.3 million in FY2020. Net loss attributable to owners of the Company was S\$6.0 million in FY2021, as compared to a net profit attributable to owners of the Company of S\$1.0 million in FY2020.

(b) Review of Financial Position of the Group

The Group recorded positive working capital (current assets less current liabilities) of S\$12.3 million as at 31 December 2021, as compared to S\$23.8 million as at 31 December 2020.

Assets

Current assets

The Group's current assets decreased by S\$10.3 million, to S\$19.6 million as at 31 December 2021 from S\$29.9 million as at 31 December 2020, mainly due to:

- a) a decline in cash and cash equivalents of S\$11.3 million as a result of:
 - S\$5.8 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;
 - S\$0.4 million for payment of dividend; and
 - S\$0.9 million for repayment of term loans and obligations under finance leases,

which was partially offset by a vessel loan for ES Jewel of S\$2.6 million drawdown in November 2021.

The decrease was partially offset by:

- a) an increase in trade receivables of S\$0.5 million, which was in line with the increase in Group's revenue;
- b) an increase in contract assets of S\$0.5 million, pertaining to jobs that are still in progress as at 31 December 2021; and
- c) an increase in inventories of S\$0.1 million in the marine supplies division of shipping segment as its operations grow.

Non-current assets

Non-current assets increased by S\$5.5 million, to S\$19.0 million as at 31 December 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\$1.3 million, to S\$7.4 million as at 31 December 2021 from S\$6.1 million as at 31 December 2020. This was mainly attributable to:

- a) an increase in bank loans of S\$1.1 million due to (i) reclassification of bank loans of S\$0.8 million from non-current liabilities to current liabilities; and (ii) drawdown of new vessel loan of S\$0.5 million, partially offset by payment of bank loans of S\$0.2 million;
- b) an increase in trade payables of S\$1.0 million, mainly related to amount due to supplier for the vessel's (ES Jewel) docking expenses and purchase of spare parts for the preparation of another vessel's (ES Aspire) dry docking in January 2022;



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- c) a decrease in other payables of S\$0.5 million due to absence of deferred income from government grants; and
- d) a decrease in income tax payable of S\$0.3 million.

Non-current liabilities

Non-current liabilities increased by S\$0.7 million, to S\$5.7 million as at 31 December 2021 from S\$5.0 million as at 31 December 2020, mainly due to drawdown of a new vessel loan of S\$2.1 million, partially offset by (i) payment of bank loans of S\$0.7 million; and (ii) 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\$6.7 million, to S\$25.5 million as at 31 December 2021 from S\$32.2 million as at 31 December 2020. The Group's equity attributable to owners of the Company decreased by S\$6.4 million, to S\$25.6 million as at 31 December 2021 from S\$32.0 million as at 31 December 2020.

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

In FY2021, net cash used in operating activities amounted to S\$5.8 million, due to (i) operating cash outflows before changes in working capital of S\$5.2 million; (ii) net cash used in operations of S\$0.2 million; and (iii) income tax paid of S\$0.3 million.

The net cash used in operating activities of S\$5.8 million in FY2021 was mainly pertaining to operating loss incurred during the year.

Net cash used in investing activities of S\$6.6 million in FY2021 was related to purchases of property, plant and equipment, which included S\$6.0 million incurred for the acquisition of the Group's new vessel, ES Jewel, in March 2021.

Net cash generated from financing activities of S\$1.2 million in FY2021 was mainly due to a new vessel loan of S\$2.7 million drawdown in November 2021, partially offset with the following:

- (i) payment of dividend of S\$0.4 million; and
- (ii) repayment of term loans and finance leases of S\$0.9 million.

As a result of the above, there was a net decrease in the Group's cash and cash equivalents of S\$11.3 million, to S\$8.5 million as at 31 December 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.

The unaudited consolidated financial results of the Group for FY2021 as set out in this announcement, are in line with the profit guidance announcement for FY2021 released by the Company on 31 January 2022.

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 overall global economy has shown signs of recovery but its macro trends remain mixed and uncertain. While the Group has made some progress in managing the delays in project completions, COVID-19 pandemic continues to have a



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serious impact on the Group's performance. The progressively ease in COVID-19 related movement controls and restriction has not translated to immediate rise in foreign labour, and there is still a shortage of skilled labour in Singapore. Furthermore, the Group continues to suffer unproductive downtime and work disruptions, including stop work orders, resulting from measures taken to address the recent COVID-19 spikes.

For the Group's shipping segment, high cost of bunker fuel remains a matter of concern. The Group expects continued pressure on charter rates due to market competition and the COVID-19 pandemic situation. To cope with these, the Group will continue to increase vessel utilisation rate as well as raising operational efficiency, aim at improving profitability via more voyages run.

Despite the challenging circumstances, the Group continues to look out for opportunities including expanding the scope of work 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 the 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 FY2021.

(b) Corresponding Period of the Immediately Preceding Financial Year

Yes, a one-tier tax-exempt first and final dividend was declared and paid for FY2020, details as set out below.

Name of Dividend	First and Final
Dividend Type	Cash
Dividend Amount per ordinary share	0.25 Singapore cents
Tax Rate	Tax-exempt one-tier

(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.

(e) Total Annual Dividends

	FY2021 \$'000	FY2020 \$'000
Ordinary	-	353*
Preference	-	-
Total	-	353

* Declared for FY2020 and paid in FY2021

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 FY2021 in view of the net loss position of the Group for FY2021.



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- 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 FY2021 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
Mr Low Chye Hin - Professional fee	Mr Low Chye Hin, the Group's consultant, is the father of Mr Low Chee Wee (Executive Director, Chief Executive Officer ("CEO") cum Chief Operating Officer ("COO") of the Company).	202	-
Total		202	-

- 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 Company's wholly-owned subsidiary, ESW Automation Pte. Ltd, was dissolved via creditors' voluntary liquidation on 6 August 2021. Please refer to the Company's announcement dated 7 August 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.**

Not applicable for announcement of full year financial statements.

- 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.

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

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of any change in duties and position held, if any during the year
Mr Christopher Low Chee Leng	50	Brother of Mr Low Chee Wee (Executive Director, CEO and COO of the Company), son of Mdm Neo Peck Keow (Substantial Shareholder of the Company) and cousin of Mr Eddy Neo Chiang Swee (Executive Director of the Company)	Business Development Manager of the Company since 27 April 2016. (Responsible for overseeing the Group's overseas business developments)	Nil
Mr Low Chye Huek	64	Uncle of Mr Low Chee Wee (Executive Director, CEO and COO of the Company) and Mr Christopher Low Chee Leng (Substantial Shareholder of the Company) and Mr Eddy Neo Chiang Swee (Executive Director of the Company)	Manager – Human Resources of the Company since 1 April 2002. (Responsible for human resource which includes recruitment, performance management and staff welfare and training)	Nil
Mr Leow Yuen Chuan	45	Brother-in-law of Mr Christopher Low Chee Leng (Substantial Shareholder of the Company)	Manager – Operations of the Company since 6 June 2012. (Responsible for project co-ordination between clients and project team)	Nil



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ON BEHALF OF THE BOARD OF DIRECTORS

Low Chee Wee
Executive Director and Chief Executive Officer

Eddy Neo Chiang Swee
Executive Director

25 February 2022