



ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)

(Incorporated in the Republic of Singapore)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), SAC Advisors Private Limited (formerly known as Canaccord Genuity Singapore Pte. Ltd.), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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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PART 1 – INFORMATION REQUIRED FOR HALF YEAR ANNOUNCEMENT

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

	Group		
	Unaudited 30/06/2016 S\$'000	Unaudited 30/06/2015 S\$'000	Increase/ (Decrease) %
Revenue	10,378	19,721	(47.4)
Cost of services	(9,656)	(15,494)	(37.7)
Gross profit	722	4,227	(82.9)
Other operating income	697	642	8.6
Administrative expenses	(3,105)	(3,393)	(8.5)
Other operating expenses	(1,630)	(2,200)	(25.9)
Finance costs	(39)	(62)	(37.1)
Share of loss of associate	-	(6)	(100.0)
Loss before income tax	(3,355)	(792)	323.6
Income tax expense	-	(7)	(100.0)
Loss for the period	(3,355)	(799)	319.9
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(108)	(36)	200.0
Total comprehensive income for the period	(3,463)	(835)	314.7
(Loss) profit attributable to:			
Owners of the Company	(3,115)	(1,249)	149.4
Non-controlling interests	(240)	450	n/m
	<u>(3,355)</u>	<u>(799)</u>	319.9
Total comprehensive income attributable to:			
Owners of the Company	(3,166)	(1,267)	149.9
Non-controlling interests	(297)	432	n/m
	<u>(3,463)</u>	<u>(835)</u>	314.7

n/m: not meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income.

(Loss) profit for the period is arrived at after charging (crediting) the following items:

	Group		
	Unaudited 30/06/2016 S\$'000	Unaudited 30/06/2015 S\$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment	904	963	(6.1)
Gain on disposal of property, plant and equipment	(12)	(13)	(7.7)
Interest expenses	39	62	(37.1)
Interest income	(18)	(11)	63.6
Net foreign exchange loss (gain)	1	2	(50.0)
Share of loss of associate	-	6	(100.0)

n/m: not meaningful



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

	Group		Company	
	Unaudited 30/06/2016 S\$'000	Audited 31/12/2015 S\$'000	Unaudited 30/06/2016 S\$'000	Audited 31/12/2015 S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	9,224	8,945	84	112
Trade receivables	14,752	16,548	1,118	353
Work-in-progress	3,230	6,223	-	-
Other receivables	1,371	1,114	19,122	19,481
Inventories	710	915	-	-
Finance lease receivable	<u>2,241</u>	<u>2,141</u>	<u>-</u>	<u>-</u>
Total current assets	<u>31,528</u>	<u>35,886</u>	<u>20,324</u>	<u>19,946</u>
Non-current assets				
Deposits	22	23	-	-
Investments in an associate	-	-	-	-
Investments in subsidiaries	-	-	21,182	21,182
Club membership	50	50	-	-
Property, plant and equipment	11,711	12,789	-	-
Finance lease receivable	<u>4,412</u>	<u>5,558</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>16,195</u>	<u>18,420</u>	<u>21,182</u>	<u>21,182</u>
Total assets	<u>47,723</u>	<u>54,306</u>	<u>41,506</u>	<u>41,128</u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank loans	1,290	1,344	-	-
Trade payables	1,490	2,895	79	85
Other payables	7,700	8,528	13,925	13,374
Finance leases payables	219	362	-	-
Income tax payables	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>10,699</u>	<u>13,135</u>	<u>14,004</u>	<u>13,459</u>
Non-current liabilities				
Bank loans	3,959	4,589	-	-
Finance leases payables	<u>30</u>	<u>84</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>3,989</u>	<u>4,673</u>	<u>-</u>	<u>-</u>
Capital, reserves and non-controlling interests				
Share capital	23,698	23,698	23,698	23,698
Retained earnings	25,557	28,663	3,804	3,971
Statutory surplus reserve	383	392	-	-
Currency translation reserve	(426)	(375)	-	-
Merger reserve	<u>(18,570)</u>	<u>(18,570)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company	30,642	33,808	27,502	27,669
Non-controlling interests	<u>2,393</u>	<u>2,690</u>	<u>-</u>	<u>-</u>
Total equity	<u>33,035</u>	<u>36,498</u>	<u>27,502</u>	<u>27,669</u>
Total liabilities and equity	<u>47,723</u>	<u>54,306</u>	<u>41,506</u>	<u>41,128</u>



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1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group as at 30/06/2016 Unaudited		Group as at 31/12/2015 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,509	-	1,706	-

Amount repayable after one year

Group as at 30/06/2016 Unaudited		Group as at 31/12/2015 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,989	-	4,673	-

Details of any collateral

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

The Group's obligations under finance leases are secured by the leased assets.

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

	Group	
	Unaudited 30/06/2016 S\$'000	Unaudited 30/06/2015 S\$'000
Operating activities		
Loss before income tax	(3,355)	(792)
Adjustments for:		
Interest income	(18)	(11)
Interest expense	39	62
Depreciation of property, plant and equipment	904	963
Gain on disposal of property, plant and equipment	(12)	(13)
Share of loss of associate	-	6
Operating cash flows before movements in working capital	(2,442)	215
Trade receivables	1,637	(632)
Work-in-progress	2,953	2,162
Finance lease receivables	1,046	954
Other receivables	(260)	295
Inventories	199	333
Trade payables	(1,358)	(2,585)
Other payables	(247)	(1,039)
Cash generated from (used in) operations	1,528	(297)
Interest received	18	11
Income tax paid	(6)	(32)
Net cash generated from (used in) operating activities	<u>1,540</u>	<u>(318)</u>
Investing activities		
Proceeds on disposal of property, plant and equipment	20	97
Purchases of property, plant and equipment	(10)	(326)
Net cash generated from (used in) investing activities	<u>10</u>	<u>(229)</u>
Financing activities		
Dividends paid	-	(4,142)
Interest paid	(39)	(62)
Proceed from loan from a director of subsidiary	-	3,590
Repayments of term loans	(684)	(1,832)
Repayment of obligations under finance leases	(189)	(205)
Repayment of loan from a director of subsidiary	(320)	-
Net cash used in financing activities	<u>(1,232)</u>	<u>(2,651)</u>
Net increase (decrease) in cash and cash equivalents	318	(3,198)
Cash and cash equivalents at the beginning of the period	8,945	11,476
Effects of exchange rate changes on the balance of cash held in foreign currencies	(39)	1
Cash and cash equivalents at end of the period	<u>9,224</u>	<u>8,279</u>

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

	Share capital S\$'000	Currency Translation reserve S\$'000	Merger reserve S\$'000	Statutory surplus reserve S\$'000	Retained earnings S\$'000	Attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total S\$'000
Group								
Balance at 1 January 2016	23,698	(375)	(18,570)	392	28,663	33,808	2,690	36,498
Total comprehensive income for the period								
- Loss for the period	-	-	-	-	(3,115)	(3,115)	(240)	(3,355)
- Other comprehensive income	-	(51)	-	-	-	(51)	(57)	(108)
Appropriations	-	-	-	(9)	9	-	-	-
Balance at 30 June 2016	<u>23,698</u>	<u>(426)</u>	<u>(18,570)</u>	<u>383</u>	<u>25,557</u>	<u>30,642</u>	<u>2,393</u>	<u>33,035</u>
Balance at 1 January 2015	23,698	(241)	(18,570)	224	31,137	36,248	6,185	42,433
Total comprehensive income for the period								
- Loss for the period	-	-	-	-	(1,249)	(1,249)	415	(834)
- Other comprehensive income	-	(18)	-	-	-	(18)	17	(1)
Appropriations	-	-	-	175	(175)	-	-	-
Dividends	-	-	-	-	(353)	(353)	(3,789)	(4,142)
Balance at 30 June 2015	<u>23,698</u>	<u>(259)</u>	<u>(18,570)</u>	<u>399</u>	<u>29,360</u>	<u>34,628</u>	<u>2,828</u>	<u>37,456</u>
	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000					
Company								
Balance at 1 January 2016	23,698	3,971	27,669					
Profit for the period, representing total comprehensive income for the period	-	(167)	(167)					
Balance at 30 June 2016	<u>23,698</u>	<u>3,804</u>	<u>27,502</u>					
Balance at 1 January 2015	23,698	540	24,238					
Profit for the period, representing total comprehensive income for the period	-	3,796	3,796					
Dividends	-	(353)	(353)					
Balance at 30 June 2015	<u>23,698</u>	<u>3,983</u>	<u>27,681</u>					



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- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	No. of ordinary shares	Company Issued and paid-up share capital S\$
Balance as at 31 December 2015 and 30 June 2016	<u>141,200,000</u>	<u>23,698,348</u>

As at 30 June 2016 and 30 June 2015, the Company has no outstanding options, convertibles or treasury shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company	
	30/06/2016	31/12/2015
Total number of issued shares (excluding treasury shares)	141,200,000	141,200,000

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

Not applicable as the Company has no treasury shares.

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

The figures in this announcement have not been audited or reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).**

Not applicable.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's unaudited financial results for the financial period ended 30 June 2016 as its most recently audited financial statements for the financial year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and/or revised Singapore Financial Reporting Standards is assessed to have no material impact to the unaudited financial results of the Group and of the Company for the financial period ended 30 June 2016.

6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	Unaudited 30/06/2016	Unaudited 30/06/2015
Loss per ordinary share for the financial period based on loss attributable to owners of the Company ^(a) :-		
(i) Based on the weighted average number of ordinary shares	(2.21) cents	(0.88) cents
(ii) On a fully diluted basis	(2.21) cents	(0.88) cents
Weighted average number of ordinary shares in issue	141,200,000	141,200,000

a) Loss per ordinary share for the half year financial periods ended 30 June 2016 and 30 June 2015 have been computed based on loss attributable to owners of the Company divided by the weighted average number of ordinary shares in issue.

7 Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	Unaudited 30/06/2016	Audited 31/12/2015	Unaudited 30/06/2016	Audited 31/12/2015
Net asset value per ordinary share based on the number of issued ordinary shares	21.73 cents ^(a)	23.94 cents ^(b)	19.48 cents ^(a)	19.60 cents ^(b)
Number of issued ordinary shares	141,200,000	141,200,000	141,200,000	141,200,000

a) Net asset value per ordinary share as at 30 June 2016 have been computed based on equity attributable to owners of the Company as at 30 June 2016 divided by the number of issued ordinary shares as at 30 June 2016.

b) Net asset value per ordinary share as at 31 December 2015 have been computed based on equity attributable to owners of the Company as at 31 December 2015 divided by the number of issued ordinary shares as at 31 December 2015.

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

(a) Review of Financial Performance of the Group

Revenue decreased by S\$9.3 million (47.4%) to S\$10.4 million in the financial period ended 30 June 2016 ("HY2016") from S\$19.7 million in the financial period ended 30 June 2015 ("HY2015"), mainly due to the continuing slow down impact in the global offshore, marine and shipping industry which the Group operates in.

Gross profit decreased by S\$3.5 million (82.9%) to S\$0.7 million in HY2016 from S\$4.2 million in HY2015. Gross profit margin decreased by 14.4 percentage points to 7.0% in HY2016 from 21.4% in HY2015. This was largely due to the decrease in revenue coupled with fixed costs which had a negative impact on gross profit margin.

Administrative expenses decreased by S\$0.3 million (8.5%) to S\$3.1 million in HY2016 from S\$3.4 million in HY2015, mainly due to the decrease in professional fees and workers' related insurance expenses.

Other operating expenses decreased by S\$0.6 million (25.9%) to S\$1.6 million in HY2016 from S\$2.2 million in HY2015, mainly due to the decrease in repair and maintenance expenses of S\$0.4 million and rental expenses of S\$0.1 million.

As a result of the above, the Group's loss for the period was S\$3.4 million in HY2016 as compared to loss for the period of S\$0.8 million in HY2015.

Net loss attributable to owners of the Company was S\$3.1 million in HY2016 and S\$1.2 million in HY2015.

(b) Review of Financial Position of the Group

The Group recorded positive working capital of S\$20.8 million as at 30 June 2016 as compared to S\$22.8 million as at 31 December 2015.

Assets

Current assets

The Group's current assets decreased by S\$4.4 million to S\$31.5 million as at 30 June 2016 from S\$35.9 million as at 31 December 2015 mainly attributable to the following:

- a) decrease in work-in-progress of S\$3.0 million as a result of fewer project billings;
- b) decrease in trade receivables of S\$1.8 million due to collection of debts; and
- c) decrease in inventories of S\$0.2 million due to lower purchases of materials.

The above were partially offset by (a) an increase of S\$0.4 million in finance lease receivable and other receivables; and (b) an increase in cash and cash equivalents of S\$0.3 million as explained in paragraph 8(c) below.

Non-current assets



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Non-current assets decreased by S\$2.2 million to S\$16.2 million as at 30 June 2016 from S\$18.4 million as at 31 December 2015 mainly due to a decrease in finance lease receivable of S\$1.1 million and a decrease in net book value of property, plant and equipment of S\$1.1 million.

Liabilities

Current liabilities

Current liabilities decreased by S\$2.4 million to S\$10.7 million as at 30 June 2016 from S\$13.1 million as at 31 December 2015. The decrease was mainly attributable to the following:

- a) decrease in bank loans of S\$0.1 million due to repayment of short term loans;
- b) decrease in trade payables of S\$1.4 million mainly due to payment to creditors;
- c) decrease in other payables of S\$0.8 million mainly due to lower accrual of expenses, payment made to non-trade creditors, and repayment of loan from a director of subsidiary of S\$0.3 million; and
- d) decrease in finance lease payables of S\$0.1 million due to repayment of lease.

Non-current liabilities

Non-current liabilities decreased by S\$0.7 million to S\$4.0 million as at 30 June 2016 from S\$4.7 million as at 31 December 2015, due to repayments of bank loans and finance leases.

As a result of the above, total equity of the Group decreased by S\$3.5 million to S\$33.0 million as at 30 June 2016 from S\$36.5 million as at 31 December 2015. The Group's equity attributable to owners of the Company decreased by S\$3.1 million to S\$30.7 million as at 30 June 2016 from S\$33.8 million as at 31 December 2015.

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

In HY2016, net cash from operating activities amounted to S\$1.5 million, due to negative operating cash flows before changes in working capital of S\$2.5 million, and net cash generated from working capital of S\$4.0 million.

The net cash generated from working capital of S\$4.0 million in HY2016 was mainly due to (i) a reduction in work-in-progress of S\$3.0 million; (ii) repayment from finance lease receivable of S\$1.0 million; (iii) a decrease in trade receivables of S\$1.6 million; and (iv) a reduction in inventories of S\$0.2 million which were partially offset by (a) an increase in other receivables of S\$0.3 million; (b) a decrease in trade payables of S\$1.4 million; and (c) a decrease in other payables of S\$0.3 million.

Net cash used in financing activities of S\$1.2 million in HY2016 was mainly due to repayments of (i) term loans and finance leases of S\$0.9 million; and (ii) loan from a director of subsidiary of S\$0.3 million.

As a result of the above, there was an increase in cash and cash equivalents of S\$0.3 million to S\$9.2 million as at 30 June 2016 from S\$8.9 million as at 31 December 2015.

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

The unaudited financial results for HY2016 set out in this announcement are in line with the profit guidance announcement released by the Company on 2 August 2016.

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

The continuing slow down in oil and gas exploration and production activities by oil majors have resulted in margin pressures and project deferrals in the global offshore, marine and shipping industry.

Notwithstanding the above, the Group will focus on cost and balance sheet management to ensure healthy financial position. We will also continue to explore new projects with current and new customers, as well as opportunities for strategic alliances, mergers or acquisitions to enhance shareholders' value in the long run.

In spite of the continuing efforts of the Group, it is unlikely that the Group is able to reverse the HY2016 losses. The Group is expecting a full year loss.

11 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 HY2016.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for HY2016.

13 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 for interested person transactions. There was no interested person transaction of S\$100,000 or more during HY2016.

14 Negative confirmation pursuant to Rule 705(5).

We, Low Chee Wee and Eddy Neo Chiang Swee, being two directors of the Company, confirm on behalf of the board of directors of the Company ("**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for HY2016 to be false or misleading in any material aspect.



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15 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).

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
Chief Executive Officer
11 August 2016

Eddy Neo Chiang Swee
Executive Director