



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 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), 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.

The contact person for the Sponsor is Ms. Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.



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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		Increase/ (Decrease) %
	Unaudited 30/06/2015 S\$'000	Unaudited 30/06/2014 S\$'000	
Revenue	19,721	27,174	(27.4)
Cost of services	(15,494)	(18,379)	(15.7)
Gross profit	4,227	8,795	(51.9)
Other operating income	642	945	(32.1)
Administrative expenses	(3,393)	(3,331)	1.9
Other operating expenses	(2,200)	(2,509)	(12.3)
Finance costs	(62)	(108)	(42.6)
Share of loss of associate	(6)	(8)	(25.0)
(Loss) profit before income tax	(792)	3,784	n/m
Income tax expense	(7)	(158)	(95.6)
(Loss) profit for the period	(799)	3,626	n/m
Other comprehensive (loss) profit: <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(36)	(272)	(86.8)
Total comprehensive (loss) income for the period	(835)	3,354	n/m
(Loss) profit attributable to:			
Owners of the Company	(1,249)	2,482	n/m
Non-controlling interests	450	1,144	(60.7)
	<u>(799)</u>	<u>3,626</u>	n/m
Total comprehensive (loss) income attributable to:			
Owners of the Company	(1,267)	2,351	n/m
Non-controlling interests	432	1,003	(56.9)
	<u>(835)</u>	<u>3,354</u>	n/m

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		Increase/ (Decrease) %
	Unaudited 30/06/2015 S\$'000	Unaudited 30/06/2014 S\$'000	
Depreciation of property, plant and equipment	963	849	13.4
Gain on disposal of property, plant and equipment	(13)	(3)	333.3
Interest expenses	62	108	(42.6)
Interest income	(11)	(2)	450.0
Net foreign exchange loss (gain)	2	(51)	n/m
Property, plant and equipment written off	-	5	n/m
Share of loss of associate	6	8	(25.0)

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 30/06/2015 S\$'000	Audited 31/12/2014 S\$'000	Unaudited 30/06/2015 S\$'000	Audited 31/12/2014 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	8,279	11,476	264	246
Trade receivables	17,027	16,403	2,191	1,771
Work-in-progress	6,045	8,234	-	-
Other receivables	1,783	2,080	6,342	2,718
Inventories	1,006	1,341	-	-
Finance lease receivable	<u>2,045</u>	<u>1,953</u>	-	-
Total current assets	<u>36,185</u>	<u>41,487</u>	<u>8,797</u>	<u>4,735</u>
Non-current assets				
Deposits	23	23	-	-
Associate	139	145	-	-
Subsidiaries	-	-	21,182	21,182
Club membership	50	50	-	-
Property, plant and equipment	13,639	14,386	-	-
Finance lease receivable	<u>6,653</u>	<u>7,699</u>	-	-
Total non-current assets	<u>20,504</u>	<u>22,303</u>	<u>21,182</u>	<u>21,182</u>
Total assets	<u>56,689</u>	<u>63,790</u>	<u>29,979</u>	<u>25,917</u>
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	1,401	2,547	-	-
Trade payables	3,294	5,889	171	166
Other payables	8,601	6,064	2,127	1,513
Current portion of finance leases	404	416	-	-
Income tax payable	-	<u>25</u>	-	-
Total current liabilities	<u>13,700</u>	<u>14,941</u>	<u>2,298</u>	<u>1,679</u>
Non-current liabilities				
Bank loans	5,245	5,932	-	-
Finance leases	258	454	-	-
Deferred tax liabilities	<u>30</u>	<u>76</u>	-	-
Total non-current liabilities	<u>5,533</u>	<u>6,462</u>	-	-
Capital, reserves and non-controlling interests				
Share capital	23,698	23,698	23,698	23,698
Retained earnings	29,360	31,091	3,983	540
Statutory surplus reserve	399	224	-	-
Currency translation reserve	(259)	(241)	-	-
Merger reserve	<u>(18,570)</u>	<u>(18,570)</u>	-	-
Equity attributable to owners of the Company	34,628	36,202	27,681	24,238
Non-controlling interests	<u>2,828</u>	<u>6,185</u>	-	-
Total equity	<u>37,456</u>	<u>42,387</u>	<u>27,681</u>	<u>24,238</u>
Total liabilities and equity	<u>56,689</u>	<u>63,790</u>	<u>29,979</u>	<u>25,917</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 30/06/2015		Group as at 31/12/2014	
Unaudited		Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,805	-	2,963	-

Amount repayable after one year

Group as at 30/06/2015		Group as at 31/12/2014	
Unaudited		Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
5,503	-	6,386	-

Details of any collateral

The Group's borrowings are secured by legal mortgage of the Group's leasehold land and property, as well as joint and several personal guarantees by directors of the Company for the monies owing.

Obligations under finance leases are secured over the leased assets.



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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 30/06/2015 S\$'000	Unaudited 30/06/2014 S\$'000
Operating activities		
(Loss) profit before income tax	(792)	3,784
Adjustments for:		
Interest income	(11)	(2)
Interest expense	62	108
Property, plant and equipment written off	-	5
Depreciation of property, plant and equipment	963	849
Gain on disposal of property, plant and equipment	(13)	(3)
Share of loss of associate	6	8
Operating cash flows before movements in working capital	215	4,749
Trade receivables	(632)	(1,635)
Work-in-progress	2,162	2,356
Finance lease receivables	954	871
Other receivables	295	(350)
Inventories	333	(42)
Trade payables	(2,585)	1,773
Other payables	2,551	(437)
Cash generated from operations	3,293	7,285
Interest received	11	2
Income tax paid	(32)	(106)
Net cash from operating activities	<u>3,272</u>	<u>7,181</u>
Investing activities		
Acquisition of investment in an associate	-	(75)
Proceeds on disposal of property, plant and equipment	97	25
Purchases of property, plant and equipment	(326)	(1,432)
Net cash used in investing activities	<u>(229)</u>	<u>(1,482)</u>
Financing activities		
Dividends paid	(4,142)	(212)
Interest paid	(62)	(108)
Proceeds from factoring creditor	-	201
Repayments of term loans	(1,832)	(3,040)
Repayments of factoring loans	-	(612)
Repayments of factoring creditor	-	(587)
Repayment of obligations under finance leases	(205)	(161)
Net cash used in financing activities	<u>(6,241)</u>	<u>(4,519)</u>
Net (decrease) increase in cash and cash equivalents	(3,198)	1,180
Cash and cash equivalents at the beginning of the period	11,476	2,495
Effects of exchange rate changes on the balance of cash held in foreign currencies	1	(26)
Cash and cash equivalents at end of the period	<u>8,279</u>	<u>3,649</u>



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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.

	<u>Share capital</u> S\$'000	<u>Currency Translation reserve</u> S\$'000	<u>Merger reserve</u> S\$'000	<u>Statutory surplus reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Attributable to owners of the Company</u> S\$'000	<u>Non-controlling interests</u> S\$'000	<u>Total</u> S\$'000
Group								
Balance at 1 January 2015 (as previously reported)	23,698	(241)	(18,570)	224	31,091	36,202	6,185	42,387
Adjustments	-	-	-	-	46	46	-	46
Balance at 1 January 2015 (restated)	23,698	(241)	(18,570)	224	31,137	36,248	6,185	42,433
Total comprehensive (loss) income for the period	-	-	-	-	(1,249)	(1,249)	415	(834)
- (Loss) profit for the period	-	-	-	-	-	(18)	17	(1)
- Other comprehensive (loss) income	-	(18)	-	175	(175)	-	-	-
Appropriations	-	-	-	-	(353)	(353)	(3,789)	(4,142)
Dividends	-	-	-	-	-	-	-	-
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>
Balance at 1 January 2014	23,698	(400)	(18,570)	-	29,170	33,898	4,029	37,927
Total comprehensive income for the period	-	-	-	-	2,482	2,482	1,144	3,626
- Profit for the period	-	-	-	-	-	(131)	(141)	(272)
- Other comprehensive loss	-	(131)	-	-	-	(212)	-	(212)
Dividends	-	-	-	-	(212)	(212)	-	(212)
Balance at 30 June 2014	<u>23,698</u>	<u>(531)</u>	<u>(18,570)</u>	<u>-</u>	<u>31,440</u>	<u>36,037</u>	<u>5,032</u>	<u>41,069</u>
	<u>Share capital</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000					
Company								
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>					
Balance at 1 January 2014	23,698	142	23,840					
Profit for the period, representing total comprehensive income for the period	-	322	322					
Dividends	-	(212)	(212)					
Balance at 30 June 2014	<u>23,698</u>	<u>252</u>	<u>23,950</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.**

	<u>Company</u>
	No. of ordinary shares
	Issued and paid-up share capital S\$
Balance as at 31 December 2014 and 30 June 2015	<u>141,200,000</u>
	<u>23,698,348</u>

As at 30 June 2015 and 30 June 2014, 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.**

	<u>Company</u>	
	30/06/2015	31/12/2014
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 2015 as its most recently audited financial statements for the financial year ended 31 December 2014.

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 2015.

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 30/06/2015	Unaudited 30/06/2014
(Loss) earnings per ordinary share for the financial period based on (loss) profit attributable to owners of the Company ^(a) :-		
(i) Based on the weighted average number of ordinary shares	(0.88) cents	1.76 cents
(ii) On a fully diluted basis	(0.88) cents	1.76 cents
Weighted average number of ordinary shares in issue	141,200,000	141,200,000

a) (Loss) earnings per ordinary share for the half year financial periods ended 30 June 2015 and 30 June 2014 have been computed based on (loss) profit 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 30/06/2015	Audited 31/12/2014	Unaudited 30/06/2015	Audited 31/12/2014
Net asset value per ordinary share based on the number of issued ordinary shares	24.52 cents ^(a)	25.64 cents ^(b)	19.60 cents ^(a)	17.17 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 2015 have been computed based on equity attributable to owners of the Company for the financial period ended 30 June 2015 divided by the number of issued ordinary shares as at 30 June 2015.

b) Net asset value per ordinary share as at 31 December 2014 have been computed based on equity attributable to owners of the Company for the financial year ended 31 December 2014 divided by the number of issued ordinary shares as at 31 December 2014.



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- 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\$7.5 million or 27.4% to S\$19.7 million in the financial period ended 30 June 2015 ("HY2015") from S\$27.2 million in the financial period ended 30 June 2014 ("HY2014"), mainly due to general slowing down in the global offshore, marine and shipping industry as a result of the weak global oil price.

Gross profit decreased by S\$4.6 million or 51.9% to S\$4.2 million in HY2015 from S\$8.8 million in HY2014, attributable to the decrease in revenue.

Gross profit margin decreased by 11.0 percentage points to 21.4% in HY2015 from 32.4% in HY2014. This was mainly due to the decrease in revenue coupled with fixed costs which had a negative impact on gross margin.

Other operating income decreased by S\$0.3 million or 32.1% to S\$0.6 million in HY2015 from S\$0.9 million in HY2014, mainly due to lower rental income of S\$0.2 million and lower gain on foreign exchange of S\$0.1 million.

Administrative expenses increased by S\$0.1 million or 1.9% to S\$3.4 million in HY2015 from S\$3.3 million in HY2014, mainly due to an increase in professional fees.

Other operating expenses decreased by S\$0.3 million or 12.3% to S\$2.2 million in HY2015 from S\$2.5 million in HY2014, mainly due to decrease in repair and maintenance expenses of S\$0.1 million, rental expenses of S\$0.1 million and travelling and transport expenses of S\$0.1 million.

As a result of the above, the Group's loss before income tax was S\$0.8 million in HY2015 as compared to profit before income tax of S\$3.8 million in HY2014.

The Group's loss after tax was S\$0.8 million in HY2015 as compared to profit after tax of S\$3.8 million in HY2014. Net loss attributable to owners of the Company was S\$1.2 million in HY2015 and net profit attributable to owners of the Company was S\$2.5 million in HY2014.

(b) Review of Financial Position of the Group

The Group recorded positive working capital of S\$22.5 million as at 30 June 2015 as compared to S\$26.5 million as at 31 December 2014.

Assets

Current assets

The Group's current assets decreased by S\$5.3 million to S\$36.2 million as at 30 June 2015 from S\$41.5 million as at 31 December 2014 mainly attributable to the following:

- a) decrease in work-in-progress of S\$2.2 million as a result of fewer projects completed;
- b) decrease in other receivables of S\$0.3 million due to lower prepayment of expenses;



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- c) decrease in inventories of S\$0.3 million due to lower purchases of materials; and
- d) decrease in cash and cash equivalents of S\$3.2 million as explained in paragraph 8(c) below.

The above were partially offset by (a) an increase in finance lease receivable of S\$0.1 million; and (b) an increase in trade receivables of S\$0.6 million due to more invoices not due for collection as at 30 June 2015.

Non-current assets

Non-current assets decreased by S\$1.8 million to S\$20.5 million as at 30 June 2015 from S\$22.3 million as at 31 December 2014 mainly due to a decrease in finance lease receivable of S\$1.0 million and a decrease in property, plant and equipment of S\$0.7 million.

Liabilities

Current liabilities

Current liabilities decreased by S\$1.2 million to S\$13.7 million as at 30 June 2015 from S\$14.9 million as at 31 December 2014. The decrease was mainly attributable to the following:

- a) decrease in bank loans of S\$1.1 million mainly due to repayment of short term loans; and
- b) decrease in trade payables of S\$2.6 million mainly due to payment of invoices.

The above were partially offset by the increase in other payables of S\$2.5 million mainly due to increase of shareholders' loan of a subsidiary.

Non-current liabilities

Non-current liabilities decreased by S\$1.0 million to S\$5.5 million as at 30 June 2015 from S\$6.5 million as at 31 December 2014. The decrease was mainly due to repayment of bank loans and finance leases.

As a result of the above, total equity of the Group decreased by S\$4.9 million to S\$37.5 million as at 30 June 2015 from S\$42.4 million as at 31 December 2014. The Group's equity attributable to owners of the Company decreased by S\$1.6 million to S\$34.6 million as at 30 June 2015 from S\$36.2 million as at 31 December 2014.

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

In HY2015, net cash from operating activities amounted to S\$3.3 million, due to positive operating cash flow before changes in working capital of S\$0.2 million, and net cash generated from working capital of S\$3.1 million.

The net cash generated from working capital of S\$3.1 million in HY2015 was mainly due to (i) a reduction in work-in-progress of S\$2.2 million; (ii) repayment from finance lease receivable of S\$1.0 million; (iii) a decrease in other receivables S\$0.3 million; (iv) a reduction in inventories of S\$0.3 million; and (v) an increase in other payables of S\$2.6 million which were partially offset by (a) an increase in trade receivables of S\$0.6 million; and (b) a decrease in trade payables of S\$2.6 million.

Net cash used in investing activities of S\$0.2 million in HY2015 was due to purchases of property, plant and equipment of S\$0.3 million, partially offset by the proceeds on disposal of property, plant and equipment of S\$0.1 million.



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Net cash used in financing activities of S\$6.2 million in HY2015 was mainly due to (i) repayments of term loans and finance leases of S\$2.0 million, (ii) dividends payment of S\$4.1 million; and (iii) interest payment of S\$0.1 million.

As a result of the above, there was a decrease in cash and cash equivalents of S\$3.2 million to S\$8.3 million as at 30 June 2015 from S\$11.5 million as at 31 December 2014.

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 HY2015 set out in this announcement are in line with the profit guidance announcement released by the Company on 30 July 2015.

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 continued decline in global oil prices has resulted in lower oil and gas companies' exploration and production spending. This has resulted in margin pressures and project deferrals in the global offshore, marine and shipping industry.

Barring any unforeseen circumstances in the industry resulting in further project deferrals, the Group will focus on delivering its current backlog for the second half of 2015.

The Group continues to be on the lookout for opportunities to expand its core business while exploring possible mergers and acquisitions with a view to enhance shareholders' value in the long run.



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 HY2015.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

- a) Name of dividend : Interim
- b) Dividend rate : 0.20 cents
- c) No. of shares in issue : 141,200,000
- d) Total dividend amount : S\$282,400.00
- e) Tax rate : One-tier tax exempt
- f) Date of payment : 4 September 2014
- g) Books closure date : 22 August 2014

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

No dividend has been declared/recommended for HY2015.

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 HY2015.

14 Negative confirmation pursuant to Rule 705(5).

We, Christopher Low Chee Leng and Low Chee Wee, being two directors of the Company, do 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 HY2015 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Christopher Low Chee Leng
Chief Executive Officer
13 August 2015

Low Chee Wee
Executive Director