



ES GROUP (HOLDINGS) LIMITED

(Company Registration No. 200410497Z)
(Incorporated in the Republic of Singapore)

**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 30 JUNE 2011**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Collins Stewart Pte. Limited 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 Mr. Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited 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) A consolidated statement of comprehensive income (for the Group) together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Group		Increase/ (Decrease) %
	Unaudited 30/06/2011 S\$'000	Unaudited 30/06/2010 S\$'000	
Revenue	23,649	18,015	31.3
Cost of services	(17,667)	(13,711)	28.9
Gross profit	<u>5,982</u>	<u>4,304</u>	39.0
Other operating income	1,100	571	92.6
Administrative expenses	(2,456)	(1,699)	44.6
Other operating expenses	(1,858)	(2,113)	(12.1)
Finance costs	(183)	(139)	31.7
Profit before income tax	<u>2,585</u>	<u>924</u>	179.8
Income tax expense	(217)	(262)	(17.2)
Profit for the period	<u>2,368</u>	<u>662</u>	257.7
Exchange differences on translation of foreign operations, representing other comprehensive (loss) income for the period, net of tax	<u>(770)</u>	<u>238</u>	n/m
Total comprehensive income for the period	<u>1,598</u>	<u>900</u>	77.6
Profit attributable to:			
Owners of the Company	1,850	1,113	66.2
Non-controlling interests	<u>518</u>	<u>(451)</u>	n/m
	<u>2,368</u>	<u>662</u>	257.7
Total comprehensive income attributable to:			
Owners of the Company	1,466	1,232	19.0
Non-controlling interests	<u>132</u>	<u>(332)</u>	n/m
	<u>1,598</u>	<u>900</u>	77.6

n/m: not meaningful

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

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

	Group		Increase/ (Decrease) %
	Unaudited 30/06/2011 S\$'000	Unaudited 30/06/2010 S\$'000	
Depreciation of property, plant and equipment	897	845	6.2
Gain on disposal of property, plant and equipment	(31)	(16)	n/m
Interest expenses	183	139	31.7
Interest income	(14)	-	n/m
Net foreign exchange (gain) loss	(399)	119	n/m
Property, plant and equipment written off	2	-	n/m

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 30/06/2011 S\$'000	Audited 31/12/2010 S\$'000	Unaudited 30/06/2011 S\$'000	Audited 31/12/2010 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,968	7,853	17	132
Trade receivables	10,423	13,736	2,004	1,599
Work-in-progress	12,073	8,491	-	-
Other receivables	3,293	3,013	2,984	3,158
Inventories	<u>574</u>	<u>531</u>	<u>-</u>	<u>-</u>
Total current assets	<u>32,331</u>	<u>33,624</u>	<u>5,005</u>	<u>4,889</u>
Non-current assets				
Restricted cash	67	55	-	-
Deposits	51	58	-	-
Subsidiaries	-	-	21,381	21,381
Club membership	50	50	-	-
Property, plant and equipment	<u>20,363</u>	<u>13,994</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>20,531</u>	<u>14,157</u>	<u>21,381</u>	<u>21,381</u>
Total assets	<u>52,862</u>	<u>47,781</u>	<u>26,386</u>	<u>26,270</u>
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans (secured)	6,178	3,913	-	-
Trade payables	3,078	3,251	-	-
Other payables	6,680	7,749	2,397	2,234
Current portion of finance leases	117	116	-	-
Income tax payable	<u>519</u>	<u>548</u>	<u>83</u>	<u>143</u>
Total current liabilities	<u>16,572</u>	<u>15,577</u>	<u>2,480</u>	<u>2,377</u>
Non-current liabilities				
Bank loans (secured)	3,006	-	-	-
Finance leases	239	283	-	-
Deferred tax liabilities	<u>149</u>	<u>148</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>3,394</u>	<u>431</u>	<u>-</u>	<u>-</u>
Capital, reserves and non-controlling interests				
Share capital	23,698	23,698	23,698	23,698
Retained earnings	22,827	21,452	208	195
Translation reserve	(313)	71	-	-
Merger reserve	<u>(18,570)</u>	<u>(18,570)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company	27,642	26,651	23,906	23,893
Non-controlling interests	<u>5,254</u>	<u>5,122</u>	<u>-</u>	<u>-</u>
Total equity	<u>32,896</u>	<u>31,773</u>	<u>23,906</u>	<u>23,893</u>
Total liabilities and equity	<u>52,862</u>	<u>47,781</u>	<u>26,386</u>	<u>26,270</u>



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 30/06/2011		Group as at 31/12/2010	
Unaudited		Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,295	-	4,029	-

Amount repayable after one year

Group as at 30/06/2011		Group as at 31/12/2010	
Unaudited		Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,245	-	283	-

Details of any collateral

The Group's borrowings are secured by legal mortgage of the Group's leasehold land and property, freehold property, properties of a related party and joint and several personal guarantees of a director and related parties 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 year of the immediately preceding financial year.

	Group	
	Unaudited 30/06/2011 S\$'000	Unaudited 30/06/2010 S\$'000
Operating activities		
Profit before income tax	2,585	924
Adjustments for:		
Interest income	(14)	-
Interest expenses	183	139
Property, plant and equipment written off	2	-
Depreciation of property, plant and equipment	897	845
Gain on disposal of property, plant and equipment	(31)	(16)
Net foreign exchange losses	<u>(298)</u>	<u>60</u>
Operating cash flow before movements in working capital	3,324	1,952
Trade receivables	3,313	539
Other receivables	(292)	(554)
Work-in-progress	(3,582)	(4,864)
Inventories	(43)	(82)
Trade payables	(173)	(733)
Other payables	<u>(1,069)</u>	<u>(1,619)</u>
Cash generated from (used in) operations	1,478	(5,361)
Interest received	14	-
Income tax paid	<u>(246)</u>	<u>(98)</u>
Net cash generated from (used in) operating activities	<u>1,246</u>	<u>(5,459)</u>
Investing activities		
Proceeds on disposal of property, plant and equipment	33	145
Purchases of property, plant and equipment [Note A]	<u>(7,733)</u>	<u>(284)</u>
Net cash used in investing activities	<u>(7,700)</u>	<u>(139)</u>
Financing activities		
Dividends paid	(475)	(2,800)
Interest paid	(183)	(139)
Proceeds from term loans	7,206	300
Proceeds from factoring loans	2,111	4,790
Proceeds from invoice financing	1,681	-
Repayments of term loans	(1,033)	(109)
Repayments of factoring loans	(1,609)	(2,303)
Repayments of a third party loan	-	(106)
Repayment of obligations under finance leases	(58)	(37)
Repayments of bridging loan	(333)	(500)
Repayments of invoice financing	<u>(2,752)</u>	<u>-</u>
Net cash generate from (used in) financing activities	<u>4,555</u>	<u>(904)</u>
Net decrease in cash and cash equivalents	(1,899)	(6,502)
Cash and cash equivalents at the beginning of the period	<u>7,800</u>	<u>7,102</u>
Cash and cash equivalents at the end of the period	<u>5,901</u>	<u>600</u>
Cash and bank balances	5,968	2,040
Less:		
Bank overdraft	-	(1,403)
Restricted fixed deposit	<u>(67)</u>	<u>(37)</u>
Cash and cash equivalents	<u>5,901</u>	<u>600</u>



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Notes to consolidated statement of cash flows

A) During the period, the Group acquired property, plant and equipment with an aggregate cost of S\$7,747,753 (2010: S\$395,390) of which S\$14,500 (2010: S\$111,000) was acquired under finance arrangement. Cash payments of S\$7,733,253 (2010: S\$284,581) were made to purchase property, plant and equipment.

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>	<u>Translation reserve</u>	<u>Merger reserve</u>	<u>Retained earnings</u>	<u>Attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Group							
Balance at 1 January 2011	23,698	71	(18,570)	21,452	26,651	5,122	31,773
Dividends	-	-	-	(475)	(475)	-	(475)
Total comprehensive income for the period	-	(384)	-	1,850	1,466	132	1,598
Balance at 30 June 2011	<u>23,698</u>	<u>(313)</u>	<u>(18,570)</u>	<u>22,827</u>	<u>27,642</u>	<u>5,254</u>	<u>32,896</u>
Balance at 1 January 2010	18,933	(53)	(18,570)	22,673	22,983	5,314	28,297
Dividends	-	-	-	(2,800)	(2,800)	-	(2,800)
Total comprehensive income for the period	-	119	-	1,113	1,232	(332)	900
Balance at 30 June 2010	<u>18,933</u>	<u>66</u>	<u>(18,570)</u>	<u>20,986</u>	<u>21,415</u>	<u>4,982</u>	<u>26,397</u>
Company							
Balance at 1 January 2011	23,698	-	-	195	23,893	-	23,893
Dividends	-	-	-	(475)	(475)	-	(475)
Total comprehensive income for the period	-	-	-	488	488	-	488
Balance at 30 June 2011	<u>23,698</u>	<u>-</u>	<u>-</u>	<u>208</u>	<u>23,906</u>	<u>-</u>	<u>23,906</u>
Balance at 1 January 2010	18,933	-	-	73	19,006	-	19,006
Dividends	-	-	-	(2,800)	(2,800)	-	(2,800)
Total comprehensive income for the period	-	-	-	2,862	2,862	-	2,862
Balance at 30 June 2010	<u>18,933</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>19,068</u>	<u>-</u>	<u>19,068</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 then 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	Resultant issued and paid up share capital S\$
Balance as at 30 June 2011 and 31 December 2010	<u>141,200,000</u>	<u>23,698,348</u>

As at 30 June 2011 and 31 December 2010, the Company has no outstanding 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>	
	As at 30 June 2011	As at 31 December 2010
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.

Not applicable.

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.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2010.

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.

Not applicable.

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

	Group	
	Unaudited 30/06/2011 (6 months)	Unaudited 30/06/2010 (6 months)
Earnings per share for the period based on profit attributable to owners of the Company:-		
(i) Based on the weighted average number of ordinary shares	1.31 cents ^(a)	0.93 cents ^(b)
(ii) On a fully diluted basis	1.31 cents	0.93 cents
Weighted average number of shares in issued	141,200,000	120,000,000

a) Earnings per share for HY2011 have been computed based on net profit attributable to the owners of the Group for the period divided by the number of ordinary shares issued.

b) Earnings per share for HY2010 have been computed based on net profit attributable to the owners of the Group for the period divided by 120,000,000 which represents the pre-IPO number of shares after sub-division.

7 Net asset value (for the issuer and Group) per ordinary share based on the total number of issued share 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 As at 30 June 2011	Audited As at 31 December 2010	Unaudited As at 30 June 2011	Audited As at 31 December 2010
Net asset value per share based on the number of issued shares	19.58 cents ^(a)	20.47 cents ^(b)	16.92 cents ^(a)	18.35 cents ^(b)
Number of ordinary shares	141,200,000	130,222,466	141,200,000	130,222,466

a) Net asset value per share as at 30 June 2011 based on number of ordinary shares as at 30 June 2011.

b) Net asset value per share as at 31 December 2010 have been computed based on net assets of the Group and Company for the financial year divided by the weighted average number of shares issued.



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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 increased by S\$5.6 million or 31.3%, from S\$18.0 million in HY2010 to S\$23.6 million in HY2011 primarily due to a general pick up in business leading to an increased order volume and more project completions in our new building and conversion segment.

Gross profit increased by S\$1.7 million or 39.0%, from S\$4.3 million in HY2010 to S\$6.0 million in HY2011 due to higher revenue and a 1.4 percentage point improvement in our gross profit margin from 23.9% in HY2010 to 25.3% in HY2011. The increase in gross profit margin was due mainly to more contracts secured and completed under our new building and conversion segment which yielded higher margins.

Other operating income increased by S\$0.5 million or 92.6%, from S\$0.6 million in HY2010 to S\$1.1 million in HY2011 due mainly to the increase in reimbursement of expenses from foreign workers by S\$0.1 million and a foreign exchange gain of S\$0.4 million.

Administrative expenses increased by S\$0.8 million or 44.6%, from S\$1.7 million in HY2010 to S\$2.5 million in HY2011 due mainly to the increase in professional fees of S\$0.2 million, staff-related expenses mainly salaries and bonuses of S\$0.2 million, insurance costs of S\$0.1 million, depreciation charges of S\$0.1 million and travelling and transport expenses of S\$0.1 million.

Other operating expenses decreased by S\$0.2 million or 12.1%, from S\$2.1 million in HY2010 to S\$1.9 million in HY2011 due to one-off IPO expenses of S\$0.3 million incurred in HY2010 and a decrease in foreign exchange loss of S\$0.1 million, partly offset by an increase in repair and maintenance costs of S\$0.2 million.

As a result of the above, the Group's profit before income tax increased by S\$1.7 million or 179.8%, from S\$0.9 million in HY2010 to S\$2.6 million in HY2011 due mainly to (i) higher revenue, gross profit margin and other operating income, and (ii) lower other operating expenses, partly offset by higher administrative expenses.

Hence, the net profit attributable to owners of the Company increased by S\$0.7 million or 66.2%, from S\$1.1 million in HY2010 to S\$1.8 million in HY2011.



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(b) Review of Financial Position of the Group

As at 30 June 2011, the Group's total net assets increased by S\$1.1 million, from S\$31.8 million in FY2010 to S\$32.9 million in HY2011. The increase in total net assets was largely due to:

Assets

Decrease in cash and bank balances of S\$1.9 million as explained in point 8 (c).

Decrease in trade receivables of S\$3.3 million as a result of improved collections from trade receivables, partly offset by S\$0.3 million increase in other receivables as a result of deposit for equipments.

Increase in work-in-progress of S\$3.6 million as most of the projects are still ongoing.

Increase in property, plant and equipment of S\$6.4 million due mainly to the increase in construction-in-progress of two bunkering vessels and acquisition of leasehold properties at 8 Ubi Road 2 #06-23, #06-24, #06-25 and #06-26, Zervex, Singapore 408538, partly offset against depreciation charges for the period.

Liabilities

Decrease in trade and others payables by S\$0.2 million and S\$1.1 million respectively, due mainly to repayment of trade and other payables.

Increase in borrowings of S\$5.3 million as explained in point 8 (c).

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

In HY2011, net cash provided by operating activities before movements in working capital amounted to S\$3.3 million. Net cash used in working capital amounted to S\$1.9 million in HY2011. This was due mainly to the increase in work-in-progress by S\$3.6 million and other receivables by S\$0.3 million, and a decrease in trade and other payables by S\$0.2 million and S\$1.1 million respectively, partially offset by the decrease in trade receivables by S\$3.3 million. Net cash generated from operating activities amounted to S\$1.2 million after deducting S\$0.2 million income tax paid during HY2011.

Net cash used in investing activities of S\$7.7 million was due to increase in construction-in-progress of two bunkering vessels and acquisition of leasehold properties at 8 Ubi Road 2 #06-23, #06-24, #06-25 and #06-26, Zervex, Singapore 408538.

Net cash generated from financing activities of S\$4.6 million was due mainly to proceeds from term loans to finance the above investing activities.

As a result of the above, there was a net decrease of S\$1.9 million in cash and cash equivalents, from S\$7.8 million as at 31 December 2010 to S\$5.9 million as at 30 June 2011.

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

No forecast or prospect statement has been previously disclosed to shareholders.



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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 period and the next 12 months.

The Group's HY2011 financial results have already captured the benefits of the Group's recent diversification into engineering, procurement and construction services for offshore and marine projects, which began in the second half of FY2010. This diversification in our new building and conversion segment is starting to pay-off as maiden contributions kicked in.

From ongoing customers enquires and discussions, the Directors are of the view that the prospects for the conversion and repair sector in the marine and oil and gas industry would remain positive.

In Singapore, staff and related costs are expected to increase due to increase in foreign workers' levy and higher accommodation expenses resulting from higher demand for workers' accommodation. The Group will continue to explore measures to improve productivity and operations efficiency to cushion the impact of rising costs.

Based on the above and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable in FY2011.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(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	: Final
b) Dividend rate	: 0.336 cents
c) No of shares in issue	: 141,200,000
d) Total dividend amount	: S\$474,432.00
e) Tax rate	: Tax exempt
f) Date of payment	: 26 May 2011
g) Books closure date	: Not applicable

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

Not applicable.



13 Interested Person Transactions

There is no interested person transaction of S\$100,000 or more during the financial period under review.

14 Confirmation by the Board Pursuant to Rule 705(5) of the Catalyst Rules

We, Christopher Low Chee Leng and Low Chee Wee, being two Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited consolidated financial statements for the half-year ended 30 June 2011 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Christopher Low Chee Leng
Chief Executive Officer

Low Chee Wee
Executive Director

12 August 2011