EMS ENERGY

ENABLING ENERGY FOR LIFE

PURSUING OPPORTUNITIES FOR GROWTH

ANNUAL REPORT 2015

TABLE OF CONTENTS

Sponsor's Statement

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Alvin Soh, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

CORPORATE PROFILE

Listed in 2003, EMS Energy Limited ("EMS Energy") is an integrated offshore & marine ("O&M") services provider that has carved a name for itself within the industry for providing its customers with comprehensive energy supply chain solutions.

Following the acquisition of the Koastal Group in October 2015, EMS Energy's business has moved up the value chain to an integrated O&M services player leveraging on Koastal's core expertise in the provision of engineering, procurement and construction management ("EPCM") services to offer its customers a full suite of complementary O&M solutions ranging from the design, manufacturing and installation of engineering solutions and products, such as drilling and well intervention systems, deck machineries, offshore cranes, and other mechanical load handling systems. Through its subsidiary, Koastal Eco Industries Co., Ltd ("KEI"), the Group also provides waste water treatment for a diverse range of industries in Vietnam.

EMS Energy places strong emphasis on the quality of its equipment, operations and management. Since 2011, EMS Energy Solutions Pte Ltd ("EES") has been awarded with the following certifications from the prestigious American Petroleum Institute ("API"):

- API Specification Q1,
- API Specification 2C for Offshore Pedestal Mounted Cranes
- API Specification 4F for Substructures at PSL 1 (refers to Drilling and Well Servicing Structures)

With its established track record, experience, expertise and vast network, EMS Energy is well positioned to be a leading global engineering solutions provider.

CHAIRMAN'S STATEMENT

> “The completion of the acquisition marks an important first step for our Group as we seek to move up the value chain to become an integrated O&M services player.”

Dear Valued Shareholders,

On behalf of my fellow Board of Directors, I am pleased to present to you the Annual Report for the Financial Year ended 31 December 2015 (“FY2015”).

2015 proved to be yet another volatile and challenging year for the global markets, particularly for the oil and gas (“O&G”) related sectors. Concerns over economic growth, coupled with a global glut of crude oil, have driven oil prices down by a third over the course of the year. While the sustained period of low oil prices have created some industry challenges, our Group continues to take a long-term view in a world where global energy demand continues to grow.

YEAR IN REVIEW

In the year under review, the global downcycle in oil prices has largely weighed on our FY2015 financials as with the other related industry players. Group revenue was S$68.9 million in FY2015, compared with S$109.1 million in FY2014.

- **Acquisition of Koastal Group**

  Notwithstanding these headwinds, FY2015 remains a significant year for EMS Energy on the corporate development front. In October 2015, our Group completed the acquisition of Koastal Group (“Koastal”). The completion of the acquisition marks an important first step for our Group as we seek to move up the value chain to become an integrated offshore & marine (“O&M”) services player, in line with our broader growth strategy.

  With an operating history of over 18 years, Koastal is an established engineering, procurement and construction management (“EPCM”) services provider to marine and offshore O&G companies, specialising in the provision of project and construction management services.

  The acquisition of the Koastal Group was a critical step in building up our Group’s manufacturing and project management capabilities to take on larger and higher-value projects as we embark on our transformative growth journey to becoming an integrated O&M services provider. In addition, the acquisition also represented an opportunity for our Group to sharpen our competitive edge by allowing us to significantly expand our service offerings, and provided a platform for us to increase our presence in key markets, such as Vietnam and China, by leveraging on Koastal's long-standing connections with established players in the industry in these countries. In the longer term, we believe that the resulting operational synergies derived from the acquisition will help diversify our earnings base and enhance long-term shareholder value.

NEW WATERFRONT FACILITY

The construction of our new waterfront facility in Tuas is progressing smoothly, and is expected to complete in 2H2016. The new facility will serve the foundation for our Group to take on larger and higher-value O&M projects as we seek to move further up the value chain.

Upon completion, the facility is expected to positively contribute towards our Group's revenue by significantly enhancing our capabilities, productivity and efficiency while reducing our operational costs and dependence on external sub-contractors.

INTEGRATED ENVIRONMENTAL ENGINEERING SERVICES

Our Group has identified pockets of opportunity for its water and environmental business segment Koastal Eco Industries Co., Ltd ("KEI") in Vietnam, in view of the government's strong support for Public Private Partnerships ("PPP") to alleviate the country's long backlog of large-scale municipal water and wastewater treatment plants sourcing for investments, with a total treatment capacity of more than 8 million cubic meters per day[1].

With KEI's extensive experience in providing waste water treatment solutions across a diverse range of industries, we believe that KEI is well-placed to capture these rising opportunities in Vietnam's water and environmental sectors.

OUTLOOK

While the near-term outlook of the global O&M and energy industries remains seemingly challenging given the continuing low crude oil prices, industry data have shown that the longer-term view reveals a number of bright spots, particularly in the Asian region.

Despite the business challenges posed by these ongoing headwinds in the O&M sector, the demand for our KEI services remains strong. In 2015, a report by the Global Water Intel showed that the global water sector recorded US$246 billion in capital expenditure, and highlighted Southeast Asia as a key promising region where utility capex is expected to achieve a CAGR of close to 15% between 2014-19. We envisage that this positive growth trend in the region will provide the impetus to drive KEI's growth, which will serve as a diversifier for our Group's business, particularly during this period of prolonged economic downturn in the oil & gas sector.

In the near term, our Group remains focused in streamlining our operations and delivering on backlog orders, while building business revenue for our upcoming new waterfront facility and KEI business unit. We will also continue to explore opportunities for expansion into regional countries through partnerships or M&A, with the new waterfront facility serving as a base of support.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all our customers, business partners, shareholders, employees and other stakeholders for their continuous support and contributions to our Group through both good and challenging times.

April 05, 2016

---

[1] Global Water Market Forecast, June 2015

OPERATIONS & FINANCIAL REVIEW

OVERVIEW

2015 proved to be a highly challenging year with the collapse of oil prices taking a toll on the offshore, marine and energy industry worldwide. The prolonged downturn in the industry has invariably affected the Group's business operations. This was exacerbated by the restrictions on foreign workers which resulted in labour shortage, thereby impacting the oil and gas-related companies based in Singapore. The confluence of these factors has resulted in industry-wide project delays and pressure on margins.

Notwithstanding this, the Group marked a key milestone in October 2015 with the completion of the acquisition of the Koastal Group. The resultant Enlarged Group has since operated as a multi-tiered solutions provider for the marine and offshore oil and gas industry, offering EPCM and trading services and higher-value engineering solutions to Singapore-based customers and the wider Asia Pacific region.

FINANCIAL PERFORMANCE

The Group turned in revenue of approximately S$68.88 million in FY2015, compared with S$109.11 million in FY2014. This was largely attributable to a decreased in revenue from the EPCM – Marine and Offshore & Trading segment, where FY2015 revenue saw a drop of S$45.27 million, or 44.2% compared to the previous corresponding period. This was mainly due to timing issue where revenue from the first Derrick Equipment Set ("DES") project was close to completion, where majority of the revenue had been recognised in the previous financial periods, and the second DES project was still in the early stage of the progress, and the absence of revenue recognised for sizeable project such as the Anchor Handling Tug Supply Vessel where the project had been completed and revenue fully recognised in FY2014. On a positive note, the EPCM – Water Treatment segment increased by S$5.05 million or 76.5% as the Group secured several new projects in the course of 2015.

The Group's cost of sales decreased by 29.3% or S$23.23 million to S$55.96 million in FY2015, compared to S$79.19 million in FY2014. Gross profit margin declined to 18.8% compared to 27.4% in FY2014. This was mainly attributable to an allowance for foreseeable losses in relation to a construction contract and cost overruns for certain smaller projects.

Other income decreased by 14.2% or S$506,000 to S$3.05 million in FY2015 compared to S$3.56 million in FY2014.

Administrative expenses incurred in FY2015 were in-line with the preceding year. Other expenses incurred in FY2015 mainly consisted of impairment of goodwill and of investment in an associated company which totalled approximately S$3.90 million, and professional fees of S$3.76 million of which arising mainly in connection with the acquisition of the Koastal Group.

Finance costs increased by S$1.95 million to S$3.43 million in FY2015 compared to S$1.48 million in FY2014 mainly due to the increase in bank borrowings and borrowings from third parties.

In view of the above, the Group recorded a net loss attributable to equity holders of the Company of S$10.24 million in FY2015 compared to a profit of S$15.39 million in FY2014.

OPERATIONS & FINANCIAL REVIEW

CASH FLOW AND FINANCIAL POSITION

Overall, the Group had a negative cash and cash equivalents of S$0.64 million as at 31 December 2015 as compared to a positive cash and cash equivalents of S$20.65 million as at end FY2014.

Net cash used in operating activities increased by S$17.94 million to S$24.03 million in FY2015 compared to S$6.09 million in FY2014. This was mainly due to loss before tax of S$9.44 million in FY2015 compared to a profit of S$18.69 million in the preceding year. This was partially countered by more favourable changes to the Group's working capital which include the reduction in trade and other receivables by S$1.01 million, reduction in prepayments by S$1.31 million, an increase in amount due to contract customers by S$3.09 million and an increase in trade and other payables by $10.08 million, partially offset by reduction in advances from contract customers by S$17.27 million, increase in amount due from contract customers by S$17.71 million and increase in inventories by S$0.54 million.

Net cash used in investing activities increased by S$0.86 million to S$4.54 million in FY2015 compared to S$3.67 million in FY2014. This was mainly attributed to the costs incurred for the Group's new waterfront facility.

Net cash generated from financing activities decreased by S$4.76 million mainly due to a reduction in net proceeds from the issuance of ordinary shares by S$12.78 million, net proceeds from bank borrowings which reduced by S$7.59 million, repayment of loans to directors which increased by S$5.68 million and interest payment which increased by S$0.37 million, partially offset by increased in borrowings from third parties by S$6.71 million, reduction in fixed deposits pledged for bank borrowings by S$10.67 million and reduction in dividend paid by S$4.17 million.

ISSUANCE OF NEW ORDINARY SHARES AND CONSOLIDATION OF EXISTING SHARES

In June 2015, the Group issued an aggregate of 88,000,000 placement shares at S$0.023 per subscription share and raised S$2.02 million in gross proceeds. The total no. of issued shares increased from 1,480,709,604 to 1,568,709,604.

In October 2015, the Group undertook a consolidation of its shares on the basis of every 15 existing shares into one Consolidated Share. On completion of the share consolidation, the issued share capital of the Company was consolidated into 104,579,804 Consolidated Shares.

In conjunction with the acquisition of the Koastal Group, The Group also issued 344,155,420 Consideration Shares at the Issue Price of S$0.345, amounting to S$118,733,620, as part of the S$150,000,000 purchase consideration. The remaining S$31,266,380 was paid in cash.

As at the date of this annual report, the total number of issued shares stood at 448,735,224 shares.

SEIZING OPPORTUNITIES

"We will continue to explore opportunities for expansion into regional countries through partnerships or M&A, with the new waterfront facility serving as a base of support."

FINANCIAL SUMMARY

As at 31 December 2015	FY2014	FY2015
Total Assets (S$'000)	137,275	132,239
Total Liabilities (S$'000)	115,521	120,008
Shareholders Equity (S$'000)	21,754	12,231
Gearing Ratio [a] [a] Total borrowings divided by shareholders' equity	1.36	3.13

As at 31 December 2015	FY2014	FY2015
Earnings/(Loss) per ordinary share attributable to equity holders of the Company (Singapore cents) [b]	3.81	(2.30)
[b] Based on weighted average number of ordinary shares in issue	403,928,383	445,063,542
Net assets per share (Singapore cents) [c]	4.85	2.73
[c] Based on number of ordinary shares in issue as at year end [d]	448,735,224	448,735,224

[d] For comparative purposes the calculation for the net asset value per share for the respective financial years is based on the post-acquisition share capital of 448,735,224 shares.

BOARD OF DIRECTORS

TING TECK JIN

Executive Chairman and
Chief Executive Officer

Mr Ting, 48, joined the Board on 6 December 2006 as Executive Chairman and assumed the role of Chief Executive Officer on 19 June 2007. He was last re-elected in April 2015.

Mr Ting is responsible for the strategic corporate direction and development of the Group. He also oversees business development and operations in his role as Director of EMS Energy Solutions Pte Ltd. Mr Ting is also Managing Director of Koastal Industries Pte Ltd and Chairman of Koastal Eco Industries Co Ltd (in Vietnam).

Mr Ting has some 20 years' experience in the offshore and marine engineering industry. He spent a few years in Keppel Group shipyard operations in Singapore and Vietnam before founding Koastal Industries Pte Ltd in 1997. An engineer by training, Mr Ting holds a Bachelor of Engineering in Marine Technology (First Class Honours) degree from Newcastle University, United Kingdom.

TEO YAK HUAT

Executive Finance Director

Mr Teo, 49, joined the Board on 26 October 2015, as Executive Director and assumed the role of Finance Director, responsible for the financial strategy and corporate finance activities of the Group, following the completion of acquisition of Koastal Group by the Company.

Prior to joining the Board, Mr Teo was the Chief Financial Officer of Koastal Group. He has more than 20 years of accounting and financial management experience gained in various companies, including listed companies such as the Company and China Fashion Holdings Limited.

Mr Teo is also a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

BOARD OF DIRECTORS

LIM POH BOON

Non-Executive and Independent Director

Mr Lim, 62, joined the Board on 1 June 2007 as Non-Executive and Non-Independent Director, and was re-designated as Independent Director since FY2012. He was last re-elected in April 2014.

Mr Lim is active in many consultancy investment projects and also operates a financial payment service business in Malaysia and Hong Kong. He has vast experience in financial services as well as compliance and risk management in various business sectors.

Mr Lim is currently the Committee member of the Chinese Chamber of Commerce in Batu Pahat, Johor, Malaysia; an associate member of the Malaysian Institute of Chemistry; a National Council Member and Deputy Chairman of Public Relations Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia; a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom; a Fellow of the Institute of Financial Accountants, United Kingdom, a Fellow of the Institute of Public Accountants, Australia; a senior associate member of the Australian and New Zealand Institute of Insurance and Finance; and a Full member of The Society of Technical Analysis, United Kingdom.

Mr Lim holds a Bachelor's degree in Chemistry from Universiti Sains Malaysia and a MBA from Heriot-Watt University in Edinburgh, United Kingdom.

UNG GIM SEI

Non-Executive and Independent Director

Mr Ung, 76, joined the Board on 31 August 2007 as a Non-Executive and Independent Director. He was last re-appointed in April 2015. Mr Ung is currently a director of a U.S.-Singapore joint venture law firm, Duane Morris & Selvam LLP, specialising in the practice of Intellectual Property.

Prior to taking up law, Mr Ung started his career with key positions at Nanyang Siang Pau, Singapore Press Holdings and the Hong Kong Sing Tao Newspaper Group. He is the Vice President of the Singapore-China Friendship Association, the Aw Boon Haw Foundation (PRC), and Tan Kah Kee Foundation where he is also the Legal Advisor. Mr Ung is also currently an Independent Director of SGX-listed Informatics Education Ltd and a Non-Executive and Independent Director of Chip Eng Seng Ltd.

Mr Ung holds a Bachelor of Arts in Economics degree from the National University of Singapore, a Common Professional Examination in Law from the UK, a graduate Diploma in Singapore Law from the National University of Singapore and a Master of Law from the City University of Hong Kong.

LIM SIONG SHENG

Non-Executive and Independent Director

Mr Lim, 65, joined the Board on 1 June 2008 as a Non-Executive and Independent Director. He was last re-elected in April 2013.

Mr Lim is presently a director of the Shangyew Public Accounting Corporation where he is responsible for audit, tax, liquidation, consulting and accounting matters undertaken by the corporation and has over 30 years of experience in the related fields.

Mr Lim is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and a Fellow of the Institute of Singapore Chartered Accountants. He is also a Fellow of the Certified Public Accountant, Australia, and a Fellow of the Insolvency Practitioners Association of Singapore. In addition, Mr Lim also holds membership as an Accredited Tax Advisor (Income Tax & GST) in the Singapore Institute of Accredited Tax Professionals Limited (SIATP).

EXECUTIVE OFFICERS

TING TECK JIN

Executive Chairman and Chief Executive Officer
EMS Energy Limited

Mr Ting, 48, joined the Board on 6 December 2006 as Executive Chairman and assumed the role of Chief Executive Officer on 19 June 2007.

Mr Ting is responsible for the strategic corporate direction and development of the Group. He also oversees business development and operations in his role as Director of EMS Energy Solutions Pte Ltd. Mr Ting is also Managing Director of Koastal Industries Pte Ltd and Chairman of Koastal Eco Industries Co Ltd (in Vietnam).

Mr Ting has some 20 years' experience in the offshore and marine engineering industry. He spent a few years in Keppel Group shipyard operations in Singapore and Vietnam before founding Koastal Industries Pte Ltd in 1997. An engineer by training, Mr Ting holds a Bachelor of Engineering in Marine Technology (First Class Honours) degree from Newcastle University, United Kingdom.

MR. TEO YAK HUAT

Executive Finance Director
EMS Energy Limited

Mr Teo, 49, joined the Board on 26 October 2015, as Executive Director and assumed the role of Finance Director, responsible for the financial strategy and corporate finance activities of the Group, following the completion of acquisition of Windale Group by the Company.

Prior to joining the Board, Mr Teo was the Chief Financial Officer of Windale Group. He has more than 20 years of accounting and financial management experience gained in various companies, including listed companies such as the Company and China Fashion Holdings Limited.

Mr Teo is also a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

PATSY MAH

Chief Financial Officer
EMS Energy Limited

Ms Mah, 48, joined the Group as Chief Financial Officer (CFO) on 1 February 2013, and oversees the Company's financial matters.

Ms Mah has over 20 years of experience dealing with bankers, auditors and statutory boards and was also involved in business mergers and acquisitions, group restructuring matters and securing capital and funding for businesses. She previously held senior management positions at several publicly-listed and privately-held companies in Singapore.

Ms Mah is a member of the Institute of Singapore Chartered Accountants.

WONG HON CHENG

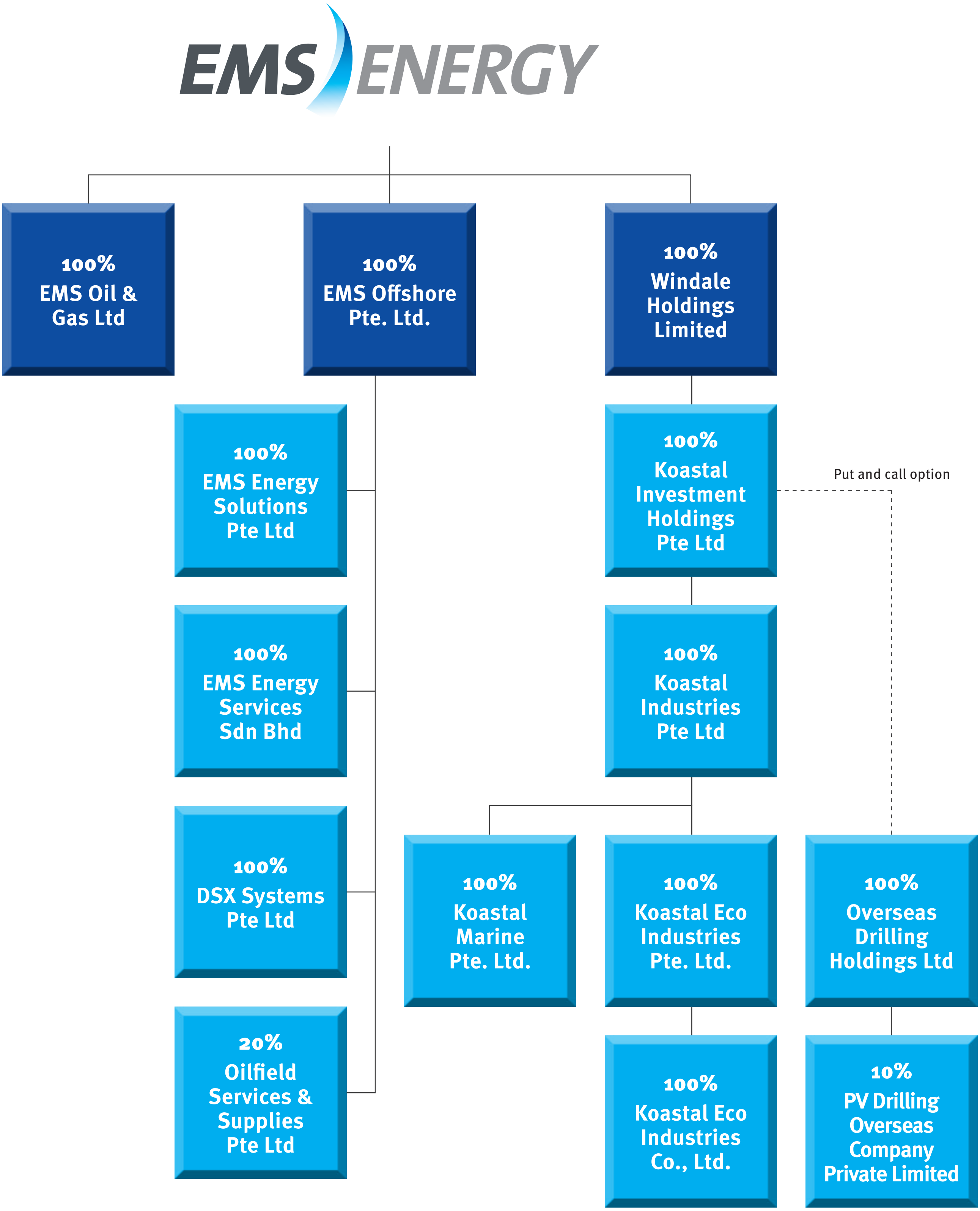
Managing Director
EMS Energy Solutions Pte Ltd

Mr Wong, 37, was appointed Project Manager on 24 May 2010, Vice President for the Group's rigs business unit in May 2013 and assumed the role of Managing Director of the Group in January 2016. He is responsible for effective management of the subsidiary's daily operations, formulating and implementing growth strategies to meet company objectives.

Prior to his appointment in EMS Energy, Mr Wong was an engineer at PPL Shipyard Pte Ltd since 2006, handling drilling packages of drilling rig projects.

Mr Wong holds a Master degree in Petroleum Engineering from the University of Technology PETRONAS in Malaysia.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

MR TING TECK JIN
Executive Chairman and Chief Executive Officer

MR TEO YAK HUAT
Executive Finance Director

MR LIM POH BOON
Non-Executive and Independent Director

MR UNG GIM SEI
Non-Executive and Independent Director

MR LIM SIONG SHENG
Non-Executive and Independent Director

COMPANY SECRETARY

Ms Gwendolyn Gn Jong Yuh (LLB Hons)

REGISTERED OFFICE

1 Robinson Road
#17-00 AIA Tower
Singapore 048542

T +65 6861 2722
F +65 6861 5655

E info@emsenergy.com.sg
W www.emsenergy.com.sg

PRINCIPAL PLACE OF BUSINESS

10 Tuas Avenue 11
Singapore 639076

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road, #05-01
Singapore 068902

AUDITORS

BDO LLP
Chartered Accountants
21 Merchant Road, #05-01
Singapore 058267

Partner in charge: Mr Ng Kian Hui
Appointed since FY2015

SOLICITORS

Shook Lin & Bok LLP

PRINCIPAL BANKERS

Development Bank of Singapore
United Overseas Bank Limited
HongKong and Shanghai Banking Corporation Limited
ANZ Singapore Limited

CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the "**Board**") of EMS Energy Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial year ended 31 December 2015 ("**FY2015**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

In line with the Code, the Board hereby confirm that the Company has complied substantially with the principles and guidelines of the Code, where there are deviations from the recommendations of the Code, we have provided the reasons and explanations in relation to the Company's practices, where appropriate.

Guideline	**Code and/or Guide Description**	**Company's Compliance or Explanation**
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
BOARD MATTERS		
The Board's Conduct of Affairs		
1.1	What is the role of the Board?	The Board has 5 Directors as follows:

Composition of the Board

Name of Director	**Designation**
Mr Ting Teck Jin	Executive Chairman/Chief Executive Officer
Mr Teo Yak Huat	Executive Finance Director
Mr Lim Poh Boon	Non-executive and Independent Director
Mr Ung Gim Sei	Non-executive and Independent Director
Mr Lim Siong Sheng	Non-executive and Independent Director

The Group is led by an effective Board, which comprises two (2) Executive Directors and three (3) Independent Directors. All of the Directors possess the right competencies and diversity of experience to effectively lead, control and contribute to the Group. The Board is collectively responsible for the success of the Group. The Board works with the management of the Company (the "**Management**") to achieve this. The Management remains accountable to the Board.

The principal functions of the Board include:

1. providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
2. setting, reviewing and approving key business goals and strategies, and financial plans and monitoring the organisational and Management's performance;
3. establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;
4. reviewing the adequacy and integrity of the Group's internal controls, risk management systems and financial reporting and compliance;
5. approving major investments and divestments, and funding proposals;
6. setting the Group's values and standards (including ethical standards); and
7. ensuring accurate, adequate and timely reporting to, and communication with shareholders such that obligations to shareholders and other stakeholders are understood and met.

CORPORATE GOVERNANCE

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.2</td><td>All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.</td><td>All directors exercise due diligence and independent judgement in dealing with business affairs of the Group and objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.</td></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>To assist in the execution of its responsibilities, the Board is supported by three (3) board committees; namely the Nominating Committee (the **"NC"**), Remuneration Committee (the **"RC"**) and the Audit Committee & Risk Management Committee (**"AC"**) (collectively, the **"Board Committees"**). The compositions of the Board Committees are as follows:
<table>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairman</td><td>Mr Lim Siong Sheng</td><td>Mr Ung Gim Sei</td><td>Mr Ung Gim Sei</td></tr>
<tr><td>Member</td><td>Mr Lim Poh Boon</td><td>Mr Lim Siong Sheng</td><td>Mr Lim Siong Sheng</td></tr>
<tr><td>Member</td><td>Mr Ung Gim Sei</td><td>Mr Lim Poh Boon</td><td>Mr Lim Poh Boon</td></tr>
</table></td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets regularly, with at least four (4) scheduled meetings within each financial year to review the Group's key activities, business strategies, funding decisions, financial performance and to approve the release of half-yearly and annual results of the Group. When circumstances require, ad-hoc meetings are convened. The Directors are also regularly updated on the Group's development via email correspondence facilitating participation and view-sharing. Board meetings are conducted in Singapore and regularly attended by Directors either in person or via telephone conference if they are unable to attend the meetings in person. The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings are disclosed in the table below.</td></tr>
</table>

CORPORATE GOVERNANCE

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
Attendance of Directors at Board and Board Committee Meetings
<table>
<tr><th rowspan="2">Name</th><th colspan="2">Board</th><th colspan="2">Audit Committee & Risk Management Committee</th><th colspan="2">Remuneration Committee</th><th colspan="2">Nominating Committee</th></tr>
<tr><th>No. of Meetings Held</th><th>No. of Meetings Attended</th><th>No. of Meetings Held</th><th>No. of Meetings Attended</th><th>No. of Meetings Held</th><th>No. of Meetings Attended</th><th>No. of Meetings Held</th><th>No. of Meetings Attended</th></tr>
<tr><td>Ting Teck Jin</td><td>3</td><td>3</td><td>3</td><td>3^</td><td>1</td><td>1^</td><td>1</td><td>1^</td></tr>
<tr><td>Teo Yak Huat(1)</td><td>3</td><td>1</td><td>3</td><td>1^</td><td>1</td><td>0</td><td>1</td><td>0</td></tr>
<tr><td>Lim Poh Boon</td><td>3</td><td>3</td><td>3</td><td>3</td><td>1</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td>Ung Gim Sei</td><td>3</td><td>2</td><td>3</td><td>2</td><td>1</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td>Lim Siong Sheng</td><td>3</td><td>3</td><td>3</td><td>3</td><td>1</td><td>1</td><td>1</td><td>1</td></tr>
</table>
^ Attendance by invitation
Note (1): Mr Teo Yak Huat was appointed to the Board as an Executive Director on 26 October 2015. He has only attended Board/Board Committee meetings subsequent to 26 October 2015.
</td></tr>
<tr><td>1.5</td><td></td><td>
The Company has adopted internal guidelines setting forth matters that require Board approval, examples of which include corporate plans and budgets, material acquisitions and disposals of assets, share issuances, dividends and other returns to shareholders.

The types of material transactions that require board approval under such guidelines are listed below:
a. Approval of financial statements' announcements;
b. Approval of interested parties' transactions or matters involving a conflict of interest for a substantial shareholder or director;
c. Declaration of interim dividends and proposal of final dividends;
d. Convening of shareholders' meetings;
e. Approval of corporate strategy;
f. Authorisation of merger and acquisition or disposal transactions;
g. Approval of share issuance;
h. Authorisation of major funding, investment or divestment transactions; and
i. Any decision likely to have a material impact on the Group from any perspective, including but not limited to, financial, operational, strategic or reputational.
</td></tr>
</table>

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.6	(a) Are new Directors given formal training? If not, please explain why.	The Company has in place an orientation program to ensure that new Directors are familiar with the Company's business and governance practices, and training for first-time Directors in areas such as accounting, legal and industry-specific knowledge. For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. Corporate materials and documents such as the latest Annual Report, minutes of recent board meetings, and the Constitution of the Company will also be given to him/her to facilitate his/her understanding of the structure and operations of the Group.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	All directors are updated regularly concerning any changes in corporate governance, company policies, risk management, financial reporting standards, relevant new laws, regulations and changing commercial risks. Directors are encouraged to attend, at the Group's expense, relevant and useful training or seminars conducted by external organisations. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (the "**ACRA**") which are relevant to the Directors are circulated to the Board. The Directors were briefed regularly by the Company's auditors on the key changes to the Singapore Financial Reporting Standards (the "**SFRS**"). The CEO also updates the Board at each meeting on business and strategic developments pertaining to the Group's business. The Company also encourages directors to regularly attend training courses organised by the Singapore Institute of Directors or other training institutions in connection with their duties as Directors.
1.7	Upon appointment of each director, has the company should provide a formal letter to the director, setting out the director's duties and obligations?	Upon appointment of each Director, the Company provides a formal letter to such Director, setting out his duties and obligations upon appointment.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	In view that the Executive Chairman and the CEO is the same person, the Company has complied with the relevant guidelines of the Code requiring at least half the Board to comprise of Independent Directors. The NC is of the view that the current Board, with Independent Directors making up at least half of the Board, has a strong and independent element to exercise objective judgment on corporate affairs independently from Management. The NC is also of the view that no individual or small group of individuals dominates the Board's decision making process. There is no Lead Independent Director of the Company. This is because the Board is of the view that a strong element of independence is present in the Board and all three Independent Directors exercises equal and active influence in the Board's affairs.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The independence of each Independent Director has been and will be reviewed annually (and as and when circumstances require) by the NC, with reference to the guidelines as set out in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgment of the conduct of the Group's affairs. Each of the Independent Directors has completed an independent director's declaration form and confirmed his independence. The NC has reviewed the independence of the Indpendent Directors for FY2015 and is of the view that Mr Ung Gim Sei, Mr Lim Siong Sheng and Mr. Lim Poh Boon are independent as determined according to the guidelines provided in the Code.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	Currently none of the Independent Directors has served the Board for more than nine years from the date of his first appointment. Noting that Mr. Lim Poh Boon and Mr. Ung Gim Sei, who first joined the Board on 1 June 2007 and 31 August 2007 respectively, will be completing their ninth year on the Board in the coming months, the NC and the Board have assessed their independence to rigorous review. Taking into account the views of the NC, the Board concurs that each of Mr. Lim Poh Boon and Mr. Ung Gim Sei continues to demonstrate strong independence in judgement in the discharge of his responsibilities as a Director of the Company, and continues to debate issues, express individual opinions and objectively analyse and challenge Management. In addition, in view of their respective in-depth understanding of business and operations of the Group, in tandem with their individual wealth of experience in their areas of expertise, each of Mr. Lim Poh Boon and Mr. Ung Gim Sei contribute valuably to the Group with much appreciated experience and knowledge. Taking into account the above factors, and having also weighed the need for Board refreshment against tenure for relative benefit, the Board has determined that each of Mr. Lim Poh Boon and Mr. Ung Gim Sei continues to be considered an independent director.

CORPORATE GOVERNANCE

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>2.5</td><td>Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?</td><td>The NC and the Board have examined the Board’s size and are of the view that the Board is of an appropriate size which facilitates effective decision making taking into account the scope and nature of the operations of the Company and the wide spectrum of skill and knowledge of the Directors. The NC is of the view that no individual or small group of individuals dominates the Board’s decision-making process.</td></tr>
<tr><td>2.6</td><td>(a) What is the Board’s policy with regard to diversity in identifying director nominees?</td><td>The NC periodically reviews the existing attributes and competencies of the Board to have an appropriate mix of members with complementary skills, core competencies and experience that could effectively contribute to the Group, regardless of gender.</td></tr>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The Board is of the view that the current board composition offers a good balance and diversity of skills, experience, knowledge of the Company and core competencies in various areas such as accounting and finance, business and management and law as follows:–
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board (%)</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>– Accounting or finance</td><td>3</td><td>60</td></tr>
<tr><td>– Business management</td><td>5</td><td>100</td></tr>
<tr><td>– Legal or corporate governance</td><td>5</td><td>100</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>5</td><td>100</td></tr>
<tr><td>– Strategic planning experience</td><td>5</td><td>100</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>5</td><td>100</td></tr>
<tr><td>Gender</td><td></td><td></td></tr>
<tr><td>– Male</td><td>5</td><td>100</td></tr>
<tr><td>– Female</td><td>0</td><td>0</td></tr>
</table>
Please refer to pages 8 & 9 of the Annual Report for further details regarding the Directors’ background and experience.</td></tr>
</table>

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board has taken the following steps to maintain or enhance its balance and diversity: • An annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the effectiveness of the Board; and • An annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.
2.7	How have the non-executive directors: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?	Non-executive directors are constantly in touch with the Management to provide advice and guidance on strategic issues and on matters for which their expertise will be constructive to the Group. At the meetings of the Board and the Board Committees, Non-executive directors also constantly request for and receive updates on the performance, goals, targets and projects of the Group, provide feedback on the proposals from Management and oversee the effective implementation by Management to achieve set objective. To ensure that the independent directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.
2.8 3.4	Have the Non-Executive Directors/ Independent Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors had met at least once in the absence of key management personnel in FY2015.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1 3.2	Are the duties between Chairman and CEO segregated?	According to Principle 3.1 of the Code, the Chairman and Chief Executive Officer (the "**CEO**") should in principle be separate persons. The Board is of the view that the Group has built up a cohesive management team. The CEO together with the Executive Officers has full executive responsibilities over the business directions and operational decisions. The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and to ensure conformance by the Management to such practices. Currently, the Board comprises of five (5) Directors, three (3) of whom are Independent Directors and there is no lead Independent Director appointed in the Board. This is because the Board is of the view that a strong element of independence is present in the Board and all three (3) Independent Directors exercise equal and active influence in the Board's affairs. The Chairman and CEO is Mr. Ting Teck Jin. His responsibilities include:– 1. leading the Board to ensure effectiveness on all aspects of its role and setting its agenda; 2. ensuring that the Directors receive accurate, timely and clear information; 3. ensuring effective communication with shareholders; 4. encouraging constructive relations within the Board and between the Board and Management; 5. facilitating the effective contribution of Non-Executive Directors in particular; and 6. promoting high standards of corporate governance. Taking into account the size, scope and routine as the operations of the Group, the roles of the Chairman and CEO are not separated as the Board is of the view that there is adequate accountability and transparency within the Group.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1 4.2	What are the duties of the NC?	The NC has written terms of reference that describe the responsibilities of its members. The responsibilities of the NC are, amongst others, as follows:– a. to recommend to the Board on all Board appointments; b. to review and recommend to the Board annually, the Board's structure, size and composition; c. to identify and make recommendations to the Board for Directors' retirement, re-election and re-nomination at each AGM of the Company, having regard to each Director's contribution and performance; d. to oversee the Board and key management personnel's succession planning; e. to determine the criteria (in particular, taking into account a Director's independence and competing commitments) to identify candidates and review nominations for the appointment of Directors to the Board; f. to determine annually if a Director is independent; and g. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval. Succession planning is also an important part of the governance process. The NC reviews the appointment of key executives and conducts annual review of their remuneration, performance and development plans. As part of this annual review, the successors to the key executives (whenever necessary) are identified, and development plans instituted for them. The Company has put in place a structured succession programme to prepare a team of future leaders for the Group's long-term sustainability.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has determined that the maximum number of listed company board representations which any Director may hold is three (3). When a Director has multiple board representations, he or she ensures that sufficient time and attention is given to the affairs of each company. All Directors are required to declare their board representations. The NC determines annually whether a Director with multiple board representations is able to and has been adequately carrying out his or her duties as a Director of the Company.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) If a maximum has not been determined, what are the reasons?	Not applicable
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2015.
4.5	Are there alternate Directors?	The Company does not have any alternate directors.
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	The Company believes that Board renewal must be an on-going process to ensure good governance and cater to the changing needs of the Company and business. The Company's constitutive document (now known as the Constitution) requires at least one-third of its Directors (excluding the Managing Director) to retire from office by rotation and be subject to re-nomination and re-election by shareholders at every annual general meeting ("AGM"). No Director (except the Managing Director) stays in office for more than three (3) years without being re-elected by shareholders. In the selection and nomination for new Directors, the NC identifies the key attributes that an incoming Director should have, based on existing or new requirements of the Group. After endorsement by the Board, the NC taps on the resources of the Directors' personal contacts for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made. New Directors are appointed by way of a Board resolution, after the NC has approved their nominations. Such new Directors shall submit themselves for re-election at the next AGM of the Company. Pursuant to the Constitution, all Directors (except the Managing Director) are required to submit themselves for re-election at least once every three (3) years.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The role of the NC also includes the responsibility of reviewing the re-nomination of Directors who retire by rotation, taking into consideration the Director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC. The Board recognises the contribution of its Independent Directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the directors as necessary. The NC has recommended to the Board that Mr. Lim Siong Sheng, Mr Lim Poh Boon and Mr Teo Yak Huat be nominated for re-election at the upcoming AGM. In making the recommendation, the NC had considered the Directors' contributions to the Group. The Directors' profiles are presented in the "Board of Directors" section of this annual report. Mr. Lim Siong Sheng will, upon re-election as a Director, remain as an Independent Director, Chairman of the AC and a member of the NC and RC. Mr. Lim Poh Boon will, upon re-election as a Director, remain as an Independent Director and a member of the AC, NC and RC. Mr. Lim Siong Sheng and Mr Lim Poh Boon will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Each member of the NC has abstained from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director of the Company. In the event any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter. Mr. Lim Siong Sheng and Mr Lim Poh Boon have abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-election as a Director.

CORPORATE GOVERNANCE

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr>
<td>4.7</td>
<td>Please provide the following key information regarding the Directors’.
• academic and professional qualifications;
• Shareholding in the Company and its related corporation;
• Board committees served on (as a member or chairman), date of first appointment and last re-appointment as a director;
• Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments;
• Indicate which directors are executive, non-executive or considered by the NC to be independent; and
• The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions.</td>
<td>
<table>
<tr><th>Director</th><th>Academic and professional qualifications</th><th>Shareholding in the Company and its related corporations</th><th>Board committees served on (as a member or chairman)</th></tr>
<tr><td>Ting Teck Jin (Executive Chairman)</td><td rowspan="5">Key information on the Directors’ academic and professional qualifications can be found on pages 8 & 9 of this annual report.</td><td>Interested in 356,646,460 ordinary shares (79.48% of the total number of ordinary shares) in the Company</td><td></td></tr>
<tr><td>Teo Yak Huat (Executive Director)</td><td>Nil</td><td></td></tr>
<tr><td>Lim Poh Boon (Non-executive and Independent Director)</td><td>Interested in 1,333,333 ordinary shares (0.3% of the total number of ordinary shares) in the Company</td><td>Member of the AC, NC and RC</td></tr>
<tr><td>Ung Gim Sei (Non-executive and Independent Director)</td><td>Nil</td><td>Chairman of the NC and the RC, Member of the AC</td></tr>
<tr><td>Lim Siong Sheng (Non-executive and Independent Director)</td><td>Nil</td><td>Chairman of the AC, Member of the NC and RC</td></tr>
</table>
<table>
<tr><th>Director</th><th>Current Directorships in listed companies (other than the Company)</th><th>Past Directorships in listed companies (preceding three years)</th><th>Date of initial appointment</th><th>Date of last re-election</th><th>Other principal commitments</th></tr>
<tr><td>Ting Teck Jin (Executive Chairman)</td><td>Nil</td><td>Nil</td><td>6 December 2006</td><td>11 April 2015</td><td>CEO of the Group</td></tr>
<tr><td>Teo Yak Huat (Executive Director)</td><td>Nil</td><td>Nil</td><td>26 October 2015</td><td>Nil</td><td>Responsible for the financial strategy and corporate finance activities of the Group</td></tr>
<tr><td>Lim Poh Boon (Non-executive and Independent Director)</td><td>Nil</td><td>Nil</td><td>1 June 2007</td><td>26 April 2014</td><td>Financial Services</td></tr>
<tr><td>Ung Gim Sei (Non-executive and Independent Director)</td><td>Nil</td><td>Nil</td><td>31 August 2007</td><td>11 April 2015</td><td>Director of Duane Morris & Selvam LLP</td></tr>
<tr><td>Lim Siong Sheng (Non-executive and Independent Director)</td><td>Nil</td><td>Nil</td><td>1 June 2008</td><td>27 April 2013</td><td>Director of the Shangyew Public Accounting Corporation</td></tr>
</table>
Directors who re seeking re-appointment at the forthcoming AGM to be held on 30 April 2016 are stated in the Notice of AGM set out on pages 148 to 151 of this Annual Report.
</td>
</tr>
</table>

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Performance		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The NC endeavours to ensure that Directors appointed to the Board possess the relevant necessary background, experience and knowledge, and bring to the Board independent and objective perspectives for balanced and well-considered decisions to be made. The NC undertakes a formal review of the effectiveness of the Board as a whole, the Board Committees and the contribution by each Director to the effectiveness of the Board on a yearly basis with input from the other Board members and the Chairman. The NC adopted a formal policy to evaluate the Board's performance. The performance criteria are not changed from year to year except when deemed necessary and justifiable and include the following: i. timely guidance to the Management; ii. attendance at Board/Committee meetings; iii. participation at Board/Committee meetings; iv. commitment to Board activities; v. Board performance in discharging principle functions; vi. Board Committee performance; vii. independence of Directors; and viii. appropriate complement of skill, experience and expertise on the Board. Where the performance criteria are deemed necessary to be changed, the onus should be on the Board to justify this decision. The NC evaluates the Board's performance as a whole, which takes into consideration the Board's conduct of meetings, maintenance of independence, board accountability, communication with management, etc. The NC also assesses the performance of individual Directors based on their attendance record at the meetings of the Board and Board committees, their quality of participation at meetings as well as any special contributions. The Chairman acts on the results of the performance evaluation and, where appropriate and in consultation with the NC, proposes new members be appointed to the Board or seeks the resignation of Directors.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	For the year under review, the NC assessed the effectiveness of the Board, the Board Committees and the contribution of each individual Director to the effectiveness of the Board. The Board's performance was measured by its ability to support Management especially in times of crisis, and to steer the Company towards profitability and the achievement of strategic and long-term objectives set by the Board. All Directors are requested to complete a board evaluation questionnaire designed to seek their view on various aspects of the Board performance as described above. Some factors taken into consideration by the NC include value of contribution to the development of strategy, availability at board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry and to the business knowledge and experience each Director possess which are crucial to the Group's business.
	(b) Has the Board met its performance objectives?	The NC has assessed the performance of the current Board's overall performance during the financial year under review, and is of the view that the performance of the Board as a whole, and that of the Chairman, has been satisfactory.
Access to Information		
6.1 6.2 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	All Directors receive a Board report issued prior to any Board meeting and on an on-going basis to provide contextual information and to enable the Directors to obtain further information, where necessary, in order to be properly briefed before any meeting. Such information provided to the Directors include background and explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and interim financial statements. In respect of budgets, any material variance between the projects and actual results are also disclosed and explained. In order to aid the discharge of duties by the Board, Management provided operational reports and management accounts on a quarterly basis in FY2015. The Board is able to request for any information from Management at any point in time to satisfy its needs.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Information provided to the Independent Directors are set out below:–

	Information	Frequency
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly
2.	Updates to the Group's operations and the markets in which the Group operates in	Quarterly
3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and EA' report(s)	Half yearly
4.	Reports on on-going or planned corporate actions	Quarterly
5.	Enterprise risk framework and internal auditors' (**"IA"**) report(s)	Half yearly
6.	Shareholding statistics	Annually

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3 6.4	What is the role of the Company Secretary?	All Directors has separate and independent access to the senior management and the Company Secretary at all times. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and Board Committees and between the senior management and Non-Executive Directors and advising the Board on all governance matters The Company Secretary also facilitates orientation and assists with professional development as required. The Company Secretary attends all meetings of the Board and ensures that board procedures, applicable rules and regulations are followed. The Company Secretary also attends all meetings of the Board and Board Committees. The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole.
6.5	Is there a procedure for directors, either individually or as a group, to take independent professional advice, if necessary?	Should Directors, whether as a group or individually, need independent professional advice, the Company Secretary will, upon directions by the Board, appoint a professional advisor selected by the group or the individual to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The function of the RC is to review the procedure for developing the remuneration policy of the Executive Directors of the Company, to establish the remuneration packages of individual Directors and to provide a greater degree of objectivity and transparency in the setting of remuneration. No Director is involved in the decision for his own remuneration. The responsibilities of the RC are set out in the written terms of reference and include, amongst others: a. to recommend to the Board a framework of remuneration for the Executive Directors of the Group (where applicable), all aspects of remuneration such as Directors' fees, salaries, allowance, bonuses, options, share-based incentives and awards, and benefits-in-kind and to submit all such recommendations for endorsement by the entire Board; b. to determine the remuneration packages and terms of employment for each Executive Director; and c. to review the remuneration of senior management. The RC has access to internal and external expert and/or professional advice on human resource and remuneration of all Directors, amongst other matters, whenever there is a need for such consultation.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2015.
Level and Mix of Remuneration		
8.1	What are the measures for assessing the performance of executive directors and key management personnel?	The RC ensures that the levels of remuneration for all Directors are appropriate to attract, retain and motivate them to run the Group successfully and in this respect, the RC avoids paying more than necessary. In its deliberations, the RC takes into consideration industry practices, practices of comparable companies and norms in compensation and employment in addition to the Company's performance and the performance of the individual Directors. However, any comparisons of practices within the industry and with comparable companies are done with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		A significant proportion of each Executive Director's remuneration is structured to link rewards to corporate and individual performance. Therefore the performance of each Executive Director is measured by the achievement of corporate and individual performance targets. The RC is of the view that such measurements are appropriate and meaningful. The performance-related elements of remuneration are designed to align interests of the Executive Director with those of shareholders. Each Executive Director has a service contract with a fixed appointment period that the Remuneration Committee reviews, in particular its termination provisions. The service contract is not excessively long and does not contain onerous removal clauses. In the event of early termination, the Executive Director or the Company may terminate the service agreement by giving to the other party not less than three (3) months' notice in writing, or in lieu of notice, payment of an amount equivalent to three (3) months' salary based on the Executive Director's last drawn salary. Compensation is fair and the RC avoids rewarding poor performance.
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	For long-term incentive schemes, the Group operates the "EMS Energy Performance Share Plan" (the "**EPSP**") and "EMS Energy Employee Share Option Scheme" (the "**ESOS**") for its directors and employees. The Company has adopted the EPSP and ESOS which were approved by the Shareholders at the Company's Extraordinary General Meeting dated 22 August 2009. The EPSP and ESOS are administered by the RC. **EPSP** The EPSP provides an opportunity for employees of the Group who have contributed to the growth and performance of the Group (including Executive and Non-Executive Directors) and who satisfy the eligibility criteria as set out under the rules of the EPSP, to reward them with participation in the equity of the Company. Controlling shareholders of the Company and their associates are also eligible to participate in the EPSP. The total number of ordinary shares in the capital of the Company ("**Shares**") over which the RC may grant shares under the EPSP ("**Performance Shares**") on any date, when added to the number of Shares, over which options are granted under any other share option scheme of the Company, i.e. the ESOS, shall not exceed 15% of the number of the total issued Shares on the day immediately preceding the date on which the Performance Shares shall be granted. Subject to prevailing legislation and rules of the Catalist Rules, the Company, in its sole and absolute discretion, will deliver Performance Shares to the participants upon vesting of their awards by way of an issue and allotment of new Shares or delivery of existing Shares to the participant.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		ESOS The ESOS provides an opportunity for employees of the Group who have contributed to the growth and performance of the Group (including Executive and Non-Executive Directors) and who satisfy the eligibility criteria as set out under the rules of the ESOS, to participate in the equity of the Company. Controlling shareholders of the Company and their associates are also eligible to participate in the ESOS. The total number of Shares over which the RC may grant options under the ESOS (**"Options"**) on any date, when added to the number of Shares issued and issuable in respect of all Options, shall not exceed 15% of the number of the issued Shares on the day immediately preceding the date on which the Options shall be granted. Under the rules of the ESOS, the Options that are granted may have exercise prices that are, at the RC's discretion, set at the price (**"Market Price"**) equal to the average of the last dealt prices for the Shares on Catalist for the five (5) consecutive market days immediately preceding the relevant date of grant of the relevant Option, or (provided that Shareholders' approval is obtained in a separate resolution) at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercisable at any time by the participant after the first anniversary of the date of grant of that Option while Options granted at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the Option. Options granted under the ESOS will have a life span of ten years except in the case of Options granted to Non-Executive Directors and Independent Directors where the exercise period may not exceed five (5) years from the date of grant or such earlier date as may be determined by the RC. Further details on the Performance Shares and Options granted under the EPSP and ESOS respectively can be found in the Directors' Report in this Annual Report.
8.3	How is the remuneration for non-executive directors determined?	The remuneration of each Non-Executive Director is determined by his contribution to the Company, taking into account factors such as effort and time spent as well as his responsibilities on the Board. The Non-Executive Directors are not overcompensated to the extent that their independence may be compromised. The Board will recommend the remuneration of the Non-Executive Directors for approval at the AGM.

CORPORATE GOVERNANCE

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>8.4</td><td>Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company?</td><td>In the next review of Executive Director’s and key management personnel’s service contract, the RC will consider using contractual provisions to allow the Company to reclaim bonuses or other incentive components (such as Performance Shares and/or Options) of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.</td></tr>
<tr><td colspan="3">Disclosure on Remuneration</td></tr>
<tr><td>9</td><td>What is the Company’s remuneration policy?</td><td>The Company adopts a formal procedure in setting the remuneration packages of individual Directors, taking into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group’s relative performance and the performance of individual Directors.</td></tr>
<tr><td>9.1
9.2</td><td>Has the Company disclosed each Director’s and the CEO’s remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>Breakdown of the Directors’ remuneration for FY2015
<table>
<tr><th>Name of Directors</th><th>Remuneration %</th><th>Salary %</th><th>Bonus %</th><th>Directors’ fee %</th><th>Stock-based remuneration %</th><th>Total</th></tr>
<tr><td>Mr. Ting Teck Jin</td><td>S$250,000 to S$500,000</td><td>96.4%</td><td>–</td><td>–</td><td>3.6%</td><td>100.0%</td></tr>
<tr><td>Mr. Teo Yak Huat</td><td>Below S$100,000</td><td>100.0%</td><td>–</td><td>–</td><td>0.0%</td><td>100.0%</td></tr>
<tr><td>Mr. Lim Poh Boon</td><td>Below S$100,000</td><td>–</td><td>–</td><td>100.0%</td><td>–</td><td>100.0%</td></tr>
<tr><td>Mr. Ung Gim Sei</td><td>Below S$100,000</td><td>–</td><td>–</td><td>100.0%</td><td>–</td><td>100.0%</td></tr>
<tr><td>Mr. Lim Siong Sheng</td><td>Below S$100,000</td><td>–</td><td>–</td><td>100.0%</td><td>–</td><td>100.0%</td></tr>
</table>
The aggregate total remuneration paid to the Company’s Independent Directors (Mr. Lim Poh Boon, Mr. Ung Gim Sei and Mr. Lim Siong Sheng) is S$135,000.
For competitive reasons, the Company is not disclosing each individual Director's remuneration.</td></tr>
</table>

CORPORATE GOVERNANCE

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The details of remuneration paid to top three (3) key executives (who are not Directors of the Company) of the Group for FY2015 are set out below:
Remuneration of Key Executives
<table>
<tr><th>Name of Key Executives</th><th>Remuneration Band</th><th>Salary
%</th><th>Bonus
%</th><th>Stock-based remuneration
%</th><th>Total
%</th></tr>
<tr><td>Teo Yak Huat*</td><td>S$250,000 to S$500,000</td><td>48.4%</td><td>51.6%</td><td>–</td><td>100.0%</td></tr>
<tr><td>Mah Peek Sze Patsy</td><td>Below S$250,000</td><td>98.8%</td><td>–</td><td>1.2%</td><td>100.0%</td></tr>
<tr><td>Wong Hong Cheng</td><td>Below S$250,000</td><td>99.1%</td><td>–</td><td>0.9%</td><td>100.0%</td></tr>
</table>
* The remuneration of Mr. Teo Yak Huat in the above table – Remuneration of Key Employees pertains only to the remuneration that Mr. Teo drawn during the period in FY2015 prior to his appointment as the Finance Director of the Company on 26 October 2015. Please refer to the table – Breakdown of the Directors' remuneration for FY2015 for information on Mr. Teo's remuneration drawn after his appointment as Finance Director of the Company.</td></tr>
<tr><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The aggregate total remuneration paid to the top three (2) key executives (who are not Directors or the CEO) for FY2015 was approximately S$500,000.
There were no termination, retirement and post-employment benefits granted to directors, the CEO and the top 2 key executives in FY2015.</td></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>The Company does not have any employee who is an immediate family member of any Director and whose remuneration exceeded S$50,000 during the financial year under review.</td></tr>
<tr><td>9.5</td><td>Please provide details of the employee share scheme(s).</td><td>Details of the employee share schemes have been provided above under Guideline 8.2.</td></tr>
</table>

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation consists of performance bonuses and is determined based on the Group's profit and other non-financial qualitative factors.
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	The performance conditions used to determine the entitlement of the Executive Director and key management personnel under short-term incentive scheme (such as bonuses) and long term incentive scheme (such as the EPSP and ESOS) comprise of qualitative and quantitative conditions. Examples of quantitative conditions are target revenue, target profit, sales growth and years of service. Examples of qualitative conditions are on-the-job performance, leadership, teamwork, etc. The performance conditions are set by the RC. The inclusion of the performance conditions in the service agreement of the Executive Director and key management personnel is done in a review conducted prior to the renewal of the service agreement of the Executive Director and key management personnel.
	(c) Were all of these performance conditions met? If not, what were the reasons?	The RC has reviewed and is satisfied that the performance conditions of the Executive Director and key management personnel were met for FY2015.
ACCOUNTABILITY AND AUDIT		
Accountability		
10.1 10.2	The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.	The Board believes that it should promote best practices and present a balanced and comprehensible assessment of the Group's performance, position and prospects, which extends to interim and price sensitive public reports, as a means to build an excellent business for our shareholders as the Board is accountable to shareholders for the Company and the Group's performance. The Board is mindful of its obligations to provide timely and fair disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is either first publicly released before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within the mandatory period. The Board also provides reports to regulators when required. Management provides the Board with quarterly management accounts that present a balanced and understandable assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Risk Management and Internal Controls		
11.1	The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk. The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.
11.2 11.4	The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The Board reviewed the adequacy of the Group's risk management framework and systems and conducted four (4) dialogue sessions with the Management to understand the process to identify, assess, manage and monitor risks within the Group. In addition, the Board also engaged an external risk management consultant, Baker Tilly TFW, during the year to conduct an independent review on the effectiveness, adequacy and robustness of the Group's risk management policies and processes and make recommendations to enhance the internal controls over the risk management process. Management presented semi-annual reports to the AC and the Board on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas: a. assessment of the Group's key risks by major business units and risk categories; b. identification of specific "risk owners" who are responsible for the risks identified; c. description of the processes and systems in place to identify and assess risks to the business and how risk information is collected on an ongoing basis; d. ongoing gaps in the risk management process such as system limitations in capturing and measuring risks, as well as action plans to address the gaps; e. status and changes in plans undertaken by Management to manage key risks; and f. description of the risk monitoring and escalation processes and also systems in place.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Management's Responsibility in Risk Management Management is responsible for designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risk management and internal controls. The Group has a Chief Risk Officer, Ms. Patsy Mah, who co-ordinates the Group's risk management efforts. As part of Management's efforts in promoting a risk-aware culture, risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle conducted at the beginning of each financial year. Having identified the risks arising from strategic business objectives, each business unit is required to document the mitigating actions to manage each significant risk. New areas are introduced for assessment as the business risk profile changes. Information such as the types of risks, the controls and processes for managing risks is subsequently summarised in a risk map, which is reviewed by Management, Internal Audit and the AC. Management also conducted an annual training on risk management and a risk discussion forum to heighten risk awareness for staff at middle management level. Management is responsible for day to day monitoring of these risks and highlighting significant events arising thereon to the AC and the Board. **Key Contracts/Projects Execution Risk** Currently, the Group's core businesses comprised of the following three reportable segments: Marine and Offshore – Engineering, Procurement and Construction Management ("EPCM") – Trading of equipments ("Trading") Water treatment – EPCM The EPCM – Marine and Offshore and trading segment are involved in providing engineering, procurement, construction and management, custom fabrication, maintenance and repair, trading of marine and offshore equipment to mainly the marine and offshore oil & gas companies. The EPCM – water treatment segment is involved in environmental-related technical services for pollution management, water and waste.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Some of the Group's larger EPCM projects may stretch to two (2) or even three (3) years with milestone payments, resulting in the heightened role of cash flow management in such projects. Unexpected delays in project delivery during execution or delay in customers' payment of any such key long-term contracts may have an adverse effect on the financial condition and results of operations of the Group. The Group has taken the necessary approach to mitigate this risk by securing project financing for its larger EPCM projects, ensuring adequate bank facilities to support its execution of projects, and tight monitoring of its collections from customers. The Group would continue to pursue diversification strategies to strengthen its operations and financial position. **Product Liability Risk** During the year, the Management has reviewed and deemed adequate its insurance coverage against common fire, industrial, machinery, building, third party liability risks and so forth. With its range of offshore products, the Management is assessing its potential product liability risks, and suitable insurance coverage for such product liability. The Board believes that such insurance coverage of product liability will manage the Company's exposure to such risks. **Financial risks** The nature of the Group businesses and activities exposes the Group to market risks (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group has a system of controls in place to ensure an acceptable balance between the cost of risks occurring and the cost of managing such risks. The steps taken by the Group to manage its exposure to financial risks are set out in the Financial Report on pages 130 to 136 of the Notes to the Financial Statements in this annual report. **Annual Review of the Group's Risk Management and Internal Control Systems** The Board with the assistance of the AC has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for the financial year ended 31 December 2015.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Board's annual assessment in particular considered: a. the changes since the last annual assessment in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment; b. the scope and quality of Management's ongoing monitoring of risks and of the system of internal controls and the work of its internal audit function and other providers of assurance; c. the extent and frequency of the communication of the results of the monitoring to the AC; and d. the incidence of significant internal controls weaknesses that were identified during the financial year. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls as well as the risk management systems, were adequate and effective as at 31 December 2015.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	The Board has received assurance from the CEO and Chief Financial Officer (the **"CFO"**): (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) regarding the effectiveness of the Group's risk management and internal control systems.
11.4	(c) The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	The Board will consider the need to establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies should the need arise.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Audit Committee		
12.1 12.3 12.4	What is the role of the AC?	The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and reasonable resources to enable it to discharge its functions properly, as well as full access to and co-operation by the Directors and Executives and discretion to invite any of them to attend its meeting. The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. The AC holds periodic meetings and reviews primarily the following: (a) the audit plan of the Company's external auditors; (b) the external auditors' reports; (c) the co-operation given by our officers to the external auditors; (d) the effectiveness of the Group's internal audit function; (e) the scope and results of the audit procedures and their cost effectiveness; (f) the financial statements of the Company and the Group, especially any significant financial reporting issues and judgments so as to ensure their integrity, before submission to the Board; (g) all formal announcements relating to the Group's financial performance; (h) the independence and objectivity of the external auditors on an annual basis; (i) the remuneration and terms of engagement of the external auditor; (j) nomination, re-nomination and removal of external auditors for appointment; (k) the adequacy and effectiveness of the Group's internal controls; (l) the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, and by such amendments made thereto from time to time; (m) interested person transactions; and (n) capital expenditure transactions. The AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, failure of internal controls or infringement of any Singapore laws, rules or regulations which have or are likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.2	Are the members of the AC appropriately qualified to discharge its responsibilities?	Mr. Lim Siong Sheng, an Independent Director, is the Chairman of the AC. The AC comprises two (2) other Independent Directors, Mr. Ung Gim Sei and Mr. Lim Poh Boon. At least two (2) members of the AC have the appropriate accounting or related financial management expertise and experience. The AC meetings are also attended by the Executive Director and the external and internal auditors.
12.5	Has the AC met with the auditors in the absence of key management personnel?	The Audit Committee met up with the external auditors and the internal auditors annually without the presence of Management.
12.6	Has the AC reviewed the independence of the EA?	The AC assesses the independence of the external auditors annually. The Audit Committee has reviewed the non-audit services rendered by the external auditors for the financial year ended 31 December 2015 as well as the fees paid, and is satisfied that the independence of the external auditors have not been impaired. The AC has recommended Messrs BDO LLP for re-appointment as auditors of the Company at the forthcoming AGM.
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	The aggregate amount of fees paid for the external auditors of the Group for the financial year ended 31 December 2015 was: **S$** Audit fees 133,974 Non-audit fees 8,100 **Total fees** **142,074**
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The AC has reviewed the non-adult services provided by the external auditor and is satisfied that the nature and extent of such services would not prejudice the independence of external auditor.
12.7	Does the Company have a whistle-blowing policy?	The Company has a "Whistle-Blowing" policy in place which provides a well-defined and accessible channel for staff of the Group through which the staff may, in confidence, raise concerns about possible fraudulent activities, malpractices or improprieties in matters of financial reporting or other matters in a responsible and effective manner ("Complaints"). The staff of the Group may approach (a) his or her direct line manager, operation manager or Company's directors; or (b) the AC directly (via email or phone call) to raise his or her Complaints Arrangements for independent investigation of such matters and appropriate follow up actions were also provided for in the "Whistle-Blowing" policy. There were no reports of whistle blowing received in FY2015.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	The Directors of the AC sit on multiple boards (of private companies) and hence, have the necessary accounting and financial expertise to deal with the matters that come before them. They will attend courses and seminars to keep abreast of changes to accounting standards and other issues which may have a direct impact on financial statements, as and when necessary.
12.9	Are any of the members of the AC a former partner or director of the Company's existing auditing firm or auditing corporation?	None of the Members of the AC has been a former partner or director of the Company's existing auditing firm or auditing corporation.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Group outsourced its internal audit (**"IA"**) function to an external professional firm, Baker Tilly Consultancy (Singapore) Pte. Ltd. (2014: BDO LLP), which reports directly to the Chairman of AC and administratively works with the CEO. The AC's responsibility in overseeing that the Company's internal controls and risk management systems are adequate will be complemented by the work of the IA. In accordance with Guideline 13.4 of the Code, the IA meets the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC meets with the IA at least twice during the year without the presence of Management, reviews the IA's reports on a half yearly basis and also reviews and approves the annual IA plans and resources to ensure that the IA has the necessary resources and the appropriate standing within the Company to adequately perform its functions. The AC is satisfied that the internal audit function is adequate and effective during FY2015.
Shareholders' Rights		
14.1	Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	The Board believes in regular, effective, fair and timely disclosure of material information to its shareholders to enhance the standard of corporate governance. To be in line with the provisions of the Catalist Rules and the Companies Act (Cap. 50 of Singapore), the Board's policy requires that all shareholders are equally and in a timely manner informed of all major developments that impact the Company or the Group. It is also the Board's policy that all corporate news, strategies and announcements be promptly disseminated through the SGXNET system as well as the corporate website (http://www.emsenergy.com.sg), including press releases, annual reports and other various media. If there is inadvertent disclosure made to a selected group, we will make the same disclosure publicly to all others as soon as practicable. We constantly ensure that all information disclosed is as descriptive, detailed and forthcoming as possible such that boilerplate disclosures are avoided.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
14.2	Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	The Board supports the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend, to participate effectively and to vote in the general meetings of the Company and to stay informed of the Company's strategy and goals, to ensure a high level of accountability. Notice of the general meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 working days before the meeting. Shareholders may vote in person or by proxy. The Board welcomes questions from shareholders who wish to raise issues either informally or formally before or at the general meeting. The Chairpersons of the Board and Board Committees, and the external auditors, are normally available at the meeting to answer questions relating to the general meetings, work of their committees, conduct of audit and the preparation and content of the auditors' report. Separate resolutions are provided at general meetings on each separate issue and the 'bundling' of resolutions is avoided unless they are interdependent and linked so as to form one significant proposal and unless the Company explains the reasons and material implications.
14.3	Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	Recently, there have been legislative amendments made to the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), and these amendments to the Companies Act have taken effect in two phases on 1 July 2015 and 3 January 2016 (the "**Companies Act Amendments**"). Members of the Company are generally able to appoint one (1) or two (2) proxies to attend and vote instead of the member. In addition, where a member is a relevant intermediary (as defined under Section 181 of the Companies Act, as amended), such member is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	The Company prepares minutes of general meetings which include substantial comments, queries from shareholders and responses from the Board and Management. The minutes are available to shareholders upon request. In addition, the Group proactively engages shareholders through analyst/ media briefings, investor conferences and road shows. In these meetings, matters pertaining to business strategy, operational and financial performance and business prospects were shared by the senior management team. To further enhance its communication with shareholders, apart from SGXNET announcements and its annual report, the Company's website (http://www.emsenergy.com.sg) allows the public to access timely information on the Group directly and also gather view and inputs from shareholders. The Company has engaged an external consultancy firm to manage its financial and corporate communications with shareholders together with its internal team.
15.5	Does the Company have a dividend policy?	The Company does not have a dividend policy. The Board would consider establishing a dividend policy at the appropriate time.
	Is the Company paying dividends for the financial year? If not, please explain why.	As the Company has not made profits for the financial year ended 31 December 2015, it is not declaring a dividend for FY2015. As such, no dividends will be paid for FY2015.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	Under the Constitution of the Company, a shareholder may vote in person or appoint a proxy or proxies to vote in his stead in accordance with the process as explained in guideline 14.3. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless in the case of exigencies. The external auditor is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. All minutes of general meetings will made available to shareholders upon their request.

CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Guideline	**Code and/or Guide Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.
1204(8)	Material Contracts	In accordance with Rule 1204(8) of the Catalist Rules, there is no material contract entered into by the Company or its subsidiaries for the benefit of the Directors or controlling shareholders, either still subsisting at the end of the financial year, or if not then subsisting, which were entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following: • internal controls and the risk management system established by the Company; • work performed by the internal auditors and external auditors; • assurance from the CEO and CFO (see Guideline 11.3(b)) and • reviews done by the various Board, the AC and key management personnel. Please refer to guideline 11.3 above.
1204(17)	Interested Persons Transaction (**"IPT"**)	The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. In order to ensure that the Company complies with Chapter 9 of the Catalist Rules on interested person transactions, the AC meets quarterly to review all interested person transactions of the Company. However, if the Company enters into an interested person transaction, the AC seeks to ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules.

CORPORATE GOVERNANCE

The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person:

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to rule 920)		Aggregate value of all interested person transactions conducted under the Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	01/01/2015 to 31/12/2015 S$'000	01/01/2014 to 31/12/2014 S$'000	01/01/2015 to 31/12/2015 S$'000	01/01/2014 to 31/12/2014 S$'000
Ms. Nguyen Thi Thai Ha(i)				
Provision of mortgages to secure credit facilities extended to a subsidiary of the Group	Nil	Nil	300(ii)	293(ii)
Ha Giang Service Trading And Construction Co., Ltd(ii)				
Sales to related corporation	Nil	Nil	113	92
Aggregate	**Nil**	**Nil**	**413**	**385**

Notes:

(i) Mr. Ting Teck Jin is the Executive Chairman, Chief Executive Officer and Controlling Shareholder of the Company. Ms. Nguyen Thi Thai Ha is the spouse of Mr. Ting Teck Jin. As such Ms. Nguyen Thi Thai Ha is an interested person for the purposes of Chapter 9 of the Listing Manual.

Ms. Nguyen Thi Thai Ha has provided mortgages over real estate owned by her to secure credit facilities extended to Koastal Vietnam, details of which are as set out below:

Lender	Type of facilities	Property mortgaged
MB Bank	Credit and guarantee facilities	(i) G217, the Manor II, 91 Nguyen Huu Canh, ward 22, Binh Thanh district (ii) G218, the Manor II, 91 Nguyen Huu Canh, ward 22, Binh Thanh district (iii) G219, the Manor II, 91 Nguyen Huu Canh, ward 22, Binh Thanh district

CORPORATE GOVERNANCE

The interest rates for the facilities start from 7.0% per annum and may be adjusted every three (3) months and determined by the interest rates officially published by MB Bank at any relevant time plus 3.1%. The banking facilities were utilised for working capital purposes of Koastal Vietnam. The guarantee facility, in particular, allowed Koastal Vietnam to obtain guarantee letters from MB Bank for the guarantee of the obligations of Koastal Vietnam under various service agreements with its clients. The negotiations of the terms of the abovementioned mortgages were not carried out on an arm's length basis. However, Ms. Nguyen Thi Thai Ha has not received any benefit in kind, commission or interest from the Koastal Group for providing the mortgages. Following Completion of the Koastal Group, the Company intends to request from MB Bank, for the release and discharge of the above mortgages by Ms. Nguyen Thi Thai Ha, and to replace them with guarantees and securities provided by the Enlarged Group which may be acceptable to MB Bank, subject to its consent. Currently, the Group is still in the process of discharging the guarantees of Ms. Nguyen Thi Thai Ha.

The Company does not expect any material changes to the other terms and conditions of the credit facilities. In the event that the bank does not accept the substitution of the mortgages and the Koastal Group is unable to secure alternative credit facilities on similar terms, Ms. Nguyen Thi Thai Ha has agreed to continue providing such mortgages until such time when the Koastal Group is able to secure alternative facilities from other financial institutions.

(ii) Converted from VND based on the exchange rate of S$1: VND16,387 and S$1: VND16,034 (based on the Group's internal exchange rate used for the Group's accounting purposes as at 31 Dec 2014 and 31 Dec 2015 respectively).

(iii) A company incorporated in Vietnam with its principal business being in trading of machinery and equipment, spare parts, chemicals, agri-products, furniture, food and materials for construction. Ha Giang is an associate of Ms. Nguyen Thi Thai Ha. Ms. Nguyen Thi Thai Ha has a 99.0% shareholding interest in Ha Giang and her sister, Ms. Nguyen Thi Hoai Giang, has a 1.0% shareholding interest in Ha Giang. Ms. Nguyen Thi Thai Ha is also a director of Ha Giang. Ms. Nguyen Thi Thai Ha is the spouse of Mr. Ting Teck Jin.

Save for the above, there were no other related party transactions for the Group for FY2015 as the transactions that were previously considered as related party transactions between Koastal Group and the Group will become part of the transactions of the Group pursuant to the Acquisition(iv).

(iv) Koastal Industries Pte. Ltd. and Koastal Marine Pte. Ltd. are subsidiaries of Koastal Pte. Ltd (collectively, the "**Koastal Group**"). On 26 October 2015, the Company completed the acquisition of the entire issued and paid-up share capital of Windale Holdings Limited (the "**Acquisition**"), which owned the Koastal Group as at completion of the Acquisition. Prior to the completion of the Acquisition, Koastal Industries Pte. Ltd. had been the legal and beneficial owner of 31.58% of the ordinary shares in the Company. Mr. Ting Teck Jin, being the controlling shareholder and managing director of Koastal Group, was deemed to have an indirect interest in the shares of the Company. Subsequent to the completion of the Acquisition, the Koastal Group became a part of the Group, and transactions with the Koastal Group ceased to be regarded as interested person transactions as defined under the Chapter 9 of the Catalist Rules.

CORPORATE GOVERNANCE

1204(19)	Dealing in Securities	The Company has adopted internal codes of conduct pursuant to Rule 1204(19) of the Catalist Rules applicable to all its officers in relation to dealings in the Company's securities. The Company refers to the Catalist Rules and is of the opinion that these codes are appropriate. The Company is aware that it, its Directors and its employees are continuously subject to requirements set out by applicable law. The Company believes that by observing these best practices and the applicable law, the standard of corporate governance will be raised and investor confidence will be enhanced. The Company and its officers are aware that it is an offence to deal in its securities as well as securities of other listed issuers when in possession of unpublished material price-sensitive information in relation to those securities. As required under Chapter 12 of the Catalist Rules, the Company and its officers do not deal in the Company's securities on short-term considerations and they are not allowed to deal in the Company's shares during the period commencing one (1) month before the announcement of half-year or full year results and ending on the date of the announcement of these results. Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within permitted trading period.
1204(21)	Non-sponsor fees	The Continuing Sponsor of the Company was changed from PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) to UOB Kay Hian Private Limited (“**UOB Kay Hian**”) with effect from 17 April 2015. There were S$600,000 of fees paid to UOB Kay Hian pursuant to the Acquisition. Save for this, there were no non-sponsor fees paid to PPCF and UOB Kay Hian (and its affiliates) during the year under review.

CORPORATE GOVERNANCE

<table>
<tr>
<td>1204(22)</td>
<td>Use of IPO Proceeds</td>
<td>Further to the Company's private placement relating to the subscription of 88,000,000 new ordinary shares in the capital of the Company which was completed on 2 June 2015, the proceeds from the aforesaid private placement have been applied in accordance with the stated use as follows:
<table>
<tr><th>Use of Gross Proceeds</th><th>Amount allocated (S$'000)</th><th>Amount utilised in 1H2015 (S$'000)</th><th>Balance as at 1H2015 (S$'000)</th><th>Amount utilised in 2H2015 (S$'000)</th><th>Balance as at 2H2015 (S$'000)</th></tr>
<tr><td>To fund the order book of the Group</td><td>1,157 to 1,350</td><td>(646)</td><td>511 to 704</td><td>(531)</td><td>–</td></tr>
<tr><td>To fund the working capital of the Group namely the funding of the development of the new waterfront facility at Tuas South</td><td>579 to 772</td><td>(250)</td><td>329 to 522</td><td>(500)</td><td>–</td></tr>
<tr><td>Share Issue expenses</td><td>95</td><td>(94)</td><td>1</td><td>(3)</td><td>–</td></tr>
<tr><td>Total</td><td>2,024</td><td>(990)</td><td>1,034</td><td>(1,034)</td><td>–</td></tr>
</table>
</td>
</tr>
</table>

DIRECTORS' STATEMENT

The Directors of EMS Energy Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as disclosed in Note 4 to the financial statements.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Ting Teck Jin
Lim Poh Boon
Lim Siong Sheng
Ung Gim Sei
Teo Yak Huat (Appointed on 26 October 2015)

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 5 below.

4. Directors' interests in shares or debentures

According to the register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 1.1.2015	**At 31.12.2015**	**At 1.1.2015**	**At 31.12.2015**
The Company				
(No. of ordinary shares)				
Mr Ting Teck Jin	1,200,000*	1,200,000	33,030,170*	355,446,460
Mr Lim Poh Boon	1,333,333*	1,333,333	–	–

* For comparative reason, the number of shares held as at 1.1.2015 have been adjusted to reflect the shares held on consolidated basis.

DIRECTORS' STATEMENT

4. **Directors' interests in shares or debentures** (Continued)

By virtue of Section 7 of the Act, Mr Ting Teck Jin is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2016 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2015.

5. **Share Incentive Schemes**

The Company has adopted the EMS Energy Employee Share Option Scheme (the "**Scheme**") as well as the EMS Energy Performance Share Plan (the "**Plan**") at the Extraordinary General Meeting dated 22 August 2009.

Each of the Scheme and the Plan is administered by the Remuneration Committee of the Board of Directors. The members of the Remuneration Committee are:

(a) Ung Gim Sei (Chairman);

(b) Lim Poh Boon; and

(c) Lim Siong Sheng.

Under the Scheme, the following employees shall be eligible to participate:

(a) full-time employees of the Company and/or its subsidiary corporations who have attained the age of twenty-one (21) years on or before the offering date;

(b) Executive Directors of the Company; and

(c) Non-Executive Directors (including Independent Directors) of the Company.

Persons who qualify under (a), (b) or (c) under the paragraph above and who are also the Company's Controlling Shareholders can only participate in the Scheme if their participation is approved by independent shareholders of the Company in separate resolutions for each such person and for each such grant.

Under the Plan, the following employees shall be eligible to participate:

(a) confirmed full-time employees of the Company and/or its subsidiary corporations and associated companies who have attained the age of twenty-one (21) years on or before the offering date; and

(b) Executive Directors of subsidiary corporations or associated companies.

Further details on the Scheme and the Plan have also been included in the Corporate Governance Report segment in this Annual Report.

During the financial year, no options were granted or exercised pursuant to the Scheme.

DIRECTORS' STATEMENT

5. **Share Incentive Schemes** (Continued)

Name of Participant	Date of Grant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review (adjusted)[(a)]	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options cancelled or lapsed since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Director						
Ting Teck Jin(1)	–	Nil	700,000	–	–	700,000
Lim Poh Boon(2)	–	Nil	50,000	–	–	50,000
Lim Siong Sheng(2)	–	Nil	50,000	–	–	50,000
Ung Gim Sei(2)	–	Nil	50,000	–	–	50,000
Employees						
Tay Heng Guan Christopher(3)	–	Nil	200,000	–	(200,000)	–
Mah Peek Sze Patsy(3)	–	Nil	100,000	–	–	100,000
Wong Hon Cheng(3)	–	Nil	100,000	–	–	100,000
Total			**1,250,000**	**–**	**(200,000)**	**1,050,000**

Notes:

(a) The Company undertook a consolidation of its shares on the basis of every 15 existing shares into one consolidated share, which was approved by the shareholders at an extraordinary general meeting on 15 October 2015 ("Share Consolidation"). The Share Consolidation became effective on 26 October 2015. Accordingly, the share options granted are adjusted to take into account of the Share Consolidation pursuant to Rule 12 of the EMS Employee Share Option Scheme.

(1) Pursuant to the shareholders' approval obtained at the Company's extraordinary general meeting held on 26 April 2014, the Company had on 28 April 2014, granted a total of 10,500,000 options at an exercise price of $0.061 per option at the date of the grant, to Mr. Ting Teck Jin, an Executive Director and controlling shareholder of the Company. These options are exercisable from 28 April 2015 to 27 April 2024. The exercise price of these options had been revised to $0.027 on 1 December 2014. As at 31 December 2015, the total 700,000 options (adjusted for Share Consolidation) granted to Mr. Ting Teck Jin still remained outstanding and exercisable into 700,000 ordinary shares at an exercise price of $0.405.

(2) These options, which are exercisable from 23 February 2015 to 22 February 2020, were granted on 24 February 2014 at an exercise price of S$0.069 at the date of the grant and subsequently revised to $0.027 on 1 December 2014. As at 31 December 2015, the total 150,000 options (adjusted for Share Consolidation) granted to the Independent Directors remained outstanding and exercisable into 150,0000rdinary shares at an exercise price of $0.405.

(3) On 24 February 2014, a total of 15,000,000 options were granted at an exercise price of $0.069 per option at the date of grant to employees who are not Directors, controlling shareholders or their associates. On 1 December 2014, the exercise price of these options had been revised to $0.027. 1,500,000 options granted in 2014 were not accepted and 7,500,000 options granted in 2014 were forfeited upon the resignation of certain employees in 2014. As at 31 December 2015, 200,000 options (adjusted for share consolidation) remained outstanding and exercisable into 200,000 ordinary shares at an exercise price of S$0.405. These options are exercisable from 23 February 2015 to 22 February 2024.

During the financial year ended 31 December 2015, no options or share awards were granted to the directors and employees of the Company or its subsidiary corporations under the Scheme or the Plan respectively.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiary corporations.

There were no unissued shares of the Company and its subsidiary corporations under option at the end of the financial year.

DIRECTORS' STATEMENT

6. Audit Committee

The audit committee of the Company is chaired by Lim Siong Sheng, an independent Director, and includes Lim Poh Boon and Ung Gim Sei, who are both independent Directors. The audit committee has met four times since the last Annual General Meeting (AGM) and has carried out its functions in accordance with section 201B(5) of the Companies Act, Chapter 50 of Singapore, including reviewing the following, where relevant, with the executive Directors and external and internal auditors of the Company:

(a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Company's and the Group's financial and operating results and accounting policies;

(c) the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;

(d) the half-yearly and full year results announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Company's internal and external auditor; and

(f) the re-appointment of the external auditor of the Company.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The audit committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mr Ting Teck Jin
Director

Mr Lim Poh Boon
Director

Singapore

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF EMS ENERGY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of EMS Energy Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 145.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF EMS ENERGY LIMITED

Report on the financial statements (Continued)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Emphasis of matter

We draw attention to Note 4 to the financial statements which indicates that the Group incurred a net loss of approximately $10,240,000, for the financial year ended 31 December 2015 and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by approximately $21,824,000 and $17,746,000 respectively. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's abilities to continue as going concerns.

Our audit opinion is not qualified in respect of this matter.

Other matters

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 18 March 2015.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

5 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015	2014 Restated
		$'000	$'000
Revenue	5	68,881	109,108
Cost of sales		(55,964)	(79,187)
Gross profit		12,917	29,921
Other income	6	3,051	3,557
Other items of expense			
Administrative expenses		(14,392)	(14,243)
Distribution costs		(175)	(185)
Other expenses		(7,664)	–
Finance costs	7	(3,428)	(1,478)
Share of profit of associate	15	248	1,116
(Loss)/Profit before tax	8	(9,443)	18,688
Income tax expense	9	(797)	(3,296)
(Loss)/Profit for the year		(10,240)	15,392
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences			
– On translation of foreign operations		(476)	(146)
Available-for-sale financial assets			
Gains arising during the year		42	43
Deferred tax relating to component of other comprehensive income	17	(7)	(7)
Gain transferred to income statement on disposal		–	15
		35	51
Share of other comprehensive income of associated companies			
– Translation reserve	15	4	–
– Fair value gain on available-for-sale financial asset	15	4	–
		8	–
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of leasehold land and building		2,825	–
Share of other comprehensive income of associated companies			
– Revaluation surplus	15	124	415
Other comprehensive income for the year, net of tax		2,516	320
Total comprehensive income for the year		(7,724)	15,712
(Loss)/Earnings per share	10		
– basic (in cents)		(2.30)	3.81
– diluted (in cents)		(2.30)	3.81

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		
		31.12.2015	31.12.2014 Restated	01.01.2014 Restated
		$'000	$'000	$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	17,606	10,455	4,850
Investment property	12	201	191	186
Intangible assets	13	7,469	9,248	9,248
Investment in associate	15	6,057	7,994	6,623
Available-for-sale financial assets	16	9,732	9,627	1,096
Deferred tax assets	17	125	120	299
Total non-current assets		41,190	37,635	22,302
Current assets				
Inventories	18	686	146	133
Trade and other receivables	19	29,873	30,878	17,510
Amounts due from contract customers	20	44,621	27,823	15,450
Prepayments	21	7,764	9,070	9,203
Cash and bank balances	22	8,105	31,723	21,300
Total current assets		91,049	99,640	63,596
Total assets		132,239	137,275	85,898
EQUITY AND LIABILITIES				
Equity				
Share capital	23	167,711	47,050	32,458
(Accumulated losses)/Retained earnings		(11,511)	2,480	(2,808)
Other reserves	25	(143,969)	(27,776)	(28,151)
Total equity		12,231	21,754	1,499

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group 31.12.2015 $'000	31.12.2014 Restated $'000	01.01.2014 Restated $'000
Non-current liabilities				
Finance lease liabilities	26	–	3	18
Bank borrowings	27	–	1,968	215
Borrowings from third parties	28	–	8,574	
Financial derivatives liabilities	29	1,892	701	–
Convertible loan	30	5,218	–	–
Deferred tax liabilities	17	25	18	–
Total non-current liabilities		7,135	11,264	233
Current liabilities				
Trade and other payables	31	58,954	54,060	29,904
Advances from contract customers		9,783	27,057	44,114
Amounts due to contract customers	20	3,404	311	1,140
Finance lease liabilities	26	3	16	15
Bank borrowings	27	27,849	19,163	7,821
Borrowings from third parties	28	10,470	–	–
Financial derivative liabilities	29	1,020	–	–
Provisions for warranties	33	252	463	1,056
Income tax payables		1,138	3,187	116
Total current liabilities		112,873	104,257	84,166
Total liabilities		120,008	115,521	84,399
Total equity and liabilities		132,239	137,275	85,898

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Company	
		31.12.2015 $'000	31.12.2014 $'000
Non-current assets			
Property, plant and equipment	11	6,086	1,909
Investments in subsidiaries	14	129,251	9,251
Total non-current assets		135,337	11,160
Current assets			
Trade and other receivables	19	25,129	21,133
Prepayment	21	41	3
Cash and bank balances	22	19	63
Total current assets		25,189	21,199
Total assets		160,526	32,359
EQUITY AND LIABILITIES			
Equity			
Share capital	23	167,711	47,050
Share option reserve	25	80	55
Accumulated losses		(50,200)	(16,006)
Total equity		117,591	31,099
Current liabilities			
Trade and other payables	31	3,960	1,260
Amount due to subsidiaries	32	38,975	–
Total current liabilities		42,935	1,260
Total liabilities		42,935	1,260
Total equity and liabilities		160,526	32,359

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Share option reserves $'000	Merger reserve $'000	Other reserve $'000	(Accumulated losses)/ Retained earnings $'000	Total equity $'000
Balance at 1 January 2015		47,050	119,002	122	(1,531)	3,576	55	(149,000)	(27,776)	2,480	21,754
Total comprehensive income for the year:											
Loss for the year		–	–	–	–	–	–	–	–	(10,240)	(10,240)
Other comprehensive income											
Currency translation differences:											
On translation of foreign operations		–	–	–	(476)	–	–	–	(476)	–	(476)
Available-for-sale financial assets:											
Gains arising during the year		–	–	42	–	–	–	–	42	–	42
Deferred tax relating to component of other comprehensive income		–	–	(7)	–	–	–	–	(7)	–	(7)
Gain on revaluation of leasehold land and building		–	–	–	–	2,825	–	–	2,825	–	2,825
Share of other comprehensive income of associated companies:											
Translation reserve		–	–	–	4	–	–	–	4	–	4
Fair value gain on available-for-sale financial asset		–	–	4	–	–			4	–	4
Revaluation surplus		–	–	–	–	124	–	–	124	–	124
Total other comprehensive income for the year, net of tax		–	–	39	(472)	2,949	–	–	2,516	–	2,516
Total comprehensive income for the year		–	–	39	(472)	2,949	–	–	2,516	(10,240)	(7,724)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Share option reserves $'000	Merger reserve $'000	Other reserve $'000	(Accumulated losses)/ Retained earnings $'000	Total equity $'000
Contributions by owners of the parent											
Adjustment pursuant to the restructuring exercise	23	118,734	(118,734)	–	–	–	–	–	(118,734)	–	–
Issuance of shares during the year	23	2,024	–	–	–	–	–	–	–	–	2,024
Share issue expenses	23	(97)	–	–	–	–	–	–	–	–	(97)
Contribution by and distributions to others											
Employee share option expenses		–	–	–	–	–	25	–	25	–	25
Dividends by Koastal Group	34	–	–	–	–	–	–	–	–	(3,751)	(3,751)
Balance at 31 December 2015		167,711	268	161	(2,003)	6,525	80	(149,000)	(143,969)	(11,511)	12,231

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Share option reserves $'000	Merger reserve $'000	Other reserves $'000	(Accumulated losses)/ Retained earnings) $'000	Total equity $'000
Balance at 1 January 2014 (As previously reported)		32,458	–	–	(331)	3,161	–	–	2,830	(13,575)	21,713
Adjustments pursuant to the acquisition	1.2	–	119,002	71	(1,054)	–	–	(149,000)	(30,981)	10,767	(20,214)
Balance at 1 January 2014 (As restated)		32,458	119,002	71	(1,385)	3,161	–	(149,000)	(28,151)	(2,808)	1,499
Total comprehensive income for the year:											
Profit for the year		–	–	–	–	–	–	–	–	15,392	15,392
Other comprehensive income											
Currency translation differences:											
On translation of foreign operations		–	–	–	(146)	–	–	–	(146)	–	(146)
Available-for-sale financial assets:											
Gains arising during the year		–	–	43	–	–	–	–	43	–	43
Deferred tax relating to component of other comprehensive income		–	–	(7)	–	–	–	–	(7)	–	(7)
Gain transfer to income statement on disposal		–	–	15	–	–	–	–	15	–	15
Share of other comprehensive income of associated companies:											
Revaluation surplus		–	–	–	–	415	–	–	415	–	415
Total other comprehensive income for the year, net of tax		–	–	51	(146)	415	–	–	320	–	320
Total comprehensive income for the year		–	–	51	(146)	415	–	–	320	15,392	15,712

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Share option reserves $'000	Merger reserve $'000	Other reserve	(Accumulated losses)/ Retained earnings $'000	Total equity $'000
Contribution by and distributions to others											
Employee share option expenses		–	–	–	–	–	55	–	55	–	55
Issuance of right shares during the year	23	14,807	–	–	–	–	–	–	–	–	14,807
Share issue expenses	23	(215)	–	–	–	–	–	–	–	–	(215)
Dividend by Koastal Group	34	–	–	–	–	–	–		–	(10,104)	(10,104)
Balance at 31 December 2014 (As restated)		47,050	119,002	122	(1,531)	3,576	55	(149,000)	(27,776)	2,480	21,754

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015	2014 Restated
		$'000	$'000
Operating activities			
(Loss)/Profit before tax		(9,443)	18,688
Adjustments for:			
Depreciation of investment properties	12	3	3
Depreciation of property, plant and equipment	11	471	434
Employee share option expenses		25	55
Fair value loss arising from derivative financial instruments		319	46
Fair value loss transferred from fair value reserve on disposal of financial assets, available for sale		–	15
Gain on disposal of plant and equipment		–	(5)
Life insurance premium expense	16	15	15
Gain on disposal of available-for-sale investments		–	(15)
Plant and equipment written off		–	14
Provision for warranties	33	78	(468)
Provision for foreseeable losses from construction contract		914	–
Share of associate's results	15	(248)	(1,116)
Impairment loss on intangible assets	13	1,800	–
Impairment loss on investment in associate	15	2,100	–
Interest expense		3,428	1,478
Interest income		(47)	(7)
Unrealised exchange differences		(262)	(779)
Operating cash flows before movements in working capital		(847)	18,358
Inventories		(540)	(13)
Trade and other receivables		1,005	(7,859)
Prepayments		1,306	133
Provision for warranties		(289)	–
Trade and other payables		10,080	13,589
Advances from contract customers		(17,274)	(17,057)
Amount due from contract customers		(17,712)	(12,373)
Amount due to contract customers		3,093	(829)
Cash used in operations		(21,178)	(6,051)
Income taxes paid		(2,851)	(34)
Net cash used in operating activities		(24,029)	(6,085)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015	**2014 Restated**
		$'000	**$'000**
Investing activities			
Interest received		47	7
Proceeds from disposal of plant and equipment		25	11
Proceeds from disposal of available-for-sale investments		–	70
Dividend received from associated company	15	217	160
Purchase of property, plant and equipment	11	(4,824)	(3,919)
Net cash used in investing activities		(4,535)	(3,671)
Financing activities			
Repayment to a director		(8,813)	(3,133)
Dividend paid to owners of the parent		–	(4,173)
Decrease/(Increase) in fixed deposits pledged		2,568	(8,105)
Interest paid		(1,130)	(760)
Proceeds from issuance of ordinary shares	23	2,024	14,807
Share issue expenses	23	(97)	(215)
Proceeds from convertible loan		6,708	–
Proceeds from bank borrowings		54,297	30,753
Repayment of bank borrowings		(48,580)	(17,444)
Repayment of finance lease liabilities		(17)	(14)
Net cash generated from financing activities		6,960	11,716
Net change in cash and cash equivalents		(21,604)	1,960
Cash and cash equivalents at beginning of year		20,651	17,728
Effects of currency translation on cash and cash equivalents		315	963
Cash and cash equivalents at end of year	22	(638)	20,651

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

1.1 General

EMS Energy Limited (the "Company") (Registration Number 200300485D) is a limited liability company incorporated and domiciled in Singapore and is publicly traded on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office is at 1 Robinson Road, #17-00 AIA Tower Singapore 048542 and the principal place of business is at 10 Tuas Avenue 11, Singapore 639076.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The Company's ultimate controlling party is Ting Teck Jin, who is a Director of the Company as at 31 December 2015.

1.2 Acquisition of Windale Holdings Limited

Mr Ting Teck Jin and Mr Ting Teck Seh ("the Vendors") incorporated a BVI company, Windale Holdings Limited on 29 April 2015, which was wholly owned by Mr Ting Teck Jin and Mr Ting Teck Seh who also owned Koastal Pte Ltd. The vendors transferred the entire share capital of Koastal Pte Ltd to Windale Holdings Limited, which was wholly satisfied by the allotment and issuance of ordinary shares in the capital of Windale Holdings Limited based on their respective shareholding interests in Koastal Pte Ltd. Windale Holdings Limited is an investment holding company.

The Company entered into the Sale and Purchase Agreement on 4 May 2015 with Mr. Ting Teck Jin and Mr. Ting Teck Seh ("the Vendors") in relation to, inter alia, the acquisition of the entire issued and paid-up share capital of Windale Holdings Limited, an entity incorporated in British Virgin Islands for a purchase consideration of $150,000,000 to be fully satisfied by a cash consideration of $31,266,380 and the balance of $118,733,620 by the allotment and issuance of the Company's shares (the "Acquisition").

The Acquisition was completed on the 26 October 2015 and EMS Energy Limited became the ultimate holding company of Windale Holdings Limited (Note 14). The ultimate controlling party, through his effective interest in EMS Energy Limited is still Mr Ting Teck Jin before and after the restructuring and the Acquisition.

Management assessed the Acquisition as a Business Combination under Common Control ("BCUCC") as the Acquisition involves entities that are under common control. The consolidated financial statements of the Group for the financial year ended 31 December 2015 have been prepared in a manner similar to the "pooling-of-interests" method. The comparatives for the financial year ended 31 December 2014 have been restated to reflect the combination of the enlarged group since common control existed prior to 1 January 2014. A third balance sheet as at 1 January 2014 has been presented due to the materiality of the restatements made to the financial statements of EMS Energy Limited for the financial year ended 31 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS did not result in changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior years, except as detailed below.

FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group and the Company have not adopted the following relevant FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 109	: Financial Instruments	1 January 2018
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 1 (Amendments)	: Disclosure Initiative	1 January 2016
FRS 7 (Amendments)	: Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	: Recognition to Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 16 and FRS 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRS (November 2014)		
FRS 107 (Amendments)	: Financial Instruments: Disclosures	1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

The Group and the Company expect that the adoption of the above FRS, if applicable, will have no material impact on the financial statements in the period of initial adoption, except as discussed below.

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. The Group has reassessed the classification and measurement of its financial assets, and anticipates that there may be a material impact for those currently classified as available for sale which the Group will measure at fair value through other comprehensive income on adoption of FRS 109.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments* (Continued)

The Group currently accounts for its investment in unquoted equity securities at cost less impairment loss, if any, as disclosed in Note 16 to the financial statements. On adoption of FRS 109, the Group will be required to measure such investment in unquoted equity securities at fair value, with the difference between the previous carrying value and the fair value recognised in the opening balance of retained earnings.

The new impairment requirements are also likely to bring significant changes for impairment provisions on trade receivables and other receivables.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group is in the process of a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries, associates and joint ventures are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business Combination under Common Control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of acquire is recognised directly in equity as merger reserve.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Engineering, Procurement and Construction Management ("EPCM")

Revenue arising from EPCM marine and offshore and water treatment are recognised in profit or loss in accordance with the agreed stage of completion which is assessed by reference to the contract costs incurred to date to the estimated total costs of the contract or surveys of work performed and agreement with customer, as applicable to the extent that it is probable that the contract will result in revenue that can be measured reliably. Contract revenue includes the initial amount agreed in the contract plus any variation in contract work, claims and incentive payments to the extent it is probable that they will result in revenue and can be measured reliably.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (Continued)

Trading sales

Revenue from the marine and offshore trading sales are recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and it is probable that the agreed consideration will be received. Normally these criteria are considered to be met when the goods are delivered to and accepted by the buyer.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease.

Commission income

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the commission income is recognised on an accrual basis and the amount is based on an agreed fixed percentage of the total contract value.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income. Government grants relating to assets are deducted against the carrying amount of the assets.

2.7 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividend are recorded in the financial year in which dividends are approved by shareholders.

2.8 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.9 Employee Compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Employee Compensation (Continued)

Share-based compensation (Continued)

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

2.10 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Taxes (Continued)

Deferred tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

– when the sales tax that is incurred on purchase of assets or services in not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.11 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.12 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Land and buildings are initially recognised at cost. Leasehold land and buildings are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the financial years.

Increase in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same assets, in which case, they are recognised in profit or loss. Decrease in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

Office building and crane in the course of construction are carried at cost. Cost includes all direct costs and other inputs used in the construction, professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. No depreciation is provided for construction in progress. Depreciation of these assets, commences when the assets are substantially completed and ready for their intended use.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Property, plant and equipment (Continued)

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives or lease term as follows using the straight-line method:

Leasehold land and buildings	16 to 19 years
Plant and machinery	10 years
Office equipment	5 to 10 years
Motor vehicles	5 years
Furniture and fittings	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

2.13 Investment property

Investment property, which is property held to earn rentals or for capital appreciation or for both.

Investment property is measured initially at its cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 82 years. The residual values, useful lives and depreciation method of investment property are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investment property (Continued)

The carrying values are reviewed at the end of each financial year to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The impairment loss is charged to profit or loss.

2.14 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on acquisition of subsidiaries prior to 1 January 2010 rents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill on associates is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

On disposal of a subsidiary or an associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Certificate

Certificate is stated at cost less any impairment loss.

For the purpose of impairment testing, Certificate is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which Certificate has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Intangible assets (Continued)

Certificate (Continued)

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.15 Associates

An associate is an entity over which the Group has significant influence, but that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is accounted as goodwill and is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. Any premium paid for an associate above the fair value at the group's share of identifiable net assets is included in the carrying amount of the associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. This applies to unrealised losses which are also eliminated but only to the extent that there is no impairment.

2.16 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of non-financial assets excluding goodwill (Continued)

Intangible assets with indefinite useful lives tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.17 Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

Financial assets are classified into the following specified categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statement of financial position comprise trade and other receivables and cash and bank balances.

Available-for-sale financial assets (AFS)

Certain investments held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and accumulated in the available-for-sale reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in profit or loss for the period.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as fair value through profit or loss if the financial liabilities is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition.

Derivative financial instruments

Derivatives are initially recognised at their fair values at the date of the contract is entered into and subsequently re-measured at their fair values at the end of each financial year. Fair value changes on derivatives are recognised in the profit or loss when the changes arise.

Other financial liabilities

Trade and other payables

Trade and other payables, excluding deferred revenue are classified as other financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

Trade and other payables (Continued)

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans, overdrafts and borrowings from third parties are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.5).

Convertible loan

Based on the terms of the contract, the convertible loans are accounted for as financial liability with an embedded equity conversion option derivative. On issuance, the embedded conversion option is recognised at its fair value as a derivative financial instrument with subsequent changes in fair value recognised in profit or loss. The remainder of the proceeds is allocated to the liability component, net of allocated transaction costs, and carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

The transaction costs are allocated pro-rata to the liability and derivative components and accounted for as part of the amortised cost for the liability component and expensed for the derivative component.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.18 Share warrants

The Group entered into a put and call option deed with certain investors to obtain the funds to acquire the interest in an investee. As part of the put and call option deed, the Group issued share warrants to the investors as part of an arrangement. The share warrants grant the investors the right to subscribe for shares in the Company at an agreed exercise price.

The borrowings from the investors reflected as borrowings from third parties are measured at amortised cost using effective interest method after taking into account the fair value of the share warrants issued to the investor.

Based on the terms of the agreement, the borrowings from the investor are accounted for as financial liability with an embedded equity conversion option derivative. On issuance, the share warrants are recognised at their fair value as a derivative financial instrument with subsequent changes in fair value recognised in profit or loss. The remainder of the proceeds is allocated to the liability component and carried at amortised cost until the liability is extinguished on exercise of the share warrants or redemption. When the share warrants are exercised, the carrying amounts of the liability component and the share warrants are derecognised with a corresponding recognition of share capital.

2.19 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Construction contracts (Continued)

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings.

Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the statement of financial position as “Amounts due from contract customers”. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as “Amounts due to contract customers”.

Progress billings not yet paid by customers and retentions sums (if any) by customers are included within “trade and other receivables”. Advances received are presented separately on the statement of financial position.

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.21 Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents also includes bank overdrafts and excludes any pledged deposits. In the statement of financial position, bank overdrafts are presented within borrowings under current liabilities.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases

Finance Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are capitalised as investment property of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group’s general policy on borrowing costs (Note 2.5).

Operating Leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.24 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the managing director who make strategic decisions for the Group.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the Group’s accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period in which the estimate is revised if the revision affects only that period or in period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying entity's accounting policies

The following are the critical judgements, apart from those involving estimations that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

(i) Impairment of available-for-sale equity instrument

The Group follows the guidance of FRS 39 in determining when an available-for-sale financial asset is impaired. A significant or prolonged decline in the fair value of the security below cost is considered in determining whether the asset is impaired. Judgement is used in determining what a significant or prolonged decline is. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Management believes that any reasonable change in the key assumptions used in the assessment of impairment will not cause the assessment to be significantly different.

(ii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgment is required to determine the currency that mainly influences sales price of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

(iii) Construction Contracts

The Group uses the percentage-of-completion method to account for its contract revenue where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract or reference to surveys of work performed. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress (amount due from/to contract customers) on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.1 Critical judgements made in applying entity's accounting policies (Continued)

(iii) Construction Contracts (Continued)

Significant judgement is required in determining the stage of completion, estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Management exercises significant judgement in determining as to when the outcome of a construction contract can be estimated reliably. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making the judgement, the Group has relied on past experience and the work of specialists. The amount and timing of recorded revenue and raw materials and consumables used would differ if the Group made different judgements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Revenue from contract work-in-progress

As described in Note 2 to the financial statements, revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the proportion of cost incurred to date in relation to the estimated total costs for the respective contracts, provided that the outcome can be reliably estimated. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Management has performed cost studies, taking into account the costs to date and costs to complete each project, foreseeable losses and applicable liquidated damages, if any. Management has also reviewed the status of such projects and is satisfied that the estimates to complete are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. The carrying amounts of the Group's amount due from/(to) contract customers as at 31 December 2015 was $44,621,000 (2014: $27,823,000) and $3,404,000 (2014: $311,000) respectively.

(ii) Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, as discussed in Note 19, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and Company's trade and other receivables as at 31 December 2015 was $29,873,000 (2014: $30,878,000) and $25,129,000 (2014: $21,133,000) respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Fair value of derivatives

Fair values of derivatives on convertible notes and share warrants are determined using valuation techniques. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include the volatility, risk-free rate of the host contract, etc. Changes in assumptions about these factors could affect the reported fair value of the financial instruments amounting to $2,912,000 (2014: $701,000) as at 31 December 2015.

(iv) Impairment of intangible assets-Goodwill

At the end of each financial year, an assessment is made whether there is objective evidence that the intangible assets are impaired.

Impairment exist when the carrying value of intangible assets, comprising of goodwill, exceed their recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value-in-use. The recoverable amounts of intangible assets are determined based on value-in-use, by discounting the expected future cash flows for each CGU.

The recoverable amount is sensitive to discount rate used for discounted cash flow model as well as the expected future cash inflows and the growth rates used. The carrying amount of the Group’s goodwill as at 31 December 2015 was $7,448,000 (2014: $9,248,000) respectively. For further details of assumptions applied in the impairment assessment of intangible assets refer to Note 13 to the financial statements.

(v) Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group’s current tax payable as at 31 December 2015 was $1,138,000 (2014: $3,187,000).

(vi) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the investments in subsidiaries are impaired. The management’s assessment is based on the estimation of the value-in-use of the cash-generating unit (“CGU”) by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company’s carrying amount of investments in subsidiaries as at 31 December 2015 was $129,251,000 (2014: $9,251,000) (Note 14).

4. GOING CONCERN

The Group incurred a net loss of S$10,240,000 for the financial year ended 31 December 2015, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by S$21,824,000 and $17,746,000, respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's abilities to continue as going concerns.

Notwithstanding the above, the Directors of the Company are of the opinion that the Group and the Company are able to meet their obligations as and when they fall due having regard to the following:

(i) The Directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the 15 months ending 31 March 2017. Based on the forecast, the Directors of the Company have estimated that adequate liquidity exists to finance the working capital requirements of the Group and the Company for the next financial year. In preparing the cash flow forecasts, the Directors of the Company have considered the operating cash requirements of the Group and the Company as well as other key factors, including the ability of the Group and the Company to generate sufficient revenue or obtain additional funding to satisfy the Group's, continual support from the creditors and the Company's future working capital requirements, which may impact the operations of the Group and the Company during the next 15 months. The Directors of the Company are of the opinion that the assumptions which are included in the cash flow forecast are reasonable;

(ii) The management is negotiating to reschedule payment of borrowings from third parties amounting to $10.47 million (Note 28) to allow the Group to repay the outstanding balance in 3 tranches commencing from July 2016 till 31 January 2017.

(iii) Subsequent to the financial year end, the Group plans to divest certain non-core assets to raise proceeds for working capital needs, if necessary.

(iv) Subsequent to the financial year end, the Group has managed to refinance certain of its bank borrowings which are due on or before the date of this report. The management believes that the bankers will continue to provide support to the Group and allow for refinancing of bank loans as and when they fall due. In addition, the Group is also sourcing for additional funding from other banks.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and liabilities. No such adjustments have been made to these financial statements.

5. REVENUE

	Group	
	2015 $'000	2014 Restated $'000
Marine and offshore		
Construction contracts	41,521	90,039
Trading sales	15,714	12,469
	57,235	102,508
Water treatment		
Construction contracts	11,646	6,600
	68,881	109,108

6. OTHER INCOME

	Group	
	2015 $'000	2014 Restated $'000
Interest income	47	7
Management fee income	–	6
Rental income from investment properties (Note 12)	25	24
Gain on disposal of plant and equipment	–	5
Commission income	1,044	2,582
Consulting services income	284	–
Government Grant	110	80
Foreign exchange gain	1,510	656
Gain on disposal of available-for-sales investment	–	15
Others	31	182
	3,051	3,557

7. FINANCE COSTS

	Group	
	2015 $'000	2014 Restated $'000
Interest expenses on:		
– Finances leases	1	1
– Bank loans and overdrafts	1,119	760
– Borrowings from third parties		
Interest accretion on borrowings from third parties (Note 29)	1,896	717
Interest accretion on convertible notes (Note 29)	402	–
Interest on loan from shareholders	10	–
	2,308	717
	3,428	1,478

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. (LOSS)/PROFIT BEFORE TAX

In addition to the charges and credits disclosed elsewhere in the notes to the statement of comprehensive income, the above includes the following charges/(credits):

	Group	
	2015	2014 Restated
	$'000	$'000
Purchases of material and equipment	41,631	33,191
Subcontractor cost recognised as expense	2,484	17,981
Audit fees paid/payable to auditors:		
Auditors of the Company	128	56
Other auditors	6	72
Non-audit fees paid/payable to auditors:		
Auditors of the Company	–	–
Other auditors	–	15
Directors' fees paid to Directors of the subsidiaries	154	151
Directors' remuneration other than fees:		
Directors of the Company		
Short-term benefits	436	408
Post-employment benefits	11	14
Directors of the subsidiaries		
Short-term benefits	707	708
Post-employment benefits	103	77
Staff costs (excluding directors' remuneration)	10,976	10,798
Employee share option expense	25	55
Costs of defined contribution plans included in staff costs	730	748
Operating lease payments	888	2,321
Depreciation of property, plant and equipment	471	434
Legal and professional fees	3,764	646
Impairment loss on:		
Intangible assets (Note 13)	1,800	–
Investment in associate (Note 15)	2,100	–
Plant and equipment written off	–	14
Fair value loss on financial derivative liabilities – Share warrants	319	46

9. INCOME TAX EXPENSE

	Group	
	2015	**2014 Restated**
	$'000	**$'000**
Current income tax		
– Current	682	3,072
– Under provision in prior years	115	36
	797	3,108
Deferred tax		
– Current	–	179
– Under provision in prior years	–	9
	–	188
Total income tax expense in consolidated income statement	797	3,296

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015	**2014 Restated**
	$'000	**$'000**
(Loss)/Profit before income tax	(9,443)	18,688
Less:		
Share of profit of associate	(248)	(1,116)
	(9,691)	17,572
Tax at the domestic rates applicable to profits in the countries where the Group operates	(1,648)	2,987
Effect of income not subject to tax	(74)	(49)
PIC enhanced allowance	(11)	(29)
Under provision in prior years	115	36
Effect of non-allowable items	1,463	682
Stepped income exemption	(36)	(33)
Corporate income tax rebate	(19)	(38)
Deferred tax under provision in prior years	–	9
Unrecognised deferred tax benefits	1,039	27
Utilisation of previously untilised tax losses	–	(299)
Other deductions	(20)	–
Others	(12)	3
Total income tax expense	797	3,296

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the loss/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	**2014** **Restated**
(Loss)/net profit attributable to equity holders of the Company ($'000)	(10,240)	15,392
Weighted average number of ordinary shares in issue	445,063,542	403,928,383
Basic earnings (cents per share)	(2.30)	3.81
Diluted earnings (cents per share)	(2.30)	3.81

Diluted loss per share is the same as the basic loss per share because the potential ordinary shares from the employee share option scheme, convertible loans and share warrants are anti-dilutive as the effect of exercise of options or warrants or the shares conversion would be to decrease the loss per share.

Share options of 17,250,000 (2014:17,250,000) outstanding under the existing share option plan have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

The number of ordinary shares used for the calculation of (loss)/earnings per share for a common control combination (see Note 1.2) which is accounted for using the pooling-of-interests method is the aggregate of the weighted average number of shares of the Company whose shares are outstanding after the combination. Retrospective adjustment has been made to the weighted average number of ordinary shares in issue for the share consolidation as disclosed in Note 23 to the financial statements, which has changed the number of ordinary shares outstanding without a corresponding change in resources.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings $'000	Plant and machinery $'000	Office equipment $'000	Motor vehicles $'000	Furniture and fittings $'000	Construction in progress $'000	Total $'000
	At valuation	←		At cost			→
2015							
Cost							
Balance at 1 January 2015	4,363	857	1,093	367	393	5,517	12,590
Revaluation	2,825	–	–	–	–	–	2,825
Additions	–	280	105	–	–	4,439	4,824
Disposal	–	–	(36)	–	(4)	–	(40)
Reclassified to intangible asset	–	–	(21)	–	–	–	(21)
Currency re-alignment	–	–	11	15	5	–	31
Balance at 31 December 2015	7,188	1,137	1,152	382	394	9,956	20,209
Accumulated depreciation							
Balance at 1 January 2015	695	547	543	190	160	–	2,135
Depreciation	230	60	102	30	49	–	471
Disposal			(15)	–	–	–	(15)
Currency re-alignment	–	–	3	7	2	–	12
Balance at 31 December 2015	925	607	633	227	211	–	2,603
Carrying amount							
At 31 December 2015	6,263	530	519	155	183	9,956	17,606

11. **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

Group	Leasehold land and buildings $'000	Plant and machinery $'000	Office equipment $'000	Motor vehicles $'000	Furniture and fittings $'000	Construction in progress $'000	Total $'000
	At valuation	←		At cost			→
2014							
Restated							
Cost							
Balance at 1 January 2014	4,363	754	909	298	295	–	6,619
Additions	–	103	179	143	108	3,386	3,919
Transfer from project	–	–	–	–	–	2,131	2,131
Write off	–	–	–	–	(16)	–	(16)
Disposal	–	–	–	(60)	–	–	(60)
Currency re-alignment	–	–	5	(14)	6	–	(3)
Balance at 31 December 2014	4,363	857	1,093	367	393	5,517	12,590
Accumulated depreciation							
Balance at 1 January 2014	464	496	451	240	118	–	1,769
Depreciation	231	51	90	20	42	–	434
Write off	–	–	–	–	(2)	–	(2)
Disposal	–	–	–	(54)	–	–	(54)
Currency re-alignment	–	–	2	(16)	2	–	(12)
Balance at 31 December 2014	695	547	543	190	160	–	2,135
Carrying amount							
At 31 December 2014	3,668	310	550	177	233	5,517	10,455

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leasehold land and building of the Group with carrying amount of $6,263,000 (2014: $3,668,000) are pledged to financial institutions for banking facilities (Note 27).

Leasehold land and buildings of the Group were valued as at 31 December 2015 and 31 December 2014 by Dennis Realty Pte Ltd, an independent professional valuation firm using the sales comparison approach. Sale prices of comparable land and buildings in similar locations are adjusted for differences in key attributes such as land and property size. The most significant input into the valuation model is the price per square metre of the land and buildings. The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with their actual use. The resulting fair values of land and buildings are considered level 2 recurring fair value measurements.

There were no changes to the valuation techniques during the year.

If the leasehold land and buildings of the Group stated at valuation were included in the financial statements at historical cost less accumulated depreciation and impairment loss, their carrying amounts would have been approximately $1,318,000 (2014: $1,515,000) respectively.

	Office equipment $'000	Construction in progress $'000	Total $'000
Company			
2015			
Cost			
Balance at 1 January 2015	152	1,906	2,058
Additions	53	4,125	4,178
Balance at 31 December 2015	205	6,031	6,236
Accumulated depreciation			
Balance at 1 January 2015	149	–	149
Depreciation charge	1	–	1
Balance at 31 December 2015	150	–	150
Carrying amount			
At 31 December 2015	55	6,031	6,086

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment $'000	Construction in progress $'000	Total $'000
Company			
2014			
Cost			
Balance at 1 January 2014	150	–	150
Additions	2	1,906	1,908
Balance at 31 December 2014	152	1,906	2,058
Accumulated depreciation			
Balance at 1 January 2014	148	–	148
Depreciation charge	1	–	1
Balance at 31 December 2014	149	–	149
Carrying amount			
At 31 December 2014	3	1,906	1,909

12. INVESTMENT PROPERTY

	Group	
	31.12.2015 $'000	31.12.2014 Restated $'000
Cost		
At beginning of financial year	227	218
Currency re-alignment	16	9
At end of financial year	243	227
Accumulated depreciation		
At beginning of financial year	36	32
Depreciation charge	3	3
Currency re-alignment	3	1
At end of financial year	42	36
Carrying Value		
Net carrying amount	201	191

12. INVESTMENT PROPERTY (CONTINUED)

Details of the Group's Investment property is as follow:

Location	Description	Tenure/unexpired term	Fair value
Block 192 Pandan Loop #07-25 Pantech Business Hub Singapore 128381	Office	99 years lease commencing from January 27, 1984	$239,927

The fair value of the investment properties disclosed in the financial statements are based on highest and best use which is in line with current use. The valuation is carried out by independent professional valuation firm with experience in the location and category of the property being valued. The valuations were arrived at by reference to market evidence of transacted prices per square metre in the open market for comparable properties with adjustments made to unobservable inputs such as location, size, amenities and lease terms etc. As at 31 December 2015, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

Investment property is leased to third party under operating leases (Note 35) and are pledged to financial institutions for banking facilities (Note 27).

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Rental income from investment property (Note 6)	25	24
Property tax expense and other direct operating expenses arising from investment properties that generated income	2	2

13. INTANGIBLE ASSETS

	Certificate $'000	Goodwill $'000	Total $'000
Group			
2015			
Cost:			
Balance at 1 January 2015	–	14,953	14,953
Reclassification	21	–	21
Balance at 31 December 2015	21	14,953	14,974
Impairment:			
Balance at 1 January 2015	–	5,705	5,705
Impairment loss (Note 8)	–	1,800	1,800
Balance at 31 December 2015	–	7,505	7,505
Carrying amount			
At 31 December 2015	21	7,448	7,469

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTANGIBLE ASSETS (CONTINUED)

	Certificate $'000	Goodwill $'000	Total $'000
Group			
2014			
Restated			
Cost:			
Balance at 1 January 2014 and 31 December 2014	–	14,953	14,953
Impairment:			
Balance at 1 January 2014 and 31 December 2014	–	5,705	5,705
Carrying amount			
Balance at 1 January 2014 and 31 December 2014	–	9,248	9,248

Impairment tests for goodwill

Goodwill is allocated to each of the Group's cash-generating unit (CGUs) expected to benefit from synergies of the business combination.

A summary of the goodwill allocation is analysed as follows:

	31.12.2015 $'000	31.12.2014 $'000
EMS Energy Solutions Pte Ltd	7,448	9,248

The recoverable amounts of the relevant assets have been determined on the basis of their value-in-use calculations based on financial budgets for the next five years as approved by management. Cash flows projection used in these calculations were based on financial budgets for the next five years. Cash flow beyond the five-year period were extrapolated using the estimated growth rates stated below. These rates were determined based on past performance, sales order book on hand and expected market conditions.

	31.12.2015	31.12.2014
Gross margin(1)	14%	16%
Growth rate(2)	4%	10%
Discount rate(3)	14.5%	14.5%

(1) Budgeted gross margin.

(2) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.

(3) Pre-tax discount rate applied to the pre-tax cash flows projection.

During the financial year, due to the slump in the price of crude oil an impairment loss was recognised to write-down to its recoverable amount the carrying amount of goodwill attributable to the EPCM – Marine and offshore & trading segment. The impairment loss of $1,800,000 (2014:$nil) has been recognised in the profit or loss under the line item other expenses.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2015 $'000	31.12.2014 $'000
Unquoted equity shares, at cost	165,711	15,711
Allowance for impairment losses	(36,460)	(6,460)
Net carrying value	129,251	9,251

Movements in allowance for impairment losses were as follows:

	Company	
	2015 $'000	2014 $'000
Balance at beginning of financial year	6,460	6,460
Allowance made during the financial year	30,000	–
Balance at end of financial year	36,460	6,460

Impairment of subsidiary

As at 31 December 2015, the Company carried out a review on the recoverable amount of its investments in subsidiaries due to the slump in the price of crude oil. The review led to the recognition of an impairment loss of approximately $30 million pertaining to the investment in Windale Holdings Limited (2014: $Nil) that have been recognised in the Company's profit or loss. The recoverable amount of the investment in a subsidiary of $120 million has been determined based on value-in-use calculation estimated by the management using the projected cash flows from the Windale Holdings Limited Group for a period five years using a discount rate of 16.9% and revenue growth rate of 2.7%.

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation/ principal place of business)	Principal activities	Shareholding	
		2015 %	2014 %
Held by Company			
EMS Offshore Pte.Ltd.(1)	Investment holding	100	100
EMS Oil & Gas Ltd(2) (Malaysia)	Dormant	100	100
Windale Holdings Limited(3) (British Virgin Island)	Investment holding	100	–

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (Continued):

Name of subsidiaries (Country of incorporation/ principal place of business)	**Principal activities**	**Shareholding**	
		2015 %	**2014** %
Held by EMS Offshore Pte Ltd			
EMS Energy Solutions Pte Ltd(1) (Singapore)	Design, manufacture and installation of engineering solution for oil & gas and offshore marine industries	100	100
EMS Energy Sdn Bhd(4) (Malaysia)	Dormant	100	100
DRX Systems Pte Ltd(2) (Singapore)	Dormant	100	100
Held by Windale Holdings Limited			
Koastal Pte Ltd(1) (Singapore)	Investment holding	100	100
Held by Koastal Pte Ltd			
Koastal Industries Pte Ltd(1) (Singapore)	Import and export of marine equipment and spare parts, engineering, procurement and construction management, installation and commissioning	100	100
Overseas Drilling Holdings Ltd(3) (British Virgin Island)	Investment holding	100	100
Held by Koastal Industries Pte Ltd			
Koastal Eco Industries Pte Ltd(1) (Singapore)	Providing environmental engineering services and sewerage treatment plant construction	100	100
Koastal Marine Pte. Ltd.(1) (Singapore)	Dormant	100	100
Held by Koastal Eco Industries Pte Ltd (Singapore)			
Koastal Eco Industries Company Limited.(5) (Vietnam)	Providing technical services in the field of environmental systems and industrial water treatment works	100	100

(1) Audited by BDO LLP, Singapore.

(2) Subsidiary is dormant and not required to be audited.

(3) Not required to be audited in country of incorporation. The Group acquired the interest in the shares through financing from borrowings from third parties (Note 28).

(4) Subsidiary is in the process of strike off.

(5) Audited by member firms of the BDO network in the respective countries.

15. INVESTMENT IN ASSOCIATE

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Equity investment at carrying value		
At beginning of financial year	7,994	6,623
Impairment losses	(2,100)	–
Addition resulting from the disposal of interest in a subsidiary	–	–
Shares of results	248	1,116
Dividend received	(217)	(160)
Share of other comprehensive income	–	–
– Translation reserve	4	–
– Fair value gain on available-for-sale financial asset	4	–
– Revaluation surplus	124	415
At end of financial year	6,057	7,994

Movements in allowance for impairment losses were as follows:

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Balance at beginning of financial year	–	–
Allowance made during the financial year	(2,100)	–
Balance at end of financial year	(2,100)	–

As at 31 December 2015, the Group carried out review of the recoverable amount of its investment in associate due to the slump in crude oil prices. The review has led to an impairment charge of $2.1 million to reflect the recoverable amount as at 31 December 2015. The recoverable amount is determined based on indicative value obtained from third party which the Group can recover if they dispose its interest in the associate.

The details of the associate is as follows:

Name of associates (Country of incorporation/ principal place of business)	Principal activities	Shareholding 2015 %	Shareholding 2014 %
Oilfield Services & Supplies Pte Ltd(1) (Singapore)	Manufacture, rental and servicing of downhole tools and equipment that are used primarily in oil and gas exploration	20	20

(1) Audited by Nexia T S Public Accounting Corporation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. INVESTMENT IN ASSOCIATE (CONTINUED)

Summarised financial information in respect of the Company's associate is set out as follows:

Summarised statement of financial position

	31.12.2015 $'000	31.12.2014 Restated $'000
Current assets	16,218	17,190
Current liabilities	7,933	8,190
Non-current assets	23,687	24,624
Non-current liabilities	4,975	6,137
Net assets	26,997	27,487

Summarised statement of comprehensive income

	31.12.2015 $'000	31.12.2014 Restated $'000
Revenue	15,301	26,248
Profit for the year	1,337	6,955
Profit after tax for the year	1,240	5,559
Other comprehensive income	661	2,076
Total comprehensive income	1,901	7,635
Dividends received from associated company	217	160
Group's share of associate's profit for the year	248	1,116

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in significant associate, is as follows:

	31.12.2015	31.12.2014 Restated
Proportion of the Group's ownership	20%	20%
Group's share of net assets	5,399	5,497
Goodwill	658	2,497
Carrying value of Group's interest in associated company	6,057	7,994

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	31.12.2015	**31.12.2014 Restated**
	$'000	**$'000**
Investment in life insurance plans	1,220	1,115
Investment in quoted equity securities	–	–
Investment in unquoted equity shares (Note 28)	8,512	8,512
	9,732	9,627
Investment in life insurance plan		
At fair value		
At beginning of financial year	1,115	1,041
Annual premium charged to profit or loss (included under "Administrative expense")	(15)	(15)
Fair value gain recognised in other comprehensive income	42	43
Foreign currency translation	78	46
At end of financial year	1,220	1,115
Investment in quoted equity securities		
At fair value		
At beginning of financial year	–	55
Disposal	–	(55)
At end of financial year	–	–
Investment in unquoted equity securities		
At cost		
At beginning of financial year	8,512	–
Additions during the financial year	–	8,512
At end of financial year	8,512	8,512

The investment in life insurance plans pertain to the 'Asian Wealth Prestige Universal Life Insurance Policy' and 'Jade Global Select Universal Life Plan' bought by the Group to insure a director for a sum of US$1,000,000 and US$3,000,000 respectively. The investment in life insurance plans have variable return determined by the insurer. These investments are pledged to a bank for certain banking facilities (Note 27).

The fair values of these securities were based on closing quoted market prices on the last market day of the financial year. The securities were listed on the Hochiminh Stock Exchange (HSX).

The investment in unquoted equity shares was initially recognised at fair value on acquisition and subsequently carried at cost as its fair value cannot be determined reliably.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

The currency profiles of the Company's available-for-sale investments are as follows:

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Singapore dollar	8,512	8,512
Vietnamese Dong	–	–
United States dollar	1,220	1,115
	9,732	9,627

17. DEFERRED TAX ASSETS/(LIABILITIES)

The following are the major deferred tax assets and liabilities recognized by the Group and movement during the financial year.

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Deferred tax liabilities	(25)	(18)
Deferred tax assets	125	120

The amount of temporary differences for which deferred tax liability has been recognised are as follows:

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Plant and equipment	(18)	(16)
Fair value gain	(7)	(7)
Others	–	5
	(25)	(18)

17. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The amount of temporary differences for which deferred tax asset has been recognised are as follows:

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Allowance for foreseeable losses	125	120

Subject to the agreement by relevant taxation authorities, at the end of financial year ended, the Group has unutilised tax losses of $16,806,000 (2014: $6,961,000) available for offset against future taxable profits. No deferred tax asset has been recognised in respect of the tax losses as management expect not to have sufficient taxable profits in the near future. These losses may be carried forward indefinitely subject to the conditions imposed by law.

18. INVENTORIES

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Raw materials	137	188
Allowance for inventory write down		
Balance at beginning of the year	(86)	(86)
Charge for the year	–	–
Balance at end of year	(86)	(86)
	51	102
Machinery parts	635	44
	686	146

The cost of inventories recognised as an expense in "cost of sales" amounts to $41,631,000 (2014: $33,165,000).

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2015	31.12.2014 Restated	31.12.2015	31.12.2014
	$'000	$'000	$'000	$'000
Trade receivables				
– Third parties	9,664	24,787	–	–
– Associate	–	17	–	–
– Related parties	327	533	–	–
Accrued revenue	201	40	–	–
	10,192	25,377	–	–
Less: Allowance for doubtful trade receivables (third parties)	–	(778)	–	–
	10,192	24,599	–	–
Other receivables				
– Third parties	18,205	444	–	–
– Subsidiaries	–	–	25,124	21,090
– Related parties	1,132	1,846	–	–
– Loan to a Director of a foreign subsidiary	–	3,051	–	–
– Deposits	524	410	106	43
	19,861	5,751	25,230	21,133
Less: Allowance for doubtful other receivables				
Balance at beginning of year	(522)	(522)	–	–
Charge for the year	–	–	(101)	–
Balance at end of year	(522)	(522)	(101)	–
	19,339	5,229	25,129	21,133
	29,531	29,828	25,129	21,133
Add: GST receivables	342	1,050	–	–
Total trade and other receivables	29,873	30,878	25,129	21,133

Trade receivables are non-interest bearing and generally on 0 to 30 (31.12.2014: 0 to 30) days' credit.

The non-trade receivables due from related parties and loan to a director of a foreign subsidiary are unsecured, non-interest bearing, repayable on demand and are to be settled in cash. The Group has recognised an allowance for doubtful other receivables of $522,000 (31.12.2014: $522,000) for related parties balances based on estimated irrecoverable amounts, determined by reference to past default experience relating to the non-trade receivables due from related parties.

Included in the other receivables from third parties is an amount totalling $4.9 million (US$3.5 million) is secured, guaranteed by the controlling shareholder, interest free, non-trade in nature and is repayable on or before 31 December 2016.

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

The non-trade receivables due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Allowances made in respect of estimated irrecoverable amounts are determined by reference to historical experience in the receivables collection.

Movements in allowance for doubtful trade receivables for third parties are as follows:

	Group		Company	
	31.12.2015	31.12.2014 Restated	31.12.2015	31.12.2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	778	778	–	–
Bad debt receivables written off	(778)	–	–	–
Balance at end of year	–	778	–	–

The currency profiles of the Group's and the Company's trade and other receivables included as "loan and receivables" are as follows:

	Group		Company	
	31.12.2015	31.12.2014 Restated	31.12.2015	31.12.2014
	$'000	$'000	$'000	$'000
United States dollar	24,053	22,245	844	–
Singapore dollar	2,507	1,760	24,285	21,133
Vietnamese dong	2,925	4,972	–	–
Others	46	851	–	–
	29,531	29,828	25,129	21,133

20. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	Group		
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated
	$'000	$'000	$'000
Contract costs incurred plus recognised profits (less recognised losses to date)	191,095	144,464	51,523
Less: Progress billings	(149,878)	(116,952)	(37,213)
	41,217	27,512	14,310
Amounts due from contract customers	44,621	27,823	15,450
Amounts due to contract customers	(3,404)	(311)	(1,140)
	41,217	27,512	14,310

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. PREPAYMENTS

Prepayments mainly pertains to advance payments made to suppliers.

22. CASH AND BANK BALANCES

	Group			Company	
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated	31.12.2015	31.12.2014
	$'000	$'000	$'000	$'000	$'000
Cash at bank and on hand	396	21,446	19,097	19	63
Fixed deposits	7,709	10,277	2,203	–	–
Cash and bank balances	8,105	31,723	21,300	19	63

Fixed deposits of approximately $7,709,000 (2014: $10,277,000) are pledged as security for overdraft, short terms loans and bank guarantee purpose.

The currency profiles of the Group's cash and bank balances are as follows:

	Group			Company	
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated	31.12.2015	31.12.2014
	$'000	$'000	$'000	$'000	$'000
United States dollar	5,048	23,303	17,983	–	–
Singapore dollar	2,900	8,211	2,829	19	63
Euro	18	37	3	–	–
Vietnamese Dong	135	171	485	–	–
Others	4	1	–	–	–
	8,105	31,723	21,300	19	63

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of financial year:

	Group		
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated
	$'000	$'000	$'000
Cash and bank balances	8,105	31,723	21,300
	8,105	31,723	21,300
Less: bank overdrafts (Note 27)	(1,034)	(795)	(1,400)
Less: bank deposits pledged	(7,709)	(10,277)	(2,172)
Cash and cash equivalents	(638)	20,651	17,728

23. SHARE CAPITAL

	Group and Company					
	31.12.2015	31.12.2014	01.01.2014	31.12.2015	31.12.2014	01.01.2014
	Number of ordinary shares					
	'000	'000	'000	$'000	$'000	$'000
Issued and fully-paid:						
At beginning of financial year	1,480,710	740,355	600,355	47,050	32,458	26,844
Issuance of rights shares	88,000	740,355	140,000	2,024	14,807	5,880
Share issue expenses	–	–	–	(97)	(215)	(266)
	1,568,710	1,480,710	740,355	48,977	47,050	32,458
Impact of the share Consolidation:	(1,464,129)	–	–	–	–	–
Issuance of shares pursuant to the restructuring exercise	344,155	–	–	118,734	–	–
At end of financial year	448,736	1,480,710	740,355	167,711	47,050	32,458

On 2 June 2015, the Company issued 88 million new ordinary shares ("Rights Shares") pursuant to a renounceable non-underwritten rights issue at an issue price of S$0.023 for each Rights Share. The Rights Issue was approved by shareholders at the annual general meeting of the Company held on 11 April 2015. Funds raised will provide flexibility for the expansion of the Group's operations and the building of new waterfront facility in Tuas.

The Company undertook a consolidation of its shares on the basis of every 15 existing shares into one consolidated share, which approved by the shareholders at an extraordinary general meeting on 15 October 2015. The share consolidation became effective on 26 October 2015.

On 26 October 2015, the Company issued 344,155,420 new ordinary shares ("Share Issue") to the Vendors amounting to $118,734,000 which constitute the consideration for the acquisition of Windale Holdings Limited (Note 1.2). The Share Issue was approved by shareholders at the extraordinary general meeting of the Company held on 15 October 2015.

In previous financial year, on 3 October 2014, the Company issued 740,354,802 new ordinary shares ("Rights Shares") pursuant to a renounceable non-underwritten rights issue at an issue price of S$0.02 for each Rights Share, on the basis of one Rights Share for every one existing ordinary share in the Company ("Rights Issue") raising approximately $14,807,000 in gross proceeds. The Rights Issue was approved by shareholders at the extraordinary general meeting of the Company held on 1 September 2014. The Rights Shares were listed and quoted on the Catalist of the SGX-ST on 7 October 2014. Funds raised provided flexibility for the expansion of the Group's operations and the building of new waterfront facility in Tuas.

24. SHARE OPTIONS

No share option was granted by the Company in the financial year 2015.

In financial year 2014, share options were granted to the Group's directors and key management personnel in accordance to the provisions stipulated in the Company's Employee Share Option Scheme ("the Scheme") approved by the shareholders of the Company at the Extraordinary General Meeting held on 22 August 2009.

The exercise price of the options is determined at the average of the closing prices of ordinary shares as quoted on the Catalyst of the Singapore Exchange for five market days immediately preceding the date of the grant. The vesting of the options is determined annually at the end of the relevant financial year based on the condition that Group's directors and key management personnel have completed a full year of term/service with Group.

Once they have vested, the options are exercisable over a period of five (5) years for the independent directors and ten (10) years for the executive director and key management personnel. The options may be exercised in full or in part in respect of one thousand (1,000) shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of EMS. EMS Group has no legal or constructive obligation to repurchase or settle the options in cash.

The following options have been granted pursuant to the Scheme:

(i) On 24 February 2014, a total of 750,000 options to the Independent Directors of the Company as set out below:

Independent Directors	Number of Share Options Outstanding as at 31 December 2015	
	Original	Adjusted#
Mr. Lim Siong Sheng	250,000	50,000
Mr. Lim Poh Boon	250,000	50,000
Mr. Ung Gim Sei	250,000	50,000

These options, which are exercisable from 23 February 2015 to 22 February 2020, were granted at an exercise price of $0.069 at the date of the grant and subsequently revised to $0.027 on 1 December 2014 as disclosed in (iv) below.

As at 31 December 2015, an adjusted# total 150,000 options granted to the Independent Directors still remained outstanding and exercisable into 150,000 ordinary shares at an exercise price of $0.405.

24. SHARE OPTIONS (CONTINUED)

(ii) On 24 February 2014, a total of 15,000,000 options at an exercise price of $0.069 per option at the date of grant to employees who are not Directors, controlling shareholders or their associates. On 1 December 2014, the exercise price of these options has been revised to $0.027 as disclosed in (iv) below. 1,500,000 options granted in 2014 were not accepted and 7,500,000 options granted in 2014 were forfeited upon the resignation of certain employees in 2014.

As at 31 December 2015, 200,000 options (adjusted for share consolidation) remained outstanding and exercisable into 200,000 ordinary shares at an exercise price of $0.405. These options are exercisable from 23 February 2015 to 22 February 2025.

(iii) Pursuant to the shareholders' approval obtained at the Company's extraordinary general meeting held on 26 April 2014, the Company had on 28 April 2014, granted a total of 10,500,000 options at an exercise price of $0.061 per option at the date of the grant, to Mr. Ting Teck Jin, an Executive Director and controlling shareholder of the Company. These options are exercisable from 27 April 2015 to 26 April 2025. The exercise price of these options has been revised to $0.027 on 1 December 2014 as disclosed in Note (iv) below.

As at 31 December 2015, an adjusted# total of 700,000 options granted to Mr. Ting Teck Jin still remained outstanding and exercisable into 700,000 ordinary shares at exercise price of $0.405.

(iv) On 1 December 2014, the Company announced that following the Rights Issue that were completed in October 2014 and pursuant to the rules of the EMS Employee Share Option Scheme, adjustments had been made to the exercise price of the outstanding Share Options (the "**Adjustments**") in the following manner:

Share Options Issued To	Exercise Price Before Adjustments	Exercise Price After Adjustments
Independent Directors	$0.069	$0.027
Employees who are not Directors, Controlling Shareholders or their Associates	$0.069	$0.027
Controlling Shareholder	$0.061	$0.027

The Adjustments has been made in accordance with the rules of the Scheme. The Adjustments took effect on 1 December 2014.

\# The Company undertook a consolidation of its shares on the basis of every 15 existing shares into one consolidated share, which was approved by the shareholders at an extraordinary general meeting held on 15 October 2015. The share consolidation became effective on 26 October 2015. Accordingly, the share options granted are adjusted to take into account of the share consolidation pursuant to Rule 12 of the EMS Employee Share Option Scheme.

24. SHARE OPTIONS (CONTINUED)

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows.

	Post Share Consolidation Adjustment#					
	Beginning of financial year ’000	Granted during financial year ’000	Lapsed during financial year ’000	Exercised during financial year ’000	End of financial year ’000	Exercise price $
Group and Company						
2015						
Independent Directors(i)	150	–	–	–	150	0.405
Key management personnel(ii)	400	–	(200)	–	200	0.405
Executive Director/Controlling Shareholders(iii)	700	–	–	–	700	0.405
	1,250	–	(200)	–	1,050	

	Pre-Share Consolidation Adjustment#					
	Beginning of financial year ’000	Granted during financial year ’000	Lapsed during financial year ’000	Exercised during financial year ’000	End of financial year ’000	Exercise price $
2014						
Independent Directors(i)	–	2,250	–	–	2,250	0.027
Key management personnel(ii)	–	15,000	(9,000)	–	6,000	0.027
Executive Director/Controlling Shareholders(iii)	–	10,500	–	–	10,500	0.027
	–	27,750	(9,000)	–	18,750	

(i) Exercise period – 23 February 2015 to 22 February 2010
(ii) Exercise period – 23 February 2015 to 22 February 2025
(iii) Exercise period – 27 April 2015 to 26 April 2015

24. SHARE OPTIONS (CONTINUED)

Fair value of share options granted

The fair value of the share options is estimated at the grant date using a Binomial Option Pricing Model, taking into account the terms and conditions upon which the share options were granted.

The following table lists the inputs to the option pricing models for the years ended 31 December 2015 and 2014:

	31.12.2015	31.12.2014
Expected volatility	–	21.55%
Risk-free interest rate (% p.a.)	–	1.43%
Expected life of option (years)	–	5
Weighted average share price ($)	–	0.027

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

25. OTHER RESERVES

		Group	
	31.12.2015	31.12.2014	01.01.2014
		Restated	Restated
	$'000	$'000	$'000
Capital reserve	268	119,002	119,002
Fair value reserve	161	122	71
Foreign currency translation reserve	(2,003)	(1,531)	(1,385)
Revaluation reserve	6,525	3,576	3,161
Share option reserve	80	55	–
Merger reserve	(149,000)	(149,000)	(149,000)
	(143,969)	(27,776)	(28,151)

25.1 Capital reserve

The capital reserve of $268,000 for the year ended 31 December 2015 pertains to a capital contribution arising from a waiver of an amount payable (non-trade) to a related party in prior years.

25.2 Fair value reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. OTHER RESERVES (CONTINUED)

25.3 Foreign currency translation reserve

The foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and entities whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

Movement in the foreign currency translation account is set out in the consolidated statement of changes in equity.

25.4 Revaluation reserve

The revaluation reserve represents increases in the fair value of freehold land and building, other than investment property, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

		Group	
	31.12.2015	**31.12.2014 Restated**	**01.01.2014 Restated**
	$'000	**$'000**	**$'000**
At beginning of financial year	3,576	3,161	1,781
Gain on revaluation	2,825	–	–
Share of associate's revaluation surplus	124	415	1,380
At end of financial year	6,525	3,576	3,161

25.5 Share option reserve (Group and Company)

The share option reserve arises on the grant of share options to employees under the employee share option plan.

25.6 Merger reserve

Merger reserve adjustment of $149 million represents the difference between the consideration and the carrying value of the net assets of Windale Holdings Limited Group which was considered as a business combination under common control.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCE LEASE LIABILITIES

	Group		
	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
At 31.12.2015			
Within one year	3	–	3
After one year but within five years	–	–	–
	3	–	3
At 31.12.2014			
Restated			
Within one year	17	(1)	16
After one year but within five years	3	–	3
	20	(1)	19
At 1.1.2014			
Restated			
Within one year	16	(1)	15
After one year but within five years	19	(1)	18
	35	(2)	33

The finance leases terms range is 7 years from financial year 2009 to financial year 2016.

The effective interest rates charged during the financial year is 4.53% (2014: 4.53%) per annum.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Company. The lessor is the finance company.

The finance lease payables are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. BANK BORROWINGS

	Group		
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated
	$'000	$'000	$'000
Bank loans	26,815	20,336	6,636
Bank overdrafts	1,034	795	1,400
Total	27,849	21,131	8,036
Current liabilities			
Bank loan 1	–	194	185
Bank loan 2	–	1,800	1,800
Bank loan 3	1,680	–	–
Bank loan 4	3,500	3,543	1,000
Bank loan 5	8,487	–	–
Bank loan 6	73	82	91
Bank loan 7	193	359	91
Bank loan 8	–	867	–
Bank loan 9	2,000	2,000	–
Bank loan 10	5,658	5,292	–
Bank loan 11	–	–	210
Bank loan 12	–	–	17
Bank loan 13	900	1,251	–
Bills payables	4,324	2,980	3,027
Bank overdrafts	1,034	795	1,400
	27,849	19,163	7,821
Non-current liabilities			
Bank loan 1	–	36	215
Bank loan 6	–	1,932	–
	–	1,968	215
Total bank borrowings	27,849	21,131	8,036

27. BANK BORROWINGS (CONTINUED)

(a) The bank loans are secured as follows:

(i) Bank loan 1 was secured by mortgage over certain property, plant and equipment of the Group amounting to approximately $6,263,000 (2014: $3,668,000) (Note 11) and financial guarantee of the Company.

(ii) Bank loan 2 was secured by the short-term deposits (Note 22) of one of the subsidiary, joint and several guarantee of the directors and financial guarantee of the Company.

(iii) Bank loan 3 is secured by mortgage over certain property, plant and equipment of the Group amounting to $6,263,000, fixed deposit (Note 22) of one of the subsidiary, guarantee of the director and corporate guarantee of the Company.

(iv) Bank loan 4 is secured by fixed deposit (Note 22) of one of the subsidiary, joint and several guarantee of the directors and financial guarantee of the Company.

(v) Bank loan 5 is joint and several guarantee of the directors and corporate guarantee of one of the subsidiary.

(vi) Bank loan 6 is secured by mortgage over the investment property (Note 12), pledge of First legal assignment of Jade Global Insurance Policy (Note 16) in relation to a director and joint and several guarantee of the directors.

(vii) Bank loan 7 is secured by negative pledge over the assets of a subsidiary and joint and several guarantee of the directors.

(viii) Bank loan 8 was secured by fixed deposits (Note 22) of one of the subsidiary, joint and several guarantee of the directors and financial guarantee of the of one of the subsidiary.

(ix) Bank loan 9 is secured by fixed deposits (Note 22) of one of the subsidiary, joint and several guarantee of the directors and financial guarantee of one of the subsidiary.

(x) Bank loan 10 is secured by fixed deposits (Note 22) of one of the subsidiary, joint and several guarantee of the directors.

(xi) Bank loan 11 was secured by receivables and the right to claim debts according to Contract No. P049-1350/HDKT/KEI-PEPSI dated 27 August 2013 which amount to VND14,090,774,032 ($84,046).

(xii) Bank loan 12 was secured by receivables and the right to claim debts according to Contract No. 257/HDKT/P050/KEI-HM dated 25 July 2013 which amount to VND18,000,000,000 ($1,080,000) and certain real estate located in Vietnam amount to VND4,390,641,000 ($263,438) that belongs to a director of a subsidiary.

(xiii) Bank loan 13 is secured one of the subsidiary's receivables and motor vehicles and certain real estate located in Vietnam that belongs to a director of a subsidiary.

The average effective borrowing rates range from 2.45% to 11.50% (2014: 1.95% to 11.50%) per annum and have maturity dates between 2014 and 2020.

27. BANK BORROWINGS (CONTINUED)

(b) The bank overdrafts are repayable on demand and secured as follows:

(i) First legal assignment of Asia Wealth Prestige Universal Life Insurance Policy (Note 16) in relation to a director.

(ii) First legal assignment of HSBC Jade Global Insurance Policy (Note 16) in relation to a director.

(iii) Existing charge over specified bank current accounts and fixed deposit placed with the bank.

(iv) Negative pledge, fixed or floating, over assets of the Company.

(v) First legal mortgage to be executed by the Company and it subsidiary over certain property, plant and equipment.

(vi) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds, tenancy agreements and sale and purchase agreement.

(vii) Existing legal assignment of key person insurance policy and life policy in relation to the Director.

(viii) Corporate guarantee by the corporate guarantor.

The average effective interest rates on bank overdrafts and bills payables range from 2% to 6% (2014: 1% to 4.7%) during the financial year.

(c) Undrawn borrowing facilities

		Group	
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated
	$'000	$'000	$'000
Undrawn borrowing facilities	29,639	51,444	52,518

Included in the undrawn borrowing facilities is an amount $18 million meant for financing the building of the yard and the office facilities at Tuas South. The remaining undrawn borrowing facilities are available for operating activities and to settle other commitments.

The currency profiles of bank borrowings of the Group are as follows:

		Group	
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated
	$'000	$'000	$'000
Singapore dollar	9,921	12,718	6,178
United States dollar	16,350	7,162	981
Vietnamese dong	900	1,251	227
Others	678	–	650
	27,849	21,131	8,036

28. BORROWINGS FROM THIRD PARTIES

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Balance at beginning of year	8,574	–
Initial recognition	–	7,857
Interest accretion during the financial year	1,896	717
Balance at end of year	10,470	8,574

In financial year 2014, Koastal Pte Ltd ("Koastal"), a subsidiary of the Group, entered into a put and call option deed with Philip Ventures Enterprise Fund 3 Ltd and Venstar Investments II Ltd to obtain the funds to invest in Overseas Drilling Holdings Ltd ("ODH"). ODH in turn acquired 10% stake of the share capital of PV Drilling Overseas Company Private Limited ("PVDO") for a purchase consideration of US$4,196,000 (approximately $5,257,000). In addition to the purchase consideration, ODH has also made capital injections of US$2,604,000 (approximately $3,255,000). The purchase consideration and capital injection amounted to $8,512,000 ("Investment Amount") (Note 16).

Under the above arrangement,

(a) The Investors have granted Koastal a call option to require the Investors to sell to the Company all the shares of ODH at 122.5% of the Investment Amounts ("Call Option");

(b) Koastal has granted the Investors to require Koastal to purchase all of the shares of ODH held by the Investors at 122.5% of the Investment Amounts ("Put Option");

(c) The Put Option and Call Option are exercisable 18 months from August 2014 and will expire 30 days thereafter.

The matching terms of the Call Option and the Put Option have effectively resulted in a bridging loan arrangement for the Company to acquire 10% interest in PVDO (Note 16) through ODH. The Group effectively controls/and owns 100% of the shares of ODH (Note 14). The borrowings from the Investors are measured at amortised cost using the effective interest method and are expected to be settled in Singapore Dollars.

29. FINANCIAL DERIVATIVE LIABILITIES

		Group	
	Non-current liabilities	Current liabilities	Total
	$'000	$'000	$'000
2015			
Financial derivative liabilities			
– Share warrants	–	1,020	1,020
– Convertible loan (Note 30)	1,892	–	1,892
	1,892	1,020	2,912

29. FINANCIAL DERIVATIVE LIABILITIES (CONTINUED)

	Group Non-current liabilities $'000	Current liabilities $'000	Total $'000
2014			
Restated			
Financial derivative liabilities			
– Share warrants	–	701	701

As part of the put and call option deed (Note 28), Koastal also issued 2 share warrants to the Investors with a total exercise value of US$2,000,000 which grant the investors the right to subscribe for shares in Koastal at an exercise price of 80% of the share price of Koastal in the event of an IPO or trade sale which will expire 3 years after the date of issue ("Koastal Share Warrants"). The Share Warrants are derivative financial instrument initially measured at fair value of S$655,000 and subsequent changes in fair value has been recognised in the income statement.

During the financial year, as part of the Restructuring exercise, the Koastal share warrants have been replaced with the Company's share warrants. The Company has issued new warrants to the warrant holder in exchange for the Koastal share warrants.

The key terms of the new warrants are as follows:

(a) Each New Warrant carrying the right to subscribe for one (1) new Share ("Warrant Share") at the Exercise Price of S$0.276 per Warrant Share.

(b) Warrantholders agreeing not to exercise any of the Koastal Share Warrants, from the date of the Warrant Exchange Agreements up to the Warrants Exchange Completion; and

(c) Warrantholders surrendering the Koastal Share Warrants for cancellation on the Warrants Exchange Completion in accordance with the terms of the Warrant Exchange Agreements, upon which the existing warrants shall be terminated and shall carry no further rights.

	31.12.2015 $'000	31.12.2014 $'000
Derivative financial liabilities		
At fair value		
At beginning of financial year	701	–
Additions	1,892	655
Fair value loss recognised in profit or loss	319	46
At end of financial year	2,912	701

30. CONVERTIBLE LOAN

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
Face value of convertible loan	6,708	–
Less: financial derivative liability (Note 29)	(1,892)	–
	4,816	–
Add: Interest accretion during the financial year	402	–
Balance at end of year	5,218	–

On 4 May 2015, the Company announced that Koastal had entered into negotiations with Venstar Investment III Ltd ("Venstar III")in relation to the proposed issue and subscription of convertible notes (the "Notes") with a coupon interest of 15%p.a., maturing on 12 June 2018 with an aggregate principal value of $6.708 million, redeemable or convertible at the option of Venstar III into new ordinary shares in the capital of the Company to be issued credited as fully paid-up (the "Exchanged Shares"), subject to and in accordance with the terms and conditions of the Notes. The notes have not been redeemed nor converted into ordinary shares of the Company as at 31 December 2015.

The Group has assessed and classified the equity conversion feature in the Notes as an embedded derivative. Accordingly, the Group has engaged an independent professional valuer to determine the fair value of the derivative, taking into consideration certain parameters such as the volatility, risk-free rate of the host contract, etc. Based on this valuation, the total subscribed amount of the Notes, were segregated into convertible loan (debt host) and derivative financial liability of $4,816,000 and $1,892,000 respectively.

31. TRADE AND OTHER PAYABLES

	Group			Company	
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated	31.12.2015	31.12.2014
	$'000	$'000	$'000	$'000	$'000
Trade payables					
– Third parties	13,956	8,583	9,478	–	–
– Related parties	165	879	102	–	–
– Accrued trade payables	36,862	26,046	3,746	–	–
	50,983	35,508	13,326	–	–
Other payables					
– Third parties	4,511	5,132	368	3,510	1,126
– Related parties	62	381	–	–	8
– Amount due to a director	948	12,190	14,887	–	–
– Loan from a director of a subsidiary	55	–	–	–	–
– Accrued operating expenses	2,391	845	1,256	450	126
– Deposits	4	4	67	–	–
Total trade and other payables	58,954	54,060	29,904	3,960	1,260

31. TRADE AND OTHER PAYABLES (CONTINUED)

The non-trade amounts due to related parties and Director within other payables are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

The non-trade amounts due to subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Included in the other payables from third parties is an amount $1 million (2014: nil) due to individuals which are secured, bear interest at 18% per annum, non-trade in nature and is repayable by June 2016.

No interest is charged on the trade and other payables other than as disclosed above.

The currency profiles of trade and other payables of the Group and the Company are as follows:

	Group			Company	
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated	31.12.2015	31.12.2014
	$'000	$'000	$'000	$'000	$'000
Singapore dollar	23,878	24,820	19,007	3,450	1,260
Euro	443	5	–	–	–
United States dollar	32,412	26,253	9,828	510	–
Vietnamese Dong	2,203	2,982	1,069	–	–
Others	18	–	–	–	–
	58,954	54,060	29,904	3,960	1,260

32. AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiaries are non-trade in nature, unsecured, non-interest bearings and are repayable on demand.

The currency profiles of amount due to subsidiaries are as follows:

	Company	
	31.12.2015	31.12.2014
	$'000	$'000
Singapore dollar	37,997	–
United States dollar	978	–
	38,975	–

33. PROVISIONS FOR WARRANTIES

	Group		
	31.12.2015	31.12.2014 Restated	01.01.2014 Restated
	$'000	$'000	$'000
At the beginning of year	463	1,056	535
Provisions made	94	–	521
Warranty utilised during the financial year	(289)	(125)	–
Reversal made during the year	(16)	(468)	–
At end of year	252	463	1,056

The provision for warranty represents management's best estimate of the present value of the future outflow of economic benefits that will be required under the Group's warranties on certain projects and undertakes to repair those that fail to perform satisfactorily. A provision is recognized at the end of financial year for expected warranty claims based on past experience of the level of repairs.

34. DIVIDENDS BY KOASTAL GROUP

	Group	
	31.12.2015	31.12.2014 Restated
	$'000	$'000
First Interim dividend of $3.751 (2014:Interim dividend of $10.1043), one tier exempt share	3,751	10,104

35. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the financial year, commitments in respect of non-cancellable operating leases in respect of office premises and other operating facilities are as follows:

	Group	
	2015	2014 Restated
	$'000	$'000
Future minimum lease payments payable:		
Within one year	888	786
After one year but within five years	2,547	2,522
More than 5 years	5,949	6,707
Total	9,384	10,015

Operating lease payments represent rents payable by the Group for office premises and other operating facilities. Leases are negotiated for a term of 5 years and rentals are fixed for an average of 1 to 4 years with no provisions for contingent rent or upward revision of rent based on market price indices.

35. OPERATING LEASE COMMITMENTS (CONTINUED)

The Group as lessor

The Company has entered into commercial leases on its investment property. The following table sets out the future minimum lease payments receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2015	2014 Restated
	$'000	$'000
Future minimum lease payments payable:		
Within one year	19	26
After one year but within five years	–	19
Total	19	45

36. CAPITAL COMMITMENTS

As at the end of the financial year, commitments in respect of capital expenditure, are as follows:

	Group	
	2015	2014 Restated
	$'000	$'000
Capital expenditure contracted but not provided for		
– Commitments for the construction of property, plant and equipment	21,407	25,532

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

During the financial year, in addition to those related party information disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed by and between the parties:

	Group		Company	
	2015	2014 Restated	2015	2014
	$'000	$'000	$'000	$'000
With subsidiaries				
Management fees income	–	–	706	662
Advance payment	–	–	2,737	13,743
Advance payment from	–	–	(2,523)	(20)
Expenses paid on behalf of	–	–	763	–
Expenses paid on behalf by	–	–	(5,251)	(2,272)
With related parties				
Purchases from entity in which the spouse of the director of the Company is a director	–	(902)	–	–
Loan to a director of a foreign subsidiary	–	3,900	–	–
Expenses paid on behalf of entity in which the director of a subsidiary corporation is a shareholder	1,324	3,290	–	–
Advance payment from an entity in which the director of a subsidiary corporation is a shareholder	–	(626)	–	–
Technical Consultancy fees charged to entity in which the director of a subsidiary corporation is a shareholder	–	(3,405)	–	–
With associated company				
Dividend received	217	160	–	–

The outstanding balances as at 31 December 2015 with related parties are disclosed in Notes 19 and 31 are unsecured, interest-free, repayable on demand and are to be settled in cash, unless otherwise stated. There are no outstanding balances with key management personnel or their immediate family members except for loan to a Director of a foreign subsidiary (Note 19).

Key management personnel remuneration

Key management personnel are Directors and those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Group's and Company's key management personnel are the Directors of the Company and the Heads of key functions.

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel remuneration (Continued)

The remuneration of key management personnel of the Group during the financial year were as follows:

	Group		Company	
	2015	2014 Restated	2015	2014
	$'000	$'000	$'000	$'000
Directors' fee	154	156	135	135
Short-term benefits	1,143	1,116	436	408
Post-employment benefits	114	91	11	14
	1,411	1,363	582	557

Key management personnel remuneration includes the following remuneration to the Directors of the Company and Directors of the subsidiaries as follows:

	Group		Company	
	2015	2014 Restated	2015	2014
	$'000	$'000	$'000	$'000
Directors of the Company				
Directors' fee	135	135	135	135
Short-term benefits	436	408	436	408
Post-employment benefits	11	14	11	14
	582	557	582	557
Directors of the subsidiaries				
Directors' fee	19	21	–	–
Short-term benefits	707	708	–	–
Post-employment benefits	103	77	–	–
	829	806	–	–

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	2015	2014 Restated	2015	2014
	$'000	$'000	$'000	$'000
Financial assets				
Trade and other receivables	29,531	29,828	25,129	21,133
Less: Accrued revenue	(201)	(40)	–	–
	29,330	29,788	25,129	21,133
Cash and bank balances	8,105	31,723	19	63
Loans and receivables	37,435	61,511	25,148	21,196
Available-for-sale financial assets	9,732	9,627	–	–
Financial asset	47,167	71,138	25,148	21,196
Financial liabilities				
Trade and other payables	58,954	54,060	3,960	1,260
Amount due to subsidiaries	–	–	38,975	–
Finance lease liabilities	3	19	–	–
Bank borrowings	27,849	21,131	–	–
Borrowings from third parties	10,470	8,574	–	–
Convertible loan	5,218	–	–	–
Financial liabilities carried at amortised cost	102,494	83,784	42,935	1,260
Financial derivative liabilities	2,912	701	–	–
Financial liabilities carried at fair value	2,912	701	–	–
Financial liabilities	105,406	84,485	42,935	1,260

The Group's activities expose it to credit risks, market risks and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from default. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Company is not exposed to any significant credit risk. The Company's major class of financial assets are cash and bank balances.

The Group's major classes of financial assets subject to credit risk are cash and bank balances and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

At the end of the financial year end, concentration of credit for the Group arises from trade receivable totalling $3.9 million (2014: $10.9 million) due from certain contract customers.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of trade receivables past due but not impaired is as follows:

	2015 $'000	2014 $'000
Past due for 1-30 days	3,317	13
Past due for 31 to 90 days	527	18,111
Past due for more than 91 days	4,430	2,365

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company is not exposed to significant financial risks arising from changes in foreign currency exchange rates.

Foreign currency risk

The Group transact business in various foreign currency, including United States dollar, Vietnamese Dong and Euro. The exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group monitors its foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions and recognised assets and liabilities are denominated in the currency that is not the entity's functional currency.

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	United States dollar $'000	**Vietnamese dong $'000**	**Euro $'000**
Group			
31.12.2015			
Total monetary assets	29,101	3,060	59
Total monetary liabilities	81,004	2,203	1,343
Net monetary (liabilities)/assets	(51,903)	857	(1,284)
Less:			
Net monetary (assets)/liabilities denominated in respective entities' functional currencies	2,800	(845)	–
Net foreign currency exposure	(49,103)	12	(1,284)
31.12.2014			
Restated			
Total monetary assets	45,548	5,143	886
Total monetary liabilities	33,415	4,233	5
Net monetary assets	12,133	910	881
Less:			
Net monetary liabilities denominated in respective entities' functional currencies	(27,479)	(1,715)	–
	(15,346)	(805)	881

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar (USD), Vietnamese Dong (VND) and Euro (EUR).

The following table details the Group's sensitivity to a 10% (2014: 10%) change in USD, VND and Euro against SGD. The sensitivity analysis assumes an instantaneous 10% (2014: 10%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in USD, VND and Euro are included in the analysis. Consequently, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Group	
	2015 $'000	2014 Restated $'000
USD		
Strengthen against $	(4,910)	(1,535)
Weakens against $	4,910	1,535
VND		
Strengthen against $	(89)	(81)
Weakens against $	89	81
EUR		
Strengthen against $	(38)	88
Weakens against $	38	(88)

Interest rate risks

The Group's interest rate risks relate to interest bearing liabilities and interest bearing assets.

The Group has no significant interest-bearing assets.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group's exposure to interest rate risks is set out in a table under Liquidity risks. The Company is not exposed to any significant interest rate risks.

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Interest rate sensitivity analysis

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of financial year was outstanding for the whole year. The sensitivity analysis assumes a 10 percent change in the interest rates from the end of the financial year, with all variables held constant.

	Group Profit or Loss	
	2015	2014 Restated
	$'000	$'000
Increase in interest rate		
Borrowings and overdrafts	(112)	(76)
Decrease in interest rate		
Borrowings and overdrafts	112	76

Liquidity risk

Liquidity risks refer to the risks in which the Group and the Company encounters difficulties in meeting its short term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to receive or (pay). The table includes both expected interest and principal cash flows. Derivative financial instruments are included at their fair values.

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk (Continued)

	Effective interest rate %	Less than 1 year $'000	1 to 5 years $'000	Total $'000
2015				
The Group				
Financial liabilities				
Obligations under finance leases	4.5	3	–	3
Bank borrowings	2.8	28,271	–	28,271
Bank overdrafts	4.1	1,082	–	1,082
Trade and other payables	–	58,954	–	58,954
Convertible loan	13.2	–	6,983	6,983
Borrowings from third parties	20.7	12,365	–	12,365
		100,675	6,983	107,658
Financial liabilities carried at fair value				
Financial derivative liabilities	–	1,020	1,892	2,912
As at 31 December 2015		101,695	8,875	110,570
2014				
Restated				
The Group				
Financial liabilities				
Obligations under finance leases	4.5	17	3	20
Bank borrowings	4.8	18,990	2,022	21,012
Bank overdrafts	7.3	883	–	883
Trade and other payables	–	54,060	–	54,060
Borrowings from third parties	20.7	–	10,470	10,470
		73,950	12,495	86,445
Financial liabilities carried at fair value				
Financial derivative liabilities	–	–	701	701
As at 31 December 2014		73,950	13,196	87,146

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk (Continued)

	Effective interest rate %	Less than 1 year $'000	1 to 5 years $'000	Total $'000
2015				
The Company				
Financial liabilities				
Trade and other payables	–	3,960	–	3,960
Amount due to subsidiaries	–	38,975	–	38,975
As at 31 December 2015		42,935	–	42,935
Financial guarantee contract	–	1,680	–	1,680
2014				
The Company				
Financial liabilities				
Trade and other payables	–	1,260	–	1,260
Amount due to subsidiaries	–	–	–	–
As at 31 December 2014		1,260	–	1,260
Financial guarantee contracts	–	1,994	–	1,994

39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are determined using the other observable inputs such as quoted prices for similar asset/liability in active markets, quoted prices for identical or similar asset/liability in non-active markets or inputs other than quoted prices that are observable for the asset or liability,
- Level 3 – Unobservable inputs for the asset or liability.

(b) Financial assets and liabilities measured at fair value

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial assets and liabilities measured at fair value (Continued)

The carrying amounts of the bank borrowings are reasonable approximations of fair values due to the insignificant impact of discounting, drawdown close to reporting and maturity date.

The borrowings from the third parties is stated at amortised cost using the effective interest method after taking into account the fair value of Share warrants issued to the investors (Note 28).

The convertible loan is stated at amortised cost using the effective interest method after taking into account the financial derivative liability (Note 30).

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
As at 31 December 2015				
Available-for-sale financial asset				
Investments in life insurance plans	–	–	1,220	1,220
Financial derivative liabilities				
Share warrants	–	–	1,020	1,020
Convertible loan	–	–	1,892	1,892
	–	–	2,912	2,912
As at 31 December 2014 (Restated)				
Available-for-sale financial asset				
Investments in life insurance plans	–	–	1,115	1,115
Financial derivative liabilities				
Share warrants	–	–	701	701

There were no transfers between levels during the financial year.

The fair value of the investment in life insurance plans are based on cash value provided by the insurer without adjustment. Observable inputs such as volatility in interest rates and unobservable inputs such as perceived risk by the insurer will affect the fair value of the insurance plan but are not expected to be material. The life insurance plans have been classified as level 3 in the current and previous financial years.

The financial instruments that are not traded in active markets comprise financial derivatives, share warrants and financial derivatives convertible loan.

The fair value of the share warrants were determined through the use of Binomial Option Pricing Model with observable market inputs such as the agreed share price of underlying assets (S$0.345), strike price (S$0.276), time of expiry of share warrants and unobservable inputs such market volatility of comparable companies (37.6%). The share warrants have been classified as level 3 in the current and previous financial years. There have been no changes in the valuation techniques of the share warrants during the financial year. If the volatility used had been 5% higher/lower, the fair value of the derivative would have been S$66,000 and S$69,000 higher/lower respectively.

39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial assets and liabilities measured at fair value (Continued)

The fair value of the financial derivative – convertible loan conversion option was determined through the use of Binomial Option Pricing Model with observable market inputs such as the risk free rate equivalent to the 2 year Singaporean Sovereign Yield Curve as the valuation date (1%), the underlying agreed share price of the Company and unobservable input like the annualised volatility calculated based on the median of the 3 year weekly share price volatility of comparable companies (37.6%). The financial derivative – convertible loan has been classified as level 3 in the current financial year. If the volatility used had been higher/lower by 5%, the fair value of the derivatives would have been $229,000 and $232,000 higher/lower respectively.

40. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value through optimisation of debt and equity balance. The management reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the management considers the cost of capital and the risks associated with each class of capital and makes adjustments to capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital (Note 23), reserves and retained earnings.

The Group's overall strategy remains unchanged from the previous financial year.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total capital. The Group and the Company include within net debt, trade and other payables, bank borrowing and finance lease payables less cash and cash equivalents. Total equity consists of total share capital, other reserves plus accumulated profits. Total capital consists of net debt plus total equity.

	Group		Company	
	31.12.2015	31.12.2014 Restated	31.12.2015	31.12.2014
	$'000	$'000	$'000	$'000
Trade and other payables	58,954	54,060	3,960	1,260
Amount due to subsidiaries	–	–	38,975	–
Finance lease payables	3	19	–	–
Bank borrowings	27,849	21,131	–	–
Borrowings from third parties	10,470	8,574	–	–
Convertible loan	5,218	–	–	–
Less: Cash and bank balances	(8,105)	(31,723)	(19)	(63)
Net debt	94,389	52,061	42,916	1,197
Total equity	12,231	21,754	117,591	31,099
Total capital	106,620	73,815	160,507	32,296
Gearing ratio	88.5%	70.5%	26.7%	3.7%

As at 31 December 2015 and 2014, the Group and the Company are not subject to externally-imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management consider business from mainly business segment perspective. The Group has three reportable segments as follows:

Marine and Offshore

– Engineering, Procurement and Construction Management ("EPCM")

– Trading of equipment ("Trading")

Water treatment

The EPCM – Marine and Offshore and trading segment are involved in providing engineering, procurement, construction and management, custom fabrication, maintenance and repair, trading of marine and offshore equipment to mainly the marine and offshore oil & gas companies.

The EPCM – water treatment segment is involved in environmental-related technical services for pollution management, water and waste.

"Other" segment includes the Group's investment holding activities which are not included within reportable segments as they are not separately reported to the chief operating decision maker and they contribute minor amounts of revenue to the Group.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

NOTES TO THE FINANCIAL STATEMENTS

41. SEGMENT INFORMATION (CONTINUED)

	EPCM – Marine and Offshore & Trading $'000	EPCM – Water Treatment $'000	Others $'000	Total $'000
2015				
Revenue				
Revenue from external customers	57,234	11,647	–	68,881
Profit/(loss) from operation	2,387	1,024	(4,117)	(706)
Interest income	46	1	–	47
Interest expenses	(1,141)	(5)	(2,282)	(3,428)
Other material non-cash items				
Allowance for impairment of goodwill	(1,800)	–	–	(1,800)
Allowance for impairment in associate	–	–	(2,100)	(2,100)
Allowance for foreseeable losses	(914)	–	–	(914)
Depreciation	(437)	(30)	(4)	(471)
Shares of profit of associates	–	–	248	248
Fair value loss from derivatives financial instruments	–	–	(319)	(319)
Profit/(loss) before income tax	(1,859)	990	(8,574)	(9,443)
Income tax expense	(670)	(127)	–	(797)
Profit/(loss) for the financial year	(2,529)	863	(8,574)	(10,240)
Segment assets				
Non-current assets	12,792	287	28,111	41,190
Current assets	82,550	7,720	779	91,049
Total assets	95,342	8,007	28,890	132,239
Investment in associates	–	–	6,057	6,057
Additions to non-current assets	644	–	4,180	4,824
Segment liabilities				
Non-current liabilities	(25)	–	(7,110)	(7,135)
Current liabilities	(59,151)	(6,399)	(47,323)	(112,873)
Total liabilities	(59,176)	(6,399)	(54,433)	(120,008)

41. SEGMENT INFORMATION (CONTINUED)

	EPCM – Marine and Offshore & Trading $'000	EPCM – Water Treatment $'000	Others $'000	Total $'000
2014				
(Restated)				
Revenue				
Revenue from external customers	102,508	6,600	–	109,108
Profit/(loss) from operation	20,613	126	(1,231)	19,508
Interest income	6	1	–	7
Interest expenses	(1,477)	(1)	–	(1,478)
Other material non-cash items				
Depreciation	(413)	(21)	–	(434)
Shares of profit of associates	1,116	–	–	1,116
Gain on disposal of available-for-sales investment	15	–	–	15
Fair value loss from derivatives financial instruments	(46)	–	–	(46)
Profit/(loss) before income tax	19,814	105	(1,231)	18,688
Income tax expense	(3,204)	(92)	–	(3,296)
Profit/(loss) for the financial year	16,610	13	(1,231)	15,392
Segment assets				
Non-current assets	28,814	306	8,515	37,635
Current assets	90,312	8,813	515	99,640
Total assets	119,126	9,119	9,030	137,275
Investment in associates	–	–	7,994	7,994
Additions to non-current assets	3,770	149	–	3,919
Segment liabilities				
Non-current liabilities	1,989	–	9,275	11,264
Current liabilities	86,256	5,672	12,329	104,257
Total liabilities	88,245	5,672	21,604	115,521

41. SEGMENT INFORMATION (CONTINUED)

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitor property, plant and equipment, intangible assets, inventories, receivables, operating cash and investment properties attributable to each segment. All assets are allocated to the reportable segments except for certain assets included in "Others" not reported to the chief operating decision maker.

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments.

Geographical segments

Segment revenue is based on the region where services are rendered and the region where the customers are located. Non-current assets are shown by geographical region where the assets are located.

Non-current assets consist of property, plant and equipment, investment property, intangible assets, investment in associates, and available-for-sale financial assets.

	2015 $'000	2014 Restated $'000
Revenue from external customers		
China	34,356	53,944
Vietnam	21,116	45,735
Singapore	5,027	1,814
Malaysia	102	6,880
Others	8,280	735
	68,881	109,108
Non-current assets		
Singapore	31,171	27,702
Vietnam	287	306

Major customers

The revenues from two major customers of the Group's EPCM segment represent approximately $42,204,000 (2014:$79,681,000).

42. COMPARATIVE FIGURES

As described on Note 1.2 to the financial statements, the comparative figures of the Group for the preceding financial year have been presented under pooling-of-interest method. The effective date of the pooling-of-interest for accounting purposes predates 1 January 2014, the beginning of the financial year for which the comparative figures are being presented, as if the Group has been under common control prior to 1 January 2014.

43. RESTATEMENT OF PRIOR PERIOD FIGURES

The comparative financial statements of EMS Energy Limited for the financial year ended 31 December 2015 is restated to reflect the combined financial information of the enlarged group since the common control existed prior to 1 January 2014. Further given that this would amount to a material restatement of the comparative arising from BCUCC a third balance sheet as at 1 January 2014 is also presented.

	31.12.2014 As previously reported $'000	Adjustments $'000	31.12.2014 Restated $'000
Statement of financial position			
Non-current assets			
Property, plant and equipment	10,089	366	10,455
Investment property	–	191	191
Available-for-sale financial assets	–	9,627	9,627
Deferred tax assets	–	120	120
Current assets			
Inventories	102	44	146
Trade and other receivables	27,072	3,806	30,878
Amount due from contract customers	16,861	10,962	27,823
Prepayments	1,505	7,565	9,070
Cash and bank balances	3,733	27,990	31,723
Equity			
Accumulated losses/Retained earnings	(12,750)	15,230	2,480
Capital reserve	–	119,002	119,002
Fair value reserve	–	122	122
Foreign currency translation reserve	(331)	(1,200)	(1,531)
Merger reserve	–	(149,000)	(149,000)
Current liabilities			
Trade and other payables	34,436	19,624	54,060
Advances from contract customers	–	–	27,057
Finance lease liabilities	–	16	16
Bank borrowings	3,757	15,406	19,163
Income tax payable	–	3,187	3,187

NOTES TO THE FINANCIAL STATEMENTS

43. RESTATEMENT OF PRIOR PERIOD FIGURES (CONTINUED)

	31.12.2014 As previously reported $'000	Adjustments $'000	31.12.2014 Restated $'000
Statement of financial position			
Non-current liabilities			
Finance lease liabilities	–	3	3
Bank borrowings	36	1,932	1,968
Borrowings from third parties	–	8,574	8,574
Derivative on share warrants	–	701	701
Deferred tax liabilities	–	18	18
Statement of profit or loss and other comprehensive income			
Revenue	48,807	69,301	109,108
Cost of sales	(42,692)	(36,495)	(79,187)
Other income	1,226	2,331	3,557
Administrative expenses	(7,347)	(6,896)	(14,243)
Distribution costs	–	(185)	(185)
Finance costs	(285)	(1,193)	(1,478)
Income tax expense	–	(3,296)	(3,296)
Other comprehensive income			
On translation of foreign operations	–	(146)	(146)
Fair value gain on available-for-sale financial assets	–	43	43
Deferred tax relating to component of other comprehensive income	–	(7)	(7)
Gain transferred to income statement on disposal	–	15	15

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

43. RESTATEMENT OF PRIOR PERIOD FIGURES (CONTINUED)

	01.01.2014 As previously reported $'000	Adjustments $'000	01.01.2014 Restated $'000
Statement of financial position			
Non-current assets			
Property, plant and equipment	4,750	100	4,850
Investment property	–	186	186
Available-for-sale financial assets	–	1,096	1,096
Deferred tax assets	–	299	299
Current assets			
Inventories	76	57	133
Trade and other receivables	3,448	14,062	17,510
Amount due from contract customers	10,322	5,128	15,450
Prepayments	393	8,810	9,203
Cash and bank balances	3,457	17,843	21,300
Equity			
Accumulated losses	(13,575)	10,767	(2,808)
Capital reserve	–	119,002	119,002
Fair value reserve	–	71	71
Foreign currency translation reserve	(331)	(1,054)	(1,385)
Merger reserve	–	(149,000)	(149,000)
Current liabilities			
Trade and other payables	8,596	21,308	29,904
Advances from contract customers	–	44,114	44,114
Finance lease liabilities	–	15	15
Bank borrowings	5,597	2,224	7,821
Income tax payable	–	116	116
Statement of financial position			
Non-current liabilities			
Finance lease liabilities	–	18	18

44. AUTHORISATION OF FINANCIAL STATEMENT

The statement of financial position as at 31 December 2015 of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 were authorised for issue in accordance with a Directors' resolution dated 5 April 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

NUMBER OF ISSUED SHARES : 448,735,224
CLASS OF SHARES : ORDINARY SHARES WITH EQUAL VOTING RIGHTS
VOTING RIGHTS : 1 VOTE PER SHARE
TREASURY SHARES : NIL

SIZE OF HOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 99	154	6.81	8,319	0.00
100 to 1,000	578	25.58	274,510	0.06
1,001 to 10,000	884	39.12	3,643,673	0.81
10,001 to 1,000,000	622	27.52	43,078,418	9.60
1,000,001 AND ABOVE	22	0.97	401,730,304	89.53
TOTAL	2,260	100	448,735,224	100

TOP 20 SHAREHOLDERS AS AT 18.03.2016

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES	%
1	TITANIUM HOLDINGS LLC	355,446,460	79.21
2	ASIAN TRUST INVESTMENT PTE LTD	7,766,666	1.73
3	FOO SEK KUAN	4,287,086	0.96
4	PEH OON KEE	3,320,433	0.74
5	TAY BOON HWEE	3,043,000	0.68
6	KAEDJOHARE ISMAIL CHECHATWALA	2,755,986	0.61
7	PHILLIP SECURITIES PTE LTD	2,462,183	0.55
8	CITIBANK NOMINEES SINGAPORE PTE LTD	2,422,000	0.54
9	WATERWORTH PTE LTD	2,200,000	0.49
10	OCBC SECURITIES PRIVATE LTD	1,984,112	0.44
11	PECK CHUAN YONG	1,800,000	0.40
12	YAP YEE LING	1,590,000	0.36
13	WEI RAN	1,528,000	0.34
14	CHEW HOE HOCK	1,400,000	0.31
15	SEOW CHOON PHENG	1,349,600	0.30
16	LIM POH BOON	1,333,333	0.30
17	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,214,566	0.27
18	TING TECK JIN	1,200,000	0.27
19	JIANG HUIPING	1,180,880	0.26
20	MORPH INVESTMENTS LTD	1,166,666	0.26
	TOTAL	399,450,971	89.02

ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

As at 18 March 2016, the percentage of shareholdings held in the hands of the public was approximately 20.22% and Rule 723 of the Catalist Rules is complied with.

SUBSTANTIAL SHAREHOLDERS

AS AT 18 March 2016

	Nos. of shares held registered in the names of the substantial shareholders	Nos. of shares in which the substantial shareholders is deemed to have an interest	Total Shareholding Interest	% of Total Issued Shares(1)
Titanium Holdings LLC(2)	355,446,460	–	355,446,460	79.21%
Ting Teck Jin	1,200,000(2)	355,446,460(2)	356,646,460	79.48%

(1) As a percentage of the total issued share capital of the Company, comprising 448,735,224 Shares.

(2) Mr Ting Teck Jin has a direct interest in 1,200,000 Shares through his nominee, Raffles Nominees (Pte) Ltd and a deemed interest in 355,446,460 Shares held by Titanium Holdings LLC in which he is a controlling shareholder and a director.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **EMS ENERGY LIMITED** (the "**Company**") will be held at 48 Boon Lay Way Sunflower Room 1, Level 1, Singapore 609961 on Saturday, 30 April 2016 at 9.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve Non-Executive Directors' fees of S$135,000 for the financial year ending 31 December 2016 (2015: S$135,000) **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Articles 107 and 117 of the Company's Constitution:

Mr Lim Siong Sheng	(Retiring under Article 107)	**(Resolution 3)**
Mr Lim Poh Boon	(Retiring under Article 107)	**(Resolution 4)**
Mr Teo Yak Huat	(Retiring under Article 117)	**(Resolution 5)**

Mr Lim Siong Sheng will, upon re-election as a Director, remain as the Chairman of the Audit Committee, a member of Nominating Committee and Remuneration Committee of the Company and will be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules").

Mr Lim Poh Boon will, upon re-election as a Director, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company and will be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules").

4. To re-appoint Messrs BDO LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions as ordinary resolutions, with or without any modifications:

6. **Authority to allot and issue shares in the capital of the Company – Share Issue Mandate**

"That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and Rule 806 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:–

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:–

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution does not exceed one hundred per cent (100%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:–

(i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (i)]. **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to grant options and issue shares under the EMS Energy Employee Share Option Scheme and EMS Energy Performance Share Plan**

   "That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to offer and grant options and share awards in accordance with the EMS Energy Employee Share Option Scheme (the "**Scheme**") and the EMS Energy Performance Share Plan (the "**Plan**") and to issue such shares as may be required to be issued pursuant to the exercise of the options under the Scheme and the Plan provided always that the aggregate number of shares to be issued pursuant to the Scheme and the Plan shall not exceed fifteen per cent. (15%) of the issued share capital of the Company from time to time."
   [See Explanatory Note (ii)] **(Resolution 8)**

By Order of the Board

Gwendolyn Gn Jong Yuh
Company Secretary

Singapore, 15 April 2016

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of the above annual general meeting until the date of the next annual general meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of Shares and convertible securities which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting.

(ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options in accordance with the Scheme and the Plan.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "**Act**"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. The instrument appointing a proxy or proxies must be signed by the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
4. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited not less than 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.
6. The instrument appointing a proxy must be deposited at the registered office of the Company at **1 Robinson Road, #17-00 AIA Tower, Singapore 048542** not less than forty-eight **(48)** hours before the time for holding the Annual General Meeting.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EMS ENERGY LIMITED

(Company Registration Number: 200300485D)
(Incorporated in Singapore with limited liability)

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the **"Act"**), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Personal Data Privacy
   By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2016.

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

*I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being *a member/members of **EMS ENERGY LIMITED** (the **"Company"**), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholding**	
		No. of Shares	**%**
Address			

and/or*

Name	**NRIC/Passport No.**	**Proportion of Shareholding**	
		No. of Shares	**%**
Address			

as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (**"AGM"**) of the Company to be held at 48 Boon Lay Way Sunflower Room 1, Level 1, Singapore 609961 on Saturday, 30 April 2016 at 9.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Ordinary Resolutions relating to:**	**For**	**Against**
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2	Approval of the payment of Non-Executive Directors' fees of S$135,000 for the financial year ending 31 December 2016		
3	Re-election of Mr Lim Siong Sheng as a Director of the Company pursuant to Article 107		
4	Re-election of Mr Lim Poh Boon as a Director of the Company pursuant to Article 107		
5	Re-appointment of Mr Teo Yak Huat as a Director of the Company pursuant to Article 117		
6	Re-appointment of BDO LLP as auditors and to authorise the Directors to fix their remuneration		
7	Authority to allot and issue new shares		
8	Authority to grant options and issue shares under the EMS Energy Employee Share Option Scheme and EMS Energy Performance Share Plan		

Dated this ________ day of ____________ 2016

Total Number of Shares Held

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of Shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2 Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "**Act**"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

3 Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4 A proxy need not be a member of the Company.

5 Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

6 The instrument appointing a proxy or proxies must be duly deposited at the registered office of the Company at 1 Robinson Road, #17-00 AIA Tower, Singapore 048542 not less than forty-eight (48) hours before the time appointed for the AGM.

7 The instrument appointing a proxy or proxies must be signed by the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

9 The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

(Co. Reg. No. 200300485D)

EMS Energy Limited
10 Tuas Avenue 11
Singapore 639076

T +65 6861 2722
F +65 6861 5655
E info@emsenergy.com.sg
www.emsenergy.com.sg