

## **ANNOUNCEMENT**

### **HALF YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

#### **PART I - INFORMATION REQUIRED FOR HALF YEAR RESULTS ANNOUNCEMENTS**

#### **1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

##### **UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Six months period ended 30 June 2015 ("1H2015") vs six months period ended 30 June 2014 ("1H2014")

	The Group		
	1H2015 S\$'000	1H2014 S\$'000	Increase/ (Decrease) %
<b>Continuing operations</b>			
Revenue	19,835	28,521	(30.5)
Cost of sales	(16,426)	(22,776)	(27.9)
<b>Gross profit</b>	<b>3,409</b>	<b>5,745</b>	(40.7)
<i>Gross profit margin</i>	<i>17.2%</i>	<i>20.1%</i>	
Other income	1,201	57	2,007.0
Expenses			
- Administrative	(4,496)	(4,239)	6.1
- Finance	(59)	(176)	(66.5)
Share of results of associated companies	193	648	(70.2)
<b>Profit before income tax</b>	<b>248</b>	<b>2,035</b>	(87.8)
Income tax expense	-	(9)	n.m.
<b>Total profit for the period attributable to equity of the Company</b>	<b>248</b>	<b>2,026</b>	(87.8)
<b>Other Comprehensive Loss for the period:</b>			
Total profit for the period attributable to equity holders of the Company	248	2,026	(87.8)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associated company:			
- Translation reserve	(4)	(19)	(78.9)
Currency translation difference arising from consolidation			
- Loss	3	(2)	(250.0)
Other comprehensive loss, net of tax	(1)	(21)	(95.2)
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<b>247</b>	<b>2,005</b>	(87.7)

Profit from operations is arrived at after (charging)/ crediting the following items:

	<b>The Group</b>		
	<b>1H2015</b>	<b>1H2014</b>	<b>Increase/ (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment (PPE)	(191)	(187)	2.1
Foreign exchange (losses)/ gain	493	(189)	(360.8)
Employee share option expenses	(13)	(132)	(90.2)
Interest expenses	(59)	(176)	(66.5)
Staff costs	(3,179)	(3,240)	(1.88)

Note: n.m. - not meaningful

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**STATEMENT OF FINANCIAL POSITION**

		The Group		The Company	
		As at 30 Jun 2015 S\$'000	As at 31 Dec 2014 S\$'000	As at 30 Jun 2015 S\$'000	As at 31 Dec 2014 S\$'000
	Note				
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,758	3,733	63	63
Trade and other receivables	1	61,125	45,438	19,951	21,136
Inventories		42	102	-	-
		<b>62,925</b>	<b>49,273</b>	<b>20,014</b>	<b>21,199</b>
<b>Non-current assets</b>					
Property, plant and equipment		11,737	10,089	3,806	1,909
Investment in subsidiaries		-	-	9,251	9,251
Investment in associated company		8,066	7,994	-	-
Intangible assets		9,248	9,248	-	-
		<b>29,051</b>	<b>27,331</b>	<b>13,057</b>	<b>11,160</b>
<b>Total Assets</b>		<b>91,976</b>	<b>76,604</b>	<b>33,071</b>	<b>32,359</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	2	48,710	34,747	1,214	1,260
Borrowings		3,125	3,757	-	-
Provision for warranty		352	464	-	-
		<b>52,187</b>	<b>38,968</b>	<b>1,214</b>	<b>1,260</b>
<b>Non-current liabilities</b>					
Borrowings		-	36	-	-
		<b>-</b>	<b>36</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>52,187</b>	<b>39,004</b>	<b>1,214</b>	<b>1,260</b>
<b>NET ASSETS</b>		<b>39,789</b>	<b>37,600</b>	<b>31,857</b>	<b>31,099</b>
<b>NET CURRENT ASSETS</b>		<b>10,738</b>	<b>10,305</b>	<b>18,800</b>	<b>19,939</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		48,980	47,050	48,980	47,050
Other reserves		3,311	3,300	85	55
Accumulated losses		(12,502)	(12,750)	(17,208)	(16,006)
<b>Total Equity</b>		<b>39,789</b>	<b>37,600</b>	<b>31,857</b>	<b>31,099</b>

	The Group		The Company	
	As at 30 Jun 2015 S\$'000	As at 31 Dec 2014 S\$'000	As at 30 Jun 2015 S\$'000	As at 31 Dec 2014 S\$'000
<b>Note 1: Trade and Other Receivables</b>				
Trade receivables				
Non-related parties	2,283	2,332	-	-
Related parties	26,849	24,281	-	-
	29,132	26,613	-	-
Construction contracts				
Due from customers	32,087	18,329	-	-
Less: Allowance for impairment of amount due from customers	(1,468)	(1,468)	-	-
Due from customers - net	30,619	16,861	-	-
Non-trade receivables from subsidiaries	-	-	19,898	21,090
Deposits	63	66	43	43
Prepayments	839	1,505	10	3
Other receivables	472	393	-	-
	<b>61,125</b>	<b>45,438</b>	<b>19,951</b>	<b>21,136</b>
<b>Note 2: Trade and Other Payables</b>				
Trade payables				
Non-related parties	9,294	3,060	-	-
Related parties	1	1	-	-
Accrual for purchases of material and equipment	27,566	27,207	-	-
	36,861	30,268	-	-
Construction contracts				
Due to customers	5,670	311	-	-
Other payables	4,800	3,106	879	1,126
Accruals for operating expenses	560	466	240	126
Amount due to related parties (non- trade)	819	596	95	8
	<b>48,710</b>	<b>34,747</b>	<b>1,214</b>	<b>1,260</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 30 Jun 2015		As at 31 Dec 2014	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
3,125	-	3,757	-

**Amount repayable after one year**

As at 30 Jun 2015		As at 31 Dec 2014	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	36	-

**Details of any collateral**

	Repayable less than one year S\$'000	Repayable more than one year S\$'000	Total S\$'000
Term Loan 1 <sup>(a)</sup>	118	-	118
Term Loan 2 <sup>(b)</sup>	1,800	-	1,800
Bills payable <sup>(b)</sup>	543	-	543
Bank overdrafts <sup>(b)</sup>	664	-	664
	<b>3,125</b>	<b>-</b>	<b>3,125</b>

**Notes:**

(a) Term Loan 1 of S\$0.12 million is secured by legal mortgage on leasehold factory building at 10 Tuas Avenue 11, Singapore 639076 with net book value of S\$3.55 million (FY2014: S\$3.67 million) and by a corporate guarantee of EMS Energy Solutions Pte Ltd ("EES"), a subsidiary of the Company and personal guarantee of a director of EES.

(b) Term Loan 2, bills payable and bank overdrafts are partially collateralised by certain fixed deposits.

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

	<b>The Group</b>	
	<b>1H2015</b>	<b>1H2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Total profit	247	2,026
Adjustments for:		
Income tax expense	-	9
Depreciation of property, plant and equipment	191	187
Employee share option expenses	12	132
Currency translation differences	3	(2)
Share of results of associated company	(193)	(648)
Interest expense	59	176
	<u>319</u>	<u>1,880</u>
Changes in working capital:		
Inventories	60	(36)
Trade and other receivables	(15,687)	(19,321)
Trade and other payables	13,851	15,111
Bills payables	(568)	1,232
Cash used in operations	<u>(2,025)</u>	<u>(1,134)</u>
Income taxes paid	-	(9)
Interest paid	<u>(59)</u>	<u>(151)</u>
<b>Net cash used in operating activities</b>	<b><u>(2,084)</u></b>	<b><u>(1,294)</u></b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,879)	(165)
Proceeds from disposal of property, plant and equipment	40	-
Dividend received from associated company	117	160
<b>Net cash used in investing activities</b>	<b><u>(1,722)</u></b>	<b><u>(5)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	2,024	-
Share issue expenses	(94)	-
Repayment of term loan	(111)	(91)
<b>Net cash provided by (used in) financing activities</b>	<b><u>1,819</u></b>	<b><u>(91)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b><u>(1,987)</u></b>	<b><u>(1,390)</u></b>
Cash and cash equivalents at beginning of the period	<u>2,434</u>	<u>436</u>
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b><u>447</u></b>	<b><u>(954)</u></b>
<b>Note A: Cash and cash equivalents comprised of:</b>		
Cash and bank balances	1,758	2,248
Less: Bank overdrafts	(664)	(1,030)
Less: Bank deposits pledged	(647)	(2,172)
	<u>447</u>	<u>(954)</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>Group</b>	<b>Share Capital (Restated) S\$'000</b>	<b>Accumulated Losses (Restated) S\$'000</b>	<b>Foreign Currency Translation Reserve S\$'000</b>	<b>Revaluation Reserve S\$'000</b>	<b>Share Option Reserve S\$'000</b>	<b>Total Attributable to Equity Holders of the Company S\$'000</b>
<b>Balance as at 1 Jan 2015</b>	47,050	(12,750)	(331)	3,576	55	37,600
Issuance of Placement shares during 1H2015	2,024	-	-	-	-	2,024
Share issue expenses	(94)	-	-	-	-	(94)
Employee share option expenses	-	-	-	-	12	12
Total comprehensive income for the period	-	248	(1)	-	-	247
<b>Balance as at 30 Jun 2015</b>	<b>48,980</b>	<b>(12,502)</b>	<b>(332)</b>	<b>3,576</b>	<b>67</b>	<b>39,789</b>

<b>Group</b>	<b>Share Capital S\$'000</b>	<b>Accumulated Losses S\$'000</b>	<b>Foreign Currency Translation Reserve S\$'000</b>	<b>Revaluation Reserve S\$'000</b>	<b>Share Option Reserve S\$'000</b>	<b>Total Attributable to Equity Holders of the Company S\$'000</b>
<b>Balance as at 1 Jan 2014</b>	32,458	(13,575)	(331)	3,161	-	21,713
Total comprehensive income for the period	-	2,026	(21)	-	-	2,005
Employee share option expenses	-	-	-	-	132	132
<b>Balance as at 30 Jun 2014</b>	<b>32,458</b>	<b>(11,549)</b>	<b>(352)</b>	<b>3,161</b>	<b>132</b>	<b>23,850</b>

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

#### STATEMENT OF CHANGES IN EQUITY

Company	Share Capital (Restated) S\$'000	Accumulated Losses (Restated) S\$'000	Share Option Reserve S\$'000	Total S\$'000
Balance as at 1 Jan 2015	47,050	(16,006)	55	31,099
Total comprehensive loss for the period	-	(1,202)	30	(1,172)
Issuance of Placement shares during 1H2015	2,024	-	-	2,024
Share issue expenses	(94)	-	-	(94)
<b>Balance at 30 Jun 2015</b>	<b>48,980</b>	<b>(17,208)</b>	<b>85</b>	<b>31,857</b>

Company	Share Capital S\$'000	Accumulated Losses S\$'000	Share Option Reserve S\$'000	Total S\$'000
Balance as at 1 Jan 2014	32,458	(14,603)	-	17,855
Total comprehensive loss for the period	-	(747)	-	(747)
Equity-settled share option expenses granted to employees	-	-	132	132
<b>Balance at 30 Jun 2014</b>	<b>32,458</b>	<b>(15,350)</b>	<b>132</b>	<b>17,240</b>

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

Issuance of new ordinary shares during 1H2015:

In June 2015, the Company issued an aggregate of 88,000,000 placement shares at S\$0.023 per subscription share and raised S\$2.02 mil in gross proceeds pursuant to the shareholders' approval obtained at the AGM the Company held on 11 Apr 2015. The net proceeds after deducting the share issues expenses of approximately S\$94,000 was approximately S\$1.93 million.

Saved as disclosed, there was no other new issuance of new ordinary shares during 1H2015.



**Outstanding Options under the EMS Energy Employee Share Option Scheme dated 30 July 2009**

As at end of 1H2015, the following employee share options granted under the EMS Employee Share Option Scheme dated 20 July 2009, still remain outstanding:

Share options issued to	Number of options granted	Number of options still remained outstanding as at end of 1H2015	Exercise price per option	Exercisable date
Independent Directors	2,250,000	2,250,000	S\$0.027	24 February 2015 to 23 February 2019
Controlling Shareholder	10,500,000	10,500,000	S\$0.027	24 February 2015 to 23 February 2024
Executive Officers	3,000,000	3,000,000	S\$0.027	24 February 2015 to 23 February 2024
	<b>15,750,000</b>	<b>15,750,000</b>		

The Company does not have any outstanding convertibles or treasury shares as at 30 June 2015.

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

The total number of issued shares excluding treasury shares:

	No. of ordinary shares	S\$'000
As at 01 Jan 2015	1,480,709,604	47,050
New shares issued during 1H2015	88,000,000	1,930
As at 30 Jun 2015	<b>1,568,709,604</b>	<b>48,980</b>

The Company has no treasury shares.

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

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed by auditors.

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

Not applicable.

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

Except as disclosed as paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2014.

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

The adoption of new/revised Financial Reporting Standards (FRSs) and Interpretations to FRSs (INT FRSs) effective for the current financial year have no material impact on the financial statements of the Group.

**6. Earnings per ordinary share of the group for the current year reported on and the immediate preceding financial year, after deducting any provision for preference dividends**

	The Group	
	1H2015 (Cents)	1H2014 (Cents)
Earnings per ordinary share for the period based on Group profit attributable to equity holders of the Company:	248	2,026
(a) Based on weighted average number of ordinary shares in issue	0.02	0.27
(b) On a fully diluted basis	0.02	0.27

Note:

- For the purpose of calculating the dilutive earnings per share, the weighted average numbers of ordinary outstanding are adjusted for the effects of all potential dilutive effects of potential dilutive ordinary shares.
- The profit per ordinary share for the financial period under review is calculated based on the weighted average of 1,493,281,033 (1H2014: 740,354,802) ordinary shares in issue.
- The basic and diluted earnings for both the financial periods 1H2015 and 1H2014 were the same as the outstanding share options granted under the Employee Share Options Scheme have not been included in the calculation of diluted earnings per shares as these Share Options were out-of-the-money.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current year reported on and (b) immediately preceding financial year**

	The Group		The Company	
	As at 30 Jun 2015 (Cents)	As at 31 Dec 2014 (Cents)	As at 30 Jun 2015 (Cents)	As at 31 Dec 2014 (Cents)
Net asset value per ordinary share based on issued share capital at end of period / year	2.54	2.54	2.03	2.10

Net asset value per share as at end 30 Jun 2015 is calculated based on 1,568,709,604 shares (31 Dec 2014: 1,480,709,604 shares).

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

**(i) Commentary on the Group's Income Statement**

**Revenue**

Group revenue decreased by approximately 30.5% or S\$8.69 million, mainly due to:

- i) the first Derrick Equipment Set ("DES") project that the Group had announced in September 2013 was close to completion, where majority of the revenue had been recognized in the previous financial periods; and
- ii) the Group was still in the process of preparing to commence the second DES project that the Group had announced in February this year.

**Cost of sales & gross profit**

In line with the decrease in revenue, the Group's cost of sales decreased by 27.9% to S\$16.43 million in 1H2015 as compared to S\$22.78 million in 1H2014. Gross profit margin decreased to 17.2% in 1H2015 as compared to 20.1% in 1H2014 mainly as a result of the lower revenue recognized to cover certain of the fixed production overheads, as well as higher direct labour and subcontractor costs incurred during 1H2015.

**Other income**

Other income increased to S\$1.20 million in 1H2015 as compared to S\$57,000 in 1H2014 mainly due to the late payment fees of S\$0.48 million charged to a customer for long overdue receivables, handling fees of S\$0.12 million charged to a vendor, exchange gain of S\$0.49 million and government grant of S\$89,000.

**Administrative expenses**

Administrative expenses increased by 6.1% or S\$0.26 million to S\$4.50 million in 1H2015 as compared to S\$4.24 million in 1H2014 mainly attributed to the increase in professional fees by S\$0.24 million and increase in lease expenses incurred for the new waterfront yard facility by S\$0.21 million, partially offset by the absence of a foreign exchange loss of S\$0.19 mil recognised in 1H2014.

**Finance costs**

The finance costs decreased by 66.5% or S\$0.12 million to S\$59,000 in 1H2015 as compared to S\$0.18 mil incurred in 1H2014 mainly due to lower utilisation of bank borrowings.

**Income tax expense**

There was no tax expense incurred in 1H2015 and the tax expense of S\$9k incurred in 1H2014 was withholding taxes.

As a result of the foregoing, the Group's net profit attributed to equity holders of the Company decreased to S\$0.25 million in 1H2015 as compared to S\$2.03 million for 1H2014.

**(ii) Commentary on the Statement of Financial Position**

**Current Assets**

Trade and other receivables increased by S\$15.69 million from S\$45.44 million as at end FY2014 to S\$61.13 million as at end 1H2015 mainly due to the increase in amount due from customers on construction contracts attributed to the higher work-in-progress for the first DES project of S\$9.90 million, as well as S\$6.38 million for the second DES project. The amount due from customers on construction contracts comprised of project work-in-progress for long term projects where work had been performed but billings have yet to be issued due to projects milestone payment terms.

Cash and bank balances had decreased by S\$1.98 million to S\$1.76 million as at end 1H2015 as compared to S\$3.73 mil as at end FY2014. The reduction in the cash and bank balances were mainly attributed to the lower net profit generated in 1H2015, increase in cash flow used in the financing of the Group's working capital and the construction costs incurred for the Group's new waterfront facility, partially offset by net proceeds received from the issuance of placement shares in 1H2015.

Inventories decreased by S\$60,000 to S\$42,000 as at end 1H2015 as compared to S\$0.10 million as at end FY2014. There was no stock obsolescence recognised during the current financial period.

**Non-Current Assets**

Property, plant and equipment increased by S\$1.65 million mainly due to the costs incurred for construction of the Group's new waterfront facility, partially offset by depreciation expenses of S\$0.19 mil incurred in 1H2015.

Investment in an associated company increased marginally by S\$72,000 in 1H2015 from S\$7.99 million as at end FY2014 to S\$8.07 million as at end 1H2015. The Group's share of profit of the associated company was S\$0.19 million in 1H2015 as compared to S\$0.65 million in 1H2014 offset by dividend of S\$0.12 million received in 1H2015 as compared to S\$0.16 million received in 1H2014.

**Non-Current Liabilities**

The non-current borrowings had decreased by S\$36,000 due to the repayment during 1H2015.

**Current Liabilities**

Trade and other payables had increased by S\$13.96 million to S\$48.71 million in 1H2015 as compared to S\$34.75 million in FY2014 mainly attributed to the increased in trade payables by S\$6.23 million, amount due to customers by S\$5.36 million (mainly attributed to the billings for the second DES project) and other payables by S\$1.69 million. The amount due to customers comprised of down-payment received from customers and advance billings to customers in accordance to the projects milestone payment terms.

Borrowings had decreased by S\$0.63 million to S\$3.13 million as at end 1H2015 as compared to S\$3.76 million as at end FY2014.

Overall, the Group's current assets had increased marginally by S\$0.43 million to S\$10.74 million as at end 1H2015 as compared to S\$10.31 million as at FY2014. The net assets position of the Group had improved by S\$2.19 million to S\$39.79 million as at end of 1H2015 as compared to S\$37.60 million as at end of FY2014.

**(iii) Commentary on the cash flows statement**

**Net Cash from Operating Activities**

Net cash used in operating activities was increased by S\$0.79 million, to S\$2.08 million in 1H2015 as compared to S\$1.29 million in 1H2014. This was mainly due to the decrease in profit of S\$1.78 million in 1H2015 as compared to 1H2014, partially offset by the following working capital changes:-

- i) Increase in trade and other receivables reduced by S\$3.63 million, to S\$15.69 million in 1H2015 as compared to S\$19.32 million in 1H2014;
- ii) Increase in trade and other payables reduced by S\$1.26 million, to S\$13.85 million in 1H2015 as compared to S\$15.11 million in 1H2014; and
- iii) Decrease in bills payables by S\$0.59 million in 1H2015, as compared to an increase in bills payables by S\$1.23 million in 1H2014.

**Net Cash from Investing Activities**

Net cash used in investing activities had increased by S\$1.72 million mainly attributed to the construction costs incurred for the Group's new waterfront facility in 1H2015.

**Net Cash from Financing Activities**

Net cash provided by financing activities had increased to S\$1.82 million in 1H2015 as compared to net cash of S\$91,000 used in financing activities in 1H2014 mainly attributed to the net proceeds of S\$1.93 million from the issuance of placement shares in 1H2015.

Overall the cash and cash equivalent of the Group had improved to S\$0.48 million as at end 1H2015 as compared to negative cash and cash equivalent of S\$0.95 million as at 1H2014.

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

The Company had, in its FY2014 results announcement and annual report for FY2014, mentioned that the Group is actively looking at sub-contracting some activities to lower-cost locations including Vietnam, which do not face the shortages of skilled labour experienced in Singapore. At the same time it continues to seek out larger, higher-value projects while scaling up the value chain by enlarging its capabilities to provide integrated marine services. It also mentioned that the Group is concurrently looking out for potential strategic partnerships or acquisitions to expand its capabilities, leveraging on the strong global network of its related party, Koastal Group, which has presence in countries like China and Vietnam.

In May this year, the Group announced that the Company had entered into a definitive sale and purchase agreement for the proposed acquisition ("Proposed Acquisition") of the entire issued and paid-up share capital of Windale Holdings Limited, a private limited company incorporated under the laws of the British Virgin Islands (the "Target" and together with its subsidiaries and associated companies, the "Target Group"). Upon completion of the Proposed Acquisition, the Target shall own Koastal Pte. Ltd. ("Koastal") and its subsidiaries. Accordingly, the Company will be seeking the approval of the Shareholders in relation to the above. Shareholders are advised to continue to exercise caution in trading their Shares and to read all existing and future announcements and circular (to be despatched to the Shareholders in due course) by the Company in relation to the Proposed Acquisition carefully.

The Board believes that undertaking the Proposed Acquisition represents an opportunity for the EMS Group to significantly expand its service offerings to the offshore marine, oil and gas industry which complement its existing manufacturing and fabrication capabilities. The Proposed Acquisition will also provide a platform for the Enlarged Group to increase its presence in key markets such as China and Vietnam where the Koastal Group has long-standing relationship with major players in the industry and at the same time, may be able to move some of the production activities to Vietnam.

It is also expected that the Proposed Acquisition will combine EMS Group's expertise in manufacturing and custom fabrication with the sourcing, sales and marketing and project management capabilities of the Koastal Group. The synergies between the EMS Group and the Koastal Group will enable the Enlarged Group to provide multi-tiered turnkey solutions to their customers and to also participate in larger and higher-value projects. The EMS Group expects that it will be able to leverage and benefit from the potential operational synergies between the EMS Group and the Koastal Group, diversifying the EMS Group's earnings base and enhance long-term Shareholder value. The Proposed Acquisition is still in progress, and the Board expects that the benefits, if any, are only expected to yield results in subsequent financial years.

Save as disclosed above, the Company did not issue any further prospect statement. Please refer to the Company's FY2014 results announcement made on 20 February 2014 and its FY2014 annual report for more details.

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

The offshore, marine and energy industry worldwide has entered a period of uncertainty following steep falls in world crude oil prices. Compounding to this situation, the restrictions to foreign workers have contributed to a

labour shortage which has been felt particularly in the sector that the Group operates in. These factors have led to industry-wide project delays and pressure on margins.

Following completion of the Proposed Acquisition as mentioned in item 9 in the foregoing, the Enlarged Group will operate as a multi-tiered solutions provider for the marine and offshore oil and gas industry, offering EPCM services, trading services and offering higher-value engineering solutions to customers in Singapore and the wider Asia-Pacific region. The Board believes that the Proposed Acquisition and merger of the two groups of companies to combine the capabilities of the EMS Group and the Koastal Group to create a turnkey EPCM service provider with both manufacturing and fabrication capabilities will enhance the competitive edge of the Group.

As at the latest date, the testing facilities for Derrick Equipment Set ("DES") and winches for the Group's new waterfront facility at Tuas South have been completed while construction of the workshop and main building has begun. The scheduled completion date still remained at 1H2016.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Year of the Immediately Preceding Financial Year**

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

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

No dividend has been declared.

### 13. Interested Party Transaction

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)	
	1H2015	1H2014	1H2015	1H2014
	S\$'000	S\$'000	S\$'000	S\$'000
Purchases of materials from related corporation <sup>(i)</sup>	Nil	Nil	-	(2)
Sales to related corporation <sup>(i)</sup>	Nil	Nil	12,569	13,368
Dividend received from associated company	Nil	Nil	117	160
Payment made on behalf of related corporation <sup>(i)</sup>	Nil	Nil	(65)	(5)
Other miscellaneous charges charged (by)/ to related corporation <sup>(i)</sup>			(23)	1
Late payment interest charged to related corporation <sup>(i)</sup>			481	-
<b>Aggregate</b>	Nil	Nil	<b>13,079</b>	<b>13,522</b>

- (i). Mr Ting Teck Jin, the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, is also the managing director and controlling shareholder of Koastal Industries Pte Ltd ("Koastal"). Mr Ting Teck Jin and Koastal collectively hold 513,452,550 shares constituting approximately 32.73% in the capital of the Company. As such, Mr Ting Teck Jin and Koastal and its subsidiaries ("Koastal Group") are deemed to be an interested person in any interested person transactions between the Group and Koastal Group as defined under Chapter 9 of the Catalyst Rules.

Related corporation comprises mainly of a company which is controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances as at 30 June 2015 and 31 December 2014 arising from related party transactions are disclosed in 1(b)(i) Notes 1 and 2.

### 14. Use of Proceeds

In June 2015, the Company issued an aggregate of 88,000,000 placement shares at S\$0.023 per subscription share and raised S\$2.02 mil in gross proceeds pursuant to the shareholders' approval obtained at the AGM the Company held on 11 Apr 2015. The net proceeds after deducting the share issues expenses of approximately S\$94,000 was approximately S\$1.39 million. The use of the proceeds from the issuance of the placement shares were as follows:

Use of Gross Proceeds	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
To fund the order book of the Group	1,157 to 1,350	646	511 to 704
To fund the working capital of the Group namely the funding of the development of the new waterfront facility at Tuas South	579 to 772	250	329 to 522
Share Issue expenses	95	94	1
<b>Total</b>	<b>2,024</b>	<b>990</b>	<b>1,034</b>

**15. CONFIRMATION BY THE BOARD OF DIRECTORS**

We, Mr Ting Teck Jin and Mr Lim Poh Boon being two directors of the Company, do hereby confirm on behalf of the board of directors of the Company (the "Board") that, to the best of our knowledge, nothing has come to attention of the Board which may render the interim financial statements for the half year ended 30 Jun 2015 to be false and misleading in any material aspect.

**On behalf of the Board**

**Ting Teck Jin**  
Executive Chairman and Chief Executive Officer

**Lim Poh Boon**  
Non-Executive and Independent Director

**BY ORDER OF THE BOARD**

**Gwendolyn Gn**  
Company Secretary

Date: 11 August 2015

*This announcement 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 relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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