



ANNOUNCEMENT

CORRIGENDUM TO UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE 3 MONTHS ENDED 31 MARCH 2017

The board of directors (the "**Board**") of EMS Energy Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement made by the Company on 14 November 2017 ("**Previous Announcement**") in relation to the unaudited financial statements and dividend announcement for the 3 months ended 31 March 2017.

Unless otherwise defined, capitalised terms shall have the same meaning as ascribed to them in the Previous Announcement.

The Board wishes to inform that there were inadvertent administrative errors in the 1Q2016 comparative figures of the Previous Announcement whereby the Company had erroneously consolidated the FY2016 figures (instead of 1Q2016 figures) for one of its subsidiaries in the Group's income statement, cash flow statement and statement of changes in equity.

The revised 1Q2017 financial statements and dividend announcement is appended herein where the amendments have been tracked. A clean copy of the revised 1Q2017 financial statement and dividend announcement is also attached to the template cover.

BY ORDER OF THE BOARD
EMS Energy Limited

Chew Kok Liang
Company Secretary
15 December 2017

*This announcement has been prepared by EMS Energy Limited (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 ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE 3 MONTHS ENDED 31 MARCH 2017

Cautionary Note:

Since 1 August 2016 and up to the date of this announcement, announcements have been made by the Company in relation to the scheme of arrangement (“SOA”) of the Company, and its subsidiary, EMS Energy Solutions Pte Ltd (“EES”) as well as the liquidation of Koastal Industries Pte Ltd (“KIPL”). For latest details on the aforementioned, please refer to the Company’s announcement dated 3 Nov 2017.

Given the uncertainties arising from the on-going SOA, the Company would like to remind Shareholders that there are high degree of uncertainties as to the full implications and impact of the aforesaid SOA on the results announcement for the 3 months ended 31 March 2017 (“1Q2017”).

The Company also wishes to highlight that the Group had incurred a net loss of S\$0.9 million in 1Q2017. As at 31 Mar 2017, the Group’s current liabilities exceeded its current assets by S\$124.3 million and the Group was in a net liability position of S\$110.7 million.

The unaudited results announcement for 1Q2017 has been prepared on the assumption that the Group is able to continue as a going concern to the best of knowledge and belief of the Directors, and having made all reasonable enquiries to the management on the abovementioned. As at the date of this announcement, the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. The unaudited results announcement for 1Q2017 did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. The validity of the going concern basis on which the unaudited financial statements for 1Q2017 are prepared, is based on the following management’s assessment:

- (a) Upon the successful completion of the Company’s SOA, the Group’s financial position will be substantially improved with the debt to equity conversion.
- (b) The Group would no longer require to consolidate the accounts of KIPL following the placement of KIPL under creditors’ voluntary liquidation with effect from 24 Oct 2017, thus eliminating a considerable KIPL’s liabilities within the Group’s financials.
- (c) The Company is exploring fundraising exercise to strengthen its cash position.

Due to the foregoing, shareholders are cautioned against placing undue reliance on the unaudited results announcement for 1Q2017. Shareholders should also consult their stockbroker, bank manager, solicitor or other professional adviser if they have any doubt about the actions that they should take. The Company will make the necessary announcements as and when there are further developments.

PART I - INFORMATION REQUIRED FOR QUARTERLY 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

Three months period ended 31 Mar 2017 ("1QFY2017") vs three months period ended 31 Mar 2016 ("1QFY2016")

	The Group		Increase/ (Decrease) %
	1Q2017 S\$'000	1Q2016 S\$'000	
Continuing operations			
Revenue	2,637	12,972 24,238	(79.7)(89.1)
Cost of sales	(2,020)	(7,049) (17,483)	(71.3)(88.4)
Gross profit	617	5,923 6,755	(89.6) (90.9)
<i>Gross profit margin</i>	23.4%	45.7% 27.9%	
Other income	341	1,061 1,048	(67.9)(67.5)
Expenses			
- Administrative	(1,415)	(3,261) (4,394)	(56.6)(67.8)
- Distribution	(21)	(57) (47)	(63.2)(55.3)
- Other expenses	(15)	(15)	-
- Finance	(251)	(974)	(74.2)
Share of results of associated company	-	35	n.m.
Loss in disposal of associated company	(108)	-	n.m.
(Loss)/profit before income tax	(852)	2,712 2,408	n.m.
Income tax expense	-	(3) (53)	n.m.
Total (loss)/profit for the period attributable to equity of the Company	(852)	2,709 2,355	n.m.

	The Group		Increase/ (Decrease) %
	1Q2017 S\$'000	1Q2016 S\$'000	
Other comprehensive income/(loss) for the period:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference:			
- On translation of foreign operations	2,555	(1,240) (887)	n.m.
Available-for-sale financial assets:			
- Fair value gain transferred from fair value reserve on disposal of financial assets Deferred tax relating to component of other comprehensive income	-	12	n.m.
	-	12	
Share of other comprehensive income of associated company:			
- Fair value loss on available-for-sale assets	5	-	n.m.
- Translation reserve	(1)	(2) (3)	n.m.
	4	(2) (3)	n.m.
Items that will not be reclassified subsequently to profit or loss:			
Loss on revaluation of property	-	(662)	n.m.
Share of other comprehensive income of associated company:			
- Revaluation deficit	(1,862)	-(662)	n.m. 181.3
Other comprehensive income/(loss), net of tax	697	(1,892) (1,540)	n.m.
Total comprehensive income for the period attributable to equity holders of the Company	(155)	817 815	n.m.

Note: n.m. - not meaningful

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

	The Group		Increase/ (Decrease) %
	1Q2017 S\$'000	1Q2016 S\$'000	
Depreciation of property, plant and equipment (PPE)	(36)	<u>(179)</u> (215)	<u>(79.9)</u> (83.2)
Depreciation of investment properties	-	(1)	n.m.
Fair value loss arising from derivative financial instruments	(15)	(15)	-
Foreign exchange gain	338	<u>705692</u>	<u>(52.1)</u> (51.1)
Employee compensation	(822)	<u>(2,383)</u> (3,283)	<u>(65.5)</u> (75.0)
Employee share option expenses	-	(7)	n.m.
Professional fees	(372)	<u>(213)</u> (211)	<u>74.7</u> 76.3
Interest income	-	3	n.m.
Interest expenses	(251)	(974)	(74.2)

Note: n.m. - not meaningful

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

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31 Mar 2017 S\$'000	As at 31 Dec 2016 S\$'000	As at 31 Mar 2017 S\$'000	As at 31 Dec 2016 S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	9,498	9,544	8,995	8,996
Available-for-sale financial assets	3,986	3,986	-	-
Deferred tax assets	121	125	-	-
Total non-current assets	13,605	13,655	8,995	8,996
Current Assets				
Inventories	4,160	648	-	-
Trade & other receivables	5,025	9,639	530	671
Amount due from customers	3,941	3,868	-	-
Prepayments	115	12	11	12
Tax recoverable	-	43	-	-
Fixed deposits	180	-	-	-
Cash & cash equivalents	1,082	433	14	1
	14,503	14,643	555	684
Assets held for sale				
- Investments in associated company	-	2,978	-	-
- Leasehold land & building	5,600	5,600	-	-
Total current assets	20,103	23,221	555	684
Total Assets	33,708	36,876	9,550	9,680
EQUITY AND LIABILITIES				
Equity				
Share capital	167,711	167,711	167,711	167,711
Other reserves	(147,755)	(148,453)	85	85
Accumulated losses	(130,629)	(131,635)	(197,924)	(197,574)
Total Equity	(110,673)	(112,377)	(30,128)	(29,778)

STATEMENT OF FINANCIAL POSITION (CONT'D)

	Group		Company	
	As at 31 Mar 2017 S\$'000	As at 31 Dec 2016 S\$'000	As at 31 Mar 2017 S\$'000	As at 31 Dec 2016 S\$'000
Current Liabilities				
Trade & other payables	40,027	42,604	39,678	39,458
Advances from contract customers	2,413	2,080	-	-
Amount due to customers	57,990	59,957	-	-
Bank borrowings	21,896	22,670	-	-
Borrowings from third parties	12,538	12,360	-	-
Convertible loan	5,942	5,942	-	-
Financial derivative liabilities	2,987	2,972	-	-
Provision for warranty	-	33	-	-
Current income tax liabilities	588	635	-	-
Total current liabilities	<u>144,381</u>	<u>149,253</u>	<u>39,678</u>	<u>39,458</u>
Total Liabilities	144,381	149,253	39,678	39,458
Net Liabilities	(110,673)	(112,377)	(30,128)	(29,778)
Net Current Liabilities	(124,278)	(126,030)	(39,123)	(38,774)

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2017		As at 31 Dec 2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
40,376	-	40,972	-

Amount repayable after one year

As at 31 Mar 2017		As at 31 Dec 2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral as at 31 Mar 2017

The management has confirmed that no creditors have exercised their rights on any of the collateral given by the Company and no cross-default clauses have been triggered as at the date of this announcement.

	Repayable less than one year S\$'000	Repayable more than one year S\$'000	Total S\$'000
Bank Borrowings			
Term Loan 1	1,680	-	1,680
Term Loan 2	2,088	-	2,088
Term Loan 3	887	-	887
Term Loan 4	2,551	-	2,551
Term Loan 5	1,620	-	1,620
Term Loan 6	8,089	-	8,089
Term Loan 7	106	-	106
Term Loan 8	1,247	-	1,247
Bills payable	3,504	-	3,504
Bank overdrafts	124	-	124
	21,896	-	21,896
Borrowings from third parties /			
Convertible loan			
Borrowings from third parties ⁽¹⁾	12,538	-	12,538
Convertible loan ⁽²⁾	5,942	-	5,942
	18,480	-	18,480
Total borrowings	40,376	-	40,376

The bank borrowings are generally secured by short-terms deposits, mortgages over the Group's properties, assignment of contract and charge over project proceeds, pledge of insurance policies, corporate guarantees issued by the subsidiaries and/or the Company and joint and several guarantees of directors of the subsidiaries.

Details of any collateral as at 31 Mar 2017 (Cont'd)

As announced on 19 Sep 2016, Mr Ting Teck Jin and Titanium Holdings LLC have granted share charge of total 271,000,000 shares of the Company held by them to Asean Finance Corporation Limited on 13 Sep 2016 as security for an extension of short-term project loan facility of US\$5.8 million extended by Asean Finance Corporation Limited to KIPL as noted in Term Loan 6.

Borrowings from third parties / Convertible loan

Note 1:

In FY2014, a subsidiary of the Group, Koastal International Pte Ltd ("KPL") entered into a put and call option deed with Philip Ventures Enterprise Fund 3 Ltd and Venstar Investments II Ltd (collectively the "PV Investors"). The PV Investors hold 100% of the shares in the capital of 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 S\$5,257,000). In addition to the purchase consideration, ODH has also made capital injections of US\$1,020,000 and US\$1,584,000 (approximately S\$3,255,000 in total) in Nov 2014 and Mar 2015 respectively. The purchase consideration and capital injection amounted to S\$8,512,000 ("Investment Amount") is expected to be settled in Singapore Dollars.

Under the above arrangement,

- (a) The PV Investors has granted the subsidiary a call option to require the PV Investors to sell to the Company all the shares of ODH at 122.5% of the Investment Amounts ("**Call Option**");
- (b) The subsidiary has granted the PV Investors the option to require the subsidiary to purchase all of the shares of ODH held by the PV Investors at 122.5% of the Investment Amounts ("**Put Option**");
- (c) The Put Option and Call Option are exercisable 18 months from Aug 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. The borrowings from the PV Investors is measured at amortised cost using the effective interest method after taking into account the fair value of share warrants issued to the PV Investors.

The Put Option and Call Option were lapsed on Mar 2016. The PV Investors has sent letter of demand and as at the date of this announcement, the Company and the PV Investors are in discussion with the aim to reach a settlement.

Note 2:

In Jun 2015, a subsidiary of the Group KPL entered into a subscription agreement with Venstar Investments III Ltd ("**Venstar III**") in relation to the issue and subscription of convertible notes with an aggregate principal value of US\$5.0 million (the "**Notes**"), convertible at the option of Venstar III into new ordinary shares in the capital of the Company (the "**Exchange Shares**"), subject to and in accordance with the terms and conditions of the Notes. The Notes has a maturity date of 36 months from the issue date of the Notes ("**Maturity Date**"). Unless otherwise defined, all capitalised terms used herein shall have the meanings ascribed to them in the Company's circular dated 30 Sep 2015.

The terms of the conversion are:

- (a) 25.0% of the principal amount of the Notes may be converted in whole or in part at the time of the Listing (the "**First Tranche Exchanged Shares**");
- (b) 35.0% of the principal amount of the Notes, together with any balance principal amount not converted pursuant to paragraph (a) above may be converted in whole or in part at any time during the period commencing on the earlier of (i) the first anniversary of the Listing and (ii) the date falling six (6) months prior to the Maturity Date, and ending on the Maturity Date (the "**Second Tranche Exchanged Shares**"); and

Details of any collateral as at 31 Mar 2017 (Cont'd)

- (c) the remaining principal amount of the Notes which has not been converted pursuant to paragraphs (a) and (b) above may be converted in whole or in part at any time during the period commencing on the earlier of (i) the second anniversary of the Listing and (ii) the date falling six (6) months prior to the Maturity Date, and ending on the Maturity Date (the “**Third Tranche Exchanged Shares**”).

The conversion price of the Notes (the “**Conversion Price**”) are as follows:

- (a) in respect of the First Tranche Exchanged Shares, the conversion price for each First Tranche Exchanged Share shall be S\$0.23; and
- (b) in respect of the Second Tranche Exchanged Shares and the Third Tranche Exchanged Shares, the conversion price for each such share shall be S\$0.345; and
- (c) in any other case:
 - (i) in respect of the First Tranche Exchanged Shares, the conversion price for each First Tranche Exchanged Share shall be equivalent to a 33.0% discount to the issue price of the consideration shares issued for the Acquisition; and
 - (ii) in respect of the Second Tranche Exchanged Shares and the Third Tranche Exchanged Shares, the conversion price for each such share shall be equivalent to the issue price of the consideration shares issued for the Acquisition.

The security granted to Venstar III comprises a personal guarantee executed by a Director in favour of Venstar III, as well as the corporate guarantee that KPL and the Director are to procure to be executed by the Company in favour of Venstar III in accordance with the terms of the Convertible Notes Subscription Agreement and any and every other document (including all amendments, variations and/or modifications thereto) from time to time executed to secure the obligations of KPL pursuant to and in connection with the Notes.

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

Consolidated Cash Flow Statement

	The Group	
	1Q2017 S\$'000	1Q2016 S\$'000
Cash flows from operating activities		
Total (loss)/ profit	(852)	<u>2,712</u> 2,408
Adjustments for:		
Depreciation of investment properties	-	1
Depreciation of property, plant and equipment	36	<u>179</u> <u>245</u>
Employee share option expenses	-	7
Fair value loss arising from derivative financial instruments	15	15
Fair value gain <u>loss</u> on revaluation of leasehold land and building	-	(662)
Fair value loss transferred from fair value reserve on disposal of financial assets, available for sale	6	13
Provision for warranties	(33)	(59)
Share of results of associated company	-	(35)
Loss on disposal of associated company	108	-
Interest expense	251	974
Interest income	-	(3)
Unrealised exchange differences	2,562	<u>(4,106)</u> (1,076)
	<u>2,093</u>	<u>(961)</u> <u>1,798</u>
Changes in working capital:		
Inventories	(3,512)	(190)
Trade and other receivables	4,657	5,706
Prepayments	(103)	2,523
Trade and other payables	(3,574)	<u>(4,377)</u> (4,376)
Advances from contract customers	333	(2,323)
Amount due from contract customers	(73)	(504)
Amount due to contract customers	(1,967)	2,753
Cash used in operations	(2,146)	<u>2,627</u> 5,387
Income taxes paid	(43)	(196)
Net cash (used in)/from operating activities	<u>(2,189)</u>	<u>2,431</u> <u>1,191</u>
Investing activities		
Interest received	-	(3)
Proceeds from disposal of available-for-sale investments	-	<u>491,220</u>
Proceeds from disposal of associated company	2,860	-
Net cash from investing activities	<u>2,860</u>	<u>491,222</u>

Consolidated Cash Flow Statement (cont'd)

	The Group	
	1Q2017 S\$'000	1Q2016 S\$'000
Financing activities		
Loan from/ (repayment to) a director	999	(643)
Decrease/(increase) in fixed deposits pledged	(180)	7,709
Interest paid	(73)	(974)
Interest paid on PVDO	-	(1,171)
Proceeds from bank borrowings	-	648
Repayment of bank borrowings	(795)	(596)(3,358)
Repayment of finance liabilities	-	(3)
Net cash (used in)/provided by financing activities	(49)	6,141(2,208)
Net changes in cash and cash equivalents	622	8,621
Cash and cash equivalents at beginning of the period	330	226
Effects of currency translation on cash and cash equivalents	6	(637)(638)
Cash and cash equivalents at end of the period (Note A)	958	8,210
Note A: Cash and cash equivalents comprised of:		
Cash and bank balances as per statement of financial position	1,082	8,313
Less: Bank overdrafts	(124)	(103)
	958	8,210

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

Group	Share capital S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Revaluation reserve S\$'000	Share option reserves S\$'000	Merger reserve S\$'000	Other reserve S\$'000	(Accumulated losses) / Retained earnings S\$'000	Total equity S\$'000
Balance as at 1 Jan 2017	167,711	268	(47)	(5,937)	6,179	85	(149,000)	(148,452)	(131,635)	(112,376)
Loss for the period	-	-	-	-	-	-	-	-	(852)	(852)
Other comprehensive income										
Currency translation differences:										
On translation of foreign operations	-	-	-	2,555	-	-	-	2,555		2,555
Share of other comprehensive income of associated company:										
Translation reserve	-	-	-	(1)	-	-	-	(1)	1	-
Fair value gain on available-for-sale financial asset	-	-	5	-	-	-	-	5	(5)	-
Revaluation deficit					(1,862)			(1,862)	1,862	-
Total other comprehensive income for the period, net of tax	-	-	5	2,554	(1,862)	-	-	697	1,858	2,555
Total comprehensive income for the period	-	-	5	2,554	(1,862)	-	-	697	1,006	1,703
Balance as at 31 Mar 2017	167,711	268	42	(3,383)	4,317	85	(149,000)	(147,755)	(130,629)	(110,673)

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)

Consolidated Statement of Changes in Equity (cont'd)

Group	Share capital S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Revaluation reserve S\$'000	Share option reserves S\$'000	Merger reserve S\$'000	Other reserve S\$'000	(Accumulated losses) / Retained earnings S\$'000	Total equity S\$'000				
Balance as at 1 Jan 2016	167,711	268	161	(2,003)	6,525	80	(149,000)	(143,969)	(11,511)	12,231				
Profit for the period	-	-	-	-	-	-	-	-	<u>2,709</u> 2355	<u>2,709</u> 2,355				
Other comprehensive income														
On translation of foreign operations	-	-	-	(1,240)	(887)	-	-	(1,240)	(887)	(1,240)	(887)			
Fair value gain transferred from fair value reserve on disposal of financial assets	-	-	12	-	-	-	-	12	-	12	-			
Deferred tax relating to component of other comprehensive income	-	-	-	-	(662)	-	-	(662)	-	(662)	-			
Revaluation deficit	-	-	-	(2)	(3)	-	-	(2)	(3)	(2)	(3)			
Translation reserve	-	-	-	(2)	(3)	-	-	(2)	(3)	(2)	(3)			
Total other comprehensive income for the period, net of tax	-	-	12	(1,242)	(890)	-	-	(1,892)	(540)	-	(1,892)	(540)		
Total comprehensive income for the period	-	-	12	(1,242)	(890)	-	-	(1,892)	(540)	2,709	2,355	817	845	
Contribution by owners of the parent	-	-	-	-	-	-	-	-	-	-	-	-	-	
Employees share option expenses	-	-	-	-	-	7	-	7	-	-	-	7	-	
Balance as at 31 Mar 2016	<u>167,711</u>	<u>268</u>	<u>173</u>	<u>(3,245)</u>	<u>(2,893)</u>	<u>5,863</u>	<u>87</u>	<u>(149,000)</u>	<u>(145,854)</u>	<u>(145,502)</u>	<u>(8,802)</u>	<u>(9,156)</u>	<u>13,055</u>	<u>13,053</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 (*cont'd*).

STATEMENT OF CHANGES IN EQUITY

Company	Share Capital	Accumulated Losses	Share Option Reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2017	167,711	(197,574)	85	(29,778)
Total comprehensive loss for the period	-	(350)	-	(350)
Balance at 31 Mar 2017	167,711	(197,924)	85	(30,128)

Company	Share Capital	Accumulated Losses	Share Option Reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2016	167,711	(50,200)	80	117,591
Total comprehensive loss for the period	-	(589)	-	(589)
Employees share option expenses	-	-	7	7
Balance at 31 Mar 2016	167,711	(50,789)	87	117,009

1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

(i) Details of changes in the Company’s issued share capital:

There were no changes in the Company’s share capital since ~~31~~ Dec 2016.

(ii) Outstanding Options under the EMS Energy Employee Share Option Scheme (“Share Options”) dated 30 July 2009 (the “Scheme”):

As at 31 Mar 2017, 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 1Q2017	Exercise price per option	Exercisable date
Independent Directors	2,250,000	2,250,000	S\$0.027	24 Feb 2015 to 23 Feb 2019
Controlling Shareholder	10,500,000	10,500,000	S\$0.027	24 Feb 2015 to 23 Feb 2024
Executive Officers (Excluding controlling shareholder)	3,000,000	3,000,000	S\$0.027	24 Feb 2015 to 23 Feb 2024
	15,750,000	15,750,000		

(iii) Warrants

In FY2015, the Company entered into a warrant exchange agreement with the PV Investors in which the Company allotted 9,702,898 non-listed Warrants at the exercise price of S\$0.276 for each new share in the Company to the PV Investors. The warrants had expired on 3 Aug 2017.

(ii) Convertible Notes

As disclosed in Section 1(b)(ii) on the details of collateral, KPL entered into a subscription agreement with Venstar III in relation to the Notes, convertible at the option of Venstar III into Exchange Shares, subject to and in accordance with the terms and conditions of the Notes. The Notes has a maturity date of 36 months from the issue date of the Notes.

In view of the on-going restructuring and non-payment of interests, Venstar III has since demanded repayment. As at the date of this announcement, the Company has received a Proof of Debt from Venstar III with full outstanding amount of S\$8,765,768 against the Company as Corporate Guarantor and the Company has admitted the claim to its approved SOA.

Save for the aforementioned Share Options, Warrants and Convertible Notes, the Company did not have any other outstanding convertibles as at 31 Mar 2017 and 31 Mar 2016.

The Company did not have any treasury shares or subsidiary holdings as at 31 Mar 2017 and 31 Mar 2016.

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 31 Mar 2017 and 31 Dec 2016	448,735,224	167,711

The Company did not have any treasury shares as at 31 Mar 2017 and 31 Dec 2016.

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

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 auditing standard or practice.

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 a matter)

Not applicable.

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

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 consolidated financial statements as at 31 Dec 2016.

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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).**

	The Group	
	1Q2017 (Cents)	1Q2016 (Cents)
(Loss)/Earnings per ordinary share for the period attributable to equity holders of the Company:		
(a) Based on weighted average number of ordinary shares in issue	(0.19)	<u>0.60</u> 0.52
(b) On a fully diluted basis	(0.19)	<u>0.60</u> 0.52

Note:

For the purpose of calculating the dilutive earnings per share, the weighted average numbers of ordinary outstanding are adjusted for the dilutive effects of all potential dilutive ordinary shares.

The loss per ordinary share for the financial period under review is calculated based on the weighted average of 448,735,224 (1Q2016: 448,735,224) ordinary shares in issue.

As at 31 Mar 2017, there were (i) 15,750,000 (31 Mar 2016: 15,750,000) Share Options under the EMS Energy Employees Share Option Scheme, (ii) 9,702,898 warrants (31 Mar 2016: 9,702,898) and (iii) S\$6,708,000, being the Singapore Dollar equivalent of US\$5.0 million of Convertible Notes (31 Mar 2016: S\$6,708,000) convertible up to 21,873,912 Exchanged Shares. The outstanding Share Options, Warrants and Convertible Notes were not included in the weighted average number of ordinary shares for the purpose of computing the diluted loss per share for 1Q2017 and 1Q2016 as the Group was in a loss position in 1Q2017 and the potential shares were anti-dilutive for 1Q2016, respectively.

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

	The Group		The Company	
	As at 31 Mar 2017 (Cents)	As at 31 Dec 2016 (Cents)	As at 31 Mar 2017 (Cents)	As at 31 Dec 2016 (Cents)
Net asset value per ordinary share based on issued share capital at end of period	(24.66)	(25.04)	(6.71)	(6.64)

Net asset value per share as at end 31 Mar 2017 is calculated based on 448,735,224 shares (31 Dec 2016: 448,735,224 shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

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

Revenue

The Group's revenue in 1Q2017 reduced by ~~79.7%~~ ~~89.1%~~ or S\$~~10.4~~ ~~S\$21.6~~ million to S\$2.6 million in 1Q2017 from S\$~~13.0~~ ~~24.2~~ million in 1Q2016 due to cessation of KIPL and EES operations since Sep 2016 due to financial difficulties. ~~The revenue generated in 1Q2017 was mainly contributed by the Engineering, Procurement and Construction Management – Water Treatment ("EPCM-WT") segment.~~

<u>S\$' million</u>	<u>1Q2017</u>	<u>1Q2016</u>	<u>Change</u>	<u>Reason for the change</u>
<u>EPCM-MOT</u>	<u>1.7</u>	<u>9.3</u>	<u>(7.6)</u>	<u>KIPL & EES ceased operations</u>
<u>EPCM-WT</u>	<u>0.9</u>	<u>3.7</u>	<u>(2.8)</u>	<u>Lower business activities</u>
<u>Total</u>	<u>2.6</u>	<u>13.0</u>	<u>(10.4)</u>	

Cost of sales & gross profit

In line with the decline in revenue, the Group's cost of sales had reduced by ~~89.6%~~ ~~88.4%~~ or S\$5.0 ~~S\$15.5~~ million to S\$2 million in 1Q2017 compared to S\$~~7.0~~ ~~S\$17.5~~ million in 1Q2016. The gross profit margin had also decreased ~~marginally~~ to 23.4% for 1Q2017 compared to ~~45.7%~~ ~~27.9%~~ for 1Q2016 due to cessation of KIPL and EES operations.

Other income

Other income reduced by 67.9% ~~67.5%~~ or S\$0.7 million to S\$0.3 million in 1Q2017 compared to S\$1.0 million in 1Q2016 mainly attributed to the absence of commission income of S\$0.2 million in 1Q2017 arising from the cessation of KIPL operations compared to commission income of S\$0.2 million in 1Q2016 and lower foreign exchange gain of S\$0.4 million due to depreciating USD against SGD.

Administrative expenses

Administrative expenses decreased by S\$~~1.8~~ ~~3.0~~ million or 56.6% ~~67.8%~~ to S\$1.4 million in 1Q2017 compared to S\$3.3 ~~S\$4.4~~ million in 1Q2016 mainly due to the lower employee compensation arising from headcount reduction as part of the cost cutting measures. Depreciation of property, plant and equipment reduced by 79.9% ~~83.2%~~ to S\$36,000 in 1Q2017 following the impairment made to property, plant and equipment in FY2016.

Distribution expenses

Distribution expenses reduced by 63.2% ~~55.3%~~ to S\$21,000 in 1Q2017 as compared to 1Q2016 due to the cessation of KIPL and EES operations.

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

Other expenses

Other expenses remained the same in 1Q2017.

Finance costs

Finance costs decreased by 74.2% to S\$0.2 million in 1Q2017 compared to S\$1.0 million in 1Q2016 due to partial repayment of bank borrowings in previous quarters. The banks had also stopped charging KIPL the Group interest on outstanding borrowings since KIPL's the Company's application to court for its scheme of arrangement in Sep 2016.

Share of results of associated company / Loss on disposal of associated company

The Group disposed its investment in associated company in 1Q2017, contributed to a loss of S\$0.1 million from the proceeds of S\$2.8 million on disposal.

Income tax expense

There was no income tax expense incurred by the Group for 1Q2017 as the two major subsidiaries had ceased operations since Sep 2016.

Due to the foregoing, the Group's net loss attributed to equity holders of the Company was S\$0.9 million in 1Q2017 as compared to a net profit of S\$2.7 ~~S\$2.4~~ million in 1Q2016.

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

Current Assets

Inventories increased by S\$3.4 million to S\$4.2 million as at 31 Mar 2017 as compared to S\$0.6 million as at 31 Dec 2016. The increase was due to work in progress projects for EPCM – WT segment in Vietnam.

Trade and other receivables reduced by S\$4.6 million to S\$5.0 million as at 31 Mar 2017 as compared to S\$9.7 million as at 31 Dec 2016 mainly due to repayment of S\$3.4 million by debtors and repayment of loan by a director of a foreign subsidiary of S\$1.2 million.

Amount due from customers increased slightly to S\$3.9 million as at 31 Mar 2017 mainly contributed from the revenue generated from EPCM – WT segment for projects in Vietnam.

Cash and cash equivalents increased by S\$0.6 million to S\$1.0 million as at 31 Mar 2017 from S\$0.4 million as at 31 Dec 2016 mainly due to proceeds from disposal of associated company of S\$2.8 million after repayment of bank borrowings of S\$2.3 million. The fixed deposits of S\$180,000 as at 31 Mar 2017 were pledged for trade facilities in Vietnam.

The Group disposed its investment in an associated company in 1Q2017 for proceeds of S\$2.8 million.

(ii) **Commentary on the Statements of Financial Position (Cont'd)**

The leasehold land and building of S\$5.6 million relates to the investment property in EMS Energy Solutions Pte Ltd which had been reclassified to asset held for sale of S\$5.6 million as the Group commenced the disposal of the property subsequent to 31 Dec 2016. As at the date of this announcement, the disposal of the property is still in progress.

Non-Current Assets

Property, plant and equipment comprise mainly of investment in Tuas South shipyard. Property, plant and equipment decreased mainly due to depreciation charges.

Current Liabilities

Trade and other payables decreased by S\$2.5 million to S\$40.0 million as at 31 Mar 2017 compared to S\$42.6 million as at 31 Dec 2016 due payments made to trade and non-trade suppliers.

Advances from contract customers increased by S\$0.3 million as at 31 Mar 2017 mainly due to the projects in Vietnam.

Amount due to customers comprises the claims by Shanghai Shipyard Co., Ltd amounting to S\$58.0 million in relation to the termination of contracts of a major project. Amount due to customers decreased by S\$2.0 million to S\$58.0 million as at 31 Mar 2017 compared to S\$60.0 million as at 31 Dec 2016 mainly due to recognition of revenue from the projects in Vietnam.

Bank borrowings decreased by S\$0.8 million to S\$21.9 million as at 31 Mar 2017 from S\$22.7 million as at 31 Dec 2016 due to repayment of bank borrowings during the period. Borrowings from third parties had increased by S\$0.2 million to S\$12.5 million as at 31 Mar 2017 mainly due to interest expense on the loan.

Negative working capital and net liability position

The Group was in a negative working capital position of S\$124.3 million and S\$126.0 million as at 31 Mar 2017 and 31 Dec 2016 respectively. In addition, the Group was in a net liability position of S\$110.7 million as at 31 Mar 2017 compared to S\$112.4 million as at 31 Dec 2016.

Notwithstanding the above, the Board is of the view that the Group is able to operate as a going concern due to the following:

- a. Upon the successful completion of Company's scheme of arrangement, the Group's financial position will be substantially improved with the debt to equity conversion.
- b. The Group would no longer require to consolidate the accounts of KIPL following the placement of KIPL under creditors' voluntary liquidation with effect from 24 Oct 2017, thus eliminating a considerable KIPL's liabilities within the Group's financials.
- c. The Company is exploring fundraising exercise to strengthen its cash position.

The Company will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

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

Net Cash used in Operating Activities

Net cash used in operating activities was S\$2.2 million in 1Q2017 compared to net cash from operating activities of S\$~~2.4~~ ~~S\$5.4~~ million in 1Q2016.

This was mainly due to decrease in trade and other payables of S\$3.6 million, increase in inventories of S\$3.5 million and decrease in amount due to contract customers of S\$2.0 million, offset by an increase in trade and other receivables of S\$4.7 million and advances from contract customers of S\$0.3 million.

Net Cash from Investing Activities

Net cash from investing activities of S\$2.8 million in 1Q2017 was mainly due to proceeds of S\$2.8 million from the disposal of associated company.

Net Cash used in Financing Activities

Net cash used in financing activities in 1Q2017 was mainly attributed to repayment of bank loan of S\$0.8 million, ~~interest payment of S\$0.8 million~~, increase in fixed deposits pledged of S\$0.2 million, offset with additional loan from a director of S\$1.0 million.

Due to the foregoing, the Group had cash and cash equivalents of S\$1.0 million as at end 1Q2017 compared to cash and cash equivalents of S\$8.2 million as at end 1Q2016

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

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

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

The Company is currently in the midst of implementing the scheme of arrangement of the Company after the scheme was sanctioned by the High Court on 8 Sep 2017.

The Creditors' Voluntary Liquidation of KIPL commenced on 24 Oct 2017 and the sanction of the scheme proposed by EES has been fixed ~~for hearing to be heard~~ on 28 Nov 2017 at 9.30am in the High Court.

Barring from unforeseen circumstances, the Directors are cautiously optimistic about the Group revival upon the SOA implementation, finding a strategic investor for the Tuas South Shipyard as well as a strategic investor for the Group which may or may not introduce a new business.

The Company is working towards resumption trading of the Company's shares at the soonest possible timeframe.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared for 1Q2017.

(b) Amount per share (cents) and previous corresponding period (cents).

Not applicable. No dividend has been declared for 1Q2016.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for 1Q2017.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not enter into any IPT of more than S\$100,000 in 1Q2017.

The Group has not obtained a general mandate from shareholders for IPT in 1Q2017.

14. Confirmation Pursuant to Rule 705(5) of the Catalist Rules

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 unaudited financial statements for the 3 months ended 31 Mar 2017 to be false and misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Catalist Rules

The Company has procured the undertakings from all its Directors and executive officers (in the format set out in Appendix 7H) as required under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD
EMS Energy Limited

[Chew Kok Liang](#)
[Wong Chuen Shya](#)
Company Secretary
[15 December 2017](#)
[14 November 2017](#)

*This announcement has been prepared by EMS Energy Limited (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 (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

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