

ANNOUNCEMENT

CLARIFICATION ON DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors of EMS Energy Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) refers to the announcement released by the Company on 29 February 2016 in relation to its unaudited financial result for the financial year ended 31 December 2015 (“**FY2015**”) (the “**Unaudited Financial Statement**”). Further reference is made to the audited financial statements of the Company for FY2015 (the “**Audited Financial Statement**”) which will be provided to shareholders of the Company and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in due course.

Pursuant to Rule 704(5) of the Listing Manual (Rules of Catalist) of the Singapore Exchange Securities Trading Limited, the Board would like to highlight that there are certain adjustments and reclassifications made to the Audited Financial Statements compared to what was disclosed in the Unaudited Financial Statements following the finalisation of the audit. A summary of the adjustments and reclassifications are set out below.

Consolidated Statement of Comprehensive Income

	Unaudited Financial Statement S\$'000	Audited Financial Statement S\$'000	Variance S\$'000	Note
Continuing operations				
Revenue	68,881	68,881	-	
Cost of sales	(55,964)	(55,964)	-	
Gross profit	12,917	12,917	-	
<i>Gross profit margin</i>	<i>18.80%</i>	<i>18.80%</i>	-	
Other income	3,098	3,051	47	(1)
Expenses				
- Distribution costs	(175)	(175)	-	
- Administrative	(22,040)	(14,392)	(7,648)	(2)
- Other expenses	-	(7,664)	7,664	(2)
- Finance	(3,428)	(3,428)	-	
Share of results of associated companies	248	248	-	
Loss before income tax	(9,380)	(9,443)	63	(3)
Income tax expense	(797)	(797)	-	
Net (loss)/ profit attributable to equity holders of the Company	(10,177)	(10,240)	63	(3)

Consolidated Statement of Comprehensive Income (cont'd)

	Unaudited Financial Statement S\$'000	Audited Financial Statement S\$'000	Variance S\$'000	Note
Other comprehensive (loss)/ income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences				
- On translation of foreign operations	(536)	(476)	(60)	(3)
Available-for-sale financial assets				
- Gains arising during the year	42	42	-	
- Deferred tax relating to component of other comprehensive income	(7)	(7)	-	
	35	35	-	
Share of other comprehensive income of associated companies				
- Fair value gain on available sale assets	4	4	-	
- Translation reserve	4	4	-	
	8	8	-	
Items that will not be reclassified subsequently to profit or loss:				
- Gain on revaluation of property	2,825	2,825	-	
Share of other comprehensive income of associated companies				
- Revaluation surplus	124	124	-	
Other comprehensive income, net of tax	2,456	2,516	(60)	(3)
Total comprehensive (loss)/ income attributable to equity holders of the Company	<u>(7,721)</u>	<u>(7,724)</u>	3	

Notes:

- (1) The variances were attributed to the reclassification of the foreign exchange differences on translation of foreign currencies transactions of subsidiaries.
- (2) The variance were mainly attributed to the reclassification of (i) impairment loss on intangible assets of S\$1.80 million, (ii) impairment loss on investment in associate of S\$2.10 million and professional fees of S\$3.76 million which pertains mainly to the one-off professional fees incurred for the acquisition of the Koastal Group.
- (3) As a result of and as explained under Notes (1) and (2).

Consolidated Statement of Financial Position

	Unaudited Financial Statement		Audited Financial Statement		Variance		Note
	The Group	The Company	The Group	The Company	The Group	The Company	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
ASSETS							
Current assets							
Cash and cash equivalents	8,105	19	8,105	19	-	-	
Trade and other receivables	29,875	18,654	29,873	25,129	2	(6,475)	(4)
Amount due from contract customers	44,621	-	44,621	-	-	-	
Prepayments	7,764	41	7,764	41	-	-	
Inventories	686	-	686	-	-	-	
	91,051	18,714	91,049	25,189	2	(6,475)	
Non-current assets							
Property, plant and equipment	17,606	6,086	17,606	6,086	-	-	
Investment properties	201	-	201	-	-	-	
Investment in subsidiaries	-	129,251	-	129,251	-	-	
Investment in associated company	6,057	-	6,057	-	-	-	
Available-for-sale financial assets	9,732	-	9,732	-	-	-	
Intangible assets	7,469	-	7,469	-	-	-	
Deferred tax assets	125	-	125	-	-	-	
	41,190	135,337	41,190	135,337	-	-	
Total Assets	132,241	154,051	132,239	160,526	2	(6,475)	
LIABILITIES							
Current liabilities							
Trade and other payables	59,001	3,960	58,954	3,960	47	-	
Amount due to subsidiaries	-	32,500	-	38,975	-	(6,475)	(4)
Advances from contract customers	9,783	-	9,783	-	-	-	
Amount due to contract customers	3,404	-	3,404	-	-	-	
Finance lease liabilities	3	-	3	-	-	-	
Borrowings	27,849	-	27,849	-	-	-	
Borrowings from third parties	10,470	-	10,470	-	-	-	
Derivatives liabilities	1,020	-	1,020	-	-	-	
Provision for warranties	252	-	252	-	-	-	
Income tax payables	1,138	-	1,138	-	-	-	
	112,920	36,460	112,873	42,935	47	(6,475)	
Non-current liabilities							
Financial derivatives liabilities	1,892	-	1,892	-	-	-	
Borrowings from third parties	5,218	-	5,218	-	-	-	
Deferred tax liabilities	25	-	25	-	-	-	
	7,135	-	7,135	-	-	-	
Total Liabilities	120,055	36,460	120,008	42,935	47	(6,475)	

Consolidated Statement of Financial Position (cont'd)

	Unaudited Financial Statement		Audited Financial Statement		Variance		Note
	The Group	The Company	The Group	The Company	The Group	The Company	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
NET ASSETS	<u>12,186</u>	<u>117,591</u>	<u>12,231</u>	<u>117,591</u>	<u>(45)</u>	<u>-</u>	
NET CURRENT LIABILITIES	<u>(21,869)</u>	<u>(17,746)</u>	<u>(21,824)</u>	<u>(17,746)</u>	<u>(45)</u>	<u>-</u>	
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	167,711	167,711	167,711	167,711	-	-	
Retained earnings	(11,496)	(50,200)	(11,511)	(50,200)	15	-	
Other reserves	<u>(144,029)</u>	<u>80</u>	<u>(143,969)</u>	<u>80</u>	<u>(60)</u>	<u>-</u>	
Total Equity	<u>12,186</u>	<u>117,591</u>	<u>12,231</u>	<u>117,591</u>	<u>(45)</u>	<u>-</u>	

Notes:

(4) The variance was due to the set-off of amount due to and due from subsidiaries.

Consolidated Statement of Cash Flows

	Unaudited Financial Statement \$'000	Audited Financial Statement \$'000	Variance S\$'000	Note
Operating activities				
Loss before tax	(9,380)	(9,443)	63	
Adjustments for:				
Depreciation of investment properties	3	3	-	
Depreciation of property, plant and equipment	472	471	1	
Employee share option expenses	25	25	-	
Fair value loss arising from derivative financial instruments	319	319	-	
Gain on disposal of plant and equipment	(15)	-	(15)	
Life insurance premium expense	8	15	(7)	
Provision for warranties	78	78	-	
Provision for foreseeable losses from construction contract	914	914	-	
Share of associate's results	(248)	(248)	-	
Impairment loss on intangible assets	1,800	1,800	-	
Impairment loss on investment in associate	2,100	2,100	-	
Interest expense	3,428	3,428	-	
Interest income	(47)	(47)	-	
Write-back of allowance for doubtful debts	(56)	-	(56)	
Unrealised exchange differences	(315)	(262)	(53)	
Operating cash flows before movements in working capital	(914)	(847)		
Inventories	(540)	(540)	-	
Trade and other receivables	1,060	1,005	55	
Prepayments	1,306	1,306	-	
Provision for warranties	(289)	(289)	-	
Trade and other payables	10,078	10,080	(2)	
Down payment from customers	(17,274)	(17,274)	-	
Amount due from contract customers	(17,712)	(17,712)	-	
Amount due to contract customers	3,093	3,093	-	
Cash used in from operations	(21,192)	(21,178)		
Income taxes paid	(2,851)	(2,851)	-	
Net cash used in operating activities	(24,029)	(24,029)		
Investing activities				
Interest received	47	47	-	
Proceeds from disposal of plant and equipment	40	25	15	
Dividend received from associated company	217	217	-	
Purchase of property, plant and equipment	(4,825)	(4,824)	(1)	
Net cash used in investing activities	(4,535)	(4,535)		

Consolidated Statement of Cash Flows (cont'd)

	Unaudited Financial Statement \$'000	Audited Financial Statement \$'000	Variance S\$'000	Note
Financing activities				
Repayment to a director	(8,813)	(8,813)	-	
Decrease/(Increase) in fixed deposits pledged	4,753	2,568	2,185	(5)
Interest paid	(1,130)	(1,130)	-	
Proceeds from issuance of ordinary shares	2,024	2,024	-	
Share issue expenses	(97)	(97)	-	
Proceeds from convertible loan	6,708	6,708	-	
Proceeds from bank borrowings	53,190	54,297	(1,107)	(6)
Repayment of bank borrowings	(47,473)	(48,580)	1,107	(6)
Repayment of finance lease liabilities	(17)	(17)	-	
Net cash generated from financing activities	<u>9,145</u>	<u>6,960</u>		
Net change in cash and cash equivalents	(19,419)	(21,604)	2,185	(5)
Cash and cash equivalents at beginning of year	20,651	20,651		
Effects of currency translation on cash and cash equivalents	315	315		
Cash and cash equivalents at end of year	<u>1,547</u>	<u>(638)</u>		

Notes:

- (5) The variance was due to the reclassification of unrestricted bank balances to fixed deposits pledged for bank borrowings.
- (6) The variance was due to the reclassification of proceeds from and repayment of bank borrowings.

By Order of the Board
EMS Energy Limited

Gwendolyn Gn Jong Yuh
Company Secretary
6 April 2016

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.

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