

ANNOUNCEMENT

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 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 2 April 2018.

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 unaudited financial results announcement for the full year ended 31 Dec 2017 ("FY2017").

The Company also wishes to highlight that the Group had deconsolidated the accounts of KIPL and its subsidiaries (namely Koastal Eco Industries Pte Ltd, Koastal Marine Pte Ltd and Koastal Eco Industries Co., Ltd) ("KIPL group") from its unaudited FY2017 results announcement following the placement of KIPL under creditors' voluntary liquidation on 24 Oct 2017. The Group incurred a net profit of S\$39.4 million and S\$35.5 million in 4Q2017 and FY2017, respectively. As at 31 Dec 2017, the Group's current liabilities exceeded its current assets by S\$82.8 million and the Group was in a net liability position of S\$71.7 million.

The unaudited results announcement for FY2017 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 FY2017 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 FY2017 are prepared, is based on the following management's assessment:

- (a) The Group's net liabilities was substantially reduced from S\$112.4 million to S\$71.7 million following the deconsolidation of KIPL group due to elimination of considerable KIPL's liabilities within the Group's financials;
- (b) Upon the successful completion of the Company's SOA, the Group's financial position will be substantially improved with the debt to equity conversion.
- (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 FY2017. 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 Dec 2017 ("4Q2017") vs three months period ended 31 Dec 2016 ("4Q2016")

Full Year ended 31 Dec 2017 ("FY2017") vs Full Year ended 31 Dec 2016 ("FY2016")

	Group			Group		
	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	(428)	9,327	n.m.	6,703	29,100	(77.0)
Cost of sales	(3,703)	(9,385)	(60.5)	(10,070)	(22,615)	(55.5)
Gross (loss)/ profit	(4,131)	(58)	n.m.	(3,367)	6,485	n.m.
<i>Gross (loss)/profit margin</i>	<i>(965.2%)</i>	<i>(0.6%)</i>		<i>(50.2%)</i>	<i>22.3%</i>	
Other income	3,990	(99)	n.m.	4,501	947	n.m.
Expenses						
- Administrative	(2,518)	(2,133)	18.0	(6,464)	(10,781)	(40.0)
- Distribution	131	(89)	n.m.	(12)	(168)	(92.9)
- Other expenses	(18,828)	(112,384)	(83.2)	(18,898)	(112,447)	(83.2)
- Finance	(3,877)	(1,258)	n.m.	(4,753)	(4,060)	17.1
Share of results of associated company	-	223	(100.0)	-	(189)	(100)
Loss in disposal of Associated company	(10)	-	n.m.	(118)	-	n.m.
Gain on deconsolidation of subsidiaries	64,611	-	n.m.	64,611	-	n.m.
Profit/ (Loss) before income tax	39,368	(115,798)	n.m.	35,500	(120,213)	n.m.
Income tax credit/(expense)	(2)	(46)	(95.7)	(2)	89	(97.8)
Total profit/ (loss) for the period/year attributable to equity of the Company	39,366	(115,844)	n.m.	35,498	(120,124)	n.m.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

	Group			Group		
	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences						
- On translation of foreign operations	1,354	(1,324)	n.m.	5,369	(3,925)	n.m.
Available-for-sale financial assets						
Deferred tax relating to component of other comprehensive income:						
Gain transferred to income statement on disposal	-	(199)	(100.0)	-	(199)	(100.0)
	-	(199)	(100.0)	-	(199)	(100.0)
Reserves reclassify to P&L on deconsolidation of KIPL group						
Capital reserves	(268)	-	n.m.	(268)	-	n.m.
Fair value gains	47	(12)	n.m.	47	-	n.m.
	(221)	(12)	n.m.	(221)	-	n.m.
Share of other comprehensive income of associated company						
- Currency translation differences	1	12	91.7	-	(9)	(100.0)
- Fair value gains	(5)	-	n.m.	-	(9)	(100.0)
	(4)	12	n.m.	-	(18)	(100.0)
Items that will not be reclassified subsequently to profit or loss:						
Gain on revaluation of property, plant and equipment	-	372	(100.0)	-	(290)	(100.0)
Share of other comprehensive income of associated company						
- Revaluation deficit	1,862	524	n.m.	-	(57)	(100.0)
	1,862	896	n.m.	-	(347)	(100.0)
Other comprehensive income for the period/year, net of tax	2,991	(627)	n.m.	5,148	(4,489)	n.m.
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	42,357	(116,471)	n.m.	40,646	(124,613)	n.m.

Note: n.m. - not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

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

	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment (PPE)	(126)	(84)	50.0	(141)	(618)	(77.2)
Depreciation of investment properties	-	(1)	(100.0)	-	(3)	(100.0)
Fair value loss arising from derivative financial instruments	-	(15)	(100.0)	-	(60)	(100.0)
Property, plant and equipment written off	-	(279)	(100.0)	-	(279)	(100.0)
Allowance for doubtful debts	(288)	(20,316)	(98.6)	(288)	(20,316)	(98.6)
Allowance for impairment loss of investment in associate company	-	(2,815)	(100.0)	-	(2,815)	(100.0)
Loss on sale of plant and equipment	-	(313)	(100.0)	(37)	(313)	(88.2)
Allowance for project loss	(13,782)	(99,577)	(86.2)	(13,782)	(99,577)	(86.2)
Foreign exchange gain/(loss)	2,298	(489)	n.m.	2,328	(144)	n.m.
Impairment loss on intangible assets	-	(7,469)	(100.0)	-	(7,469)	(100.0)
Impairment loss on available-for-sale financial assets	(4,116)	(4,526)	(9.1)	(4,116)	(4,526)	(9.1)
Impairment of property, plant and equipment	-	(3,928)	(100.0)	-	(3,928)	(100.0)
Employee compensation	(360)	(643)	(44.0)	(2,098)	(5,431)	(61.4)
Gain on disposal of investment properties	-	311	(100.0)	-	311	(100.0)
Reversal of provision for warranties	-	(219)	(100.0)	-	(219)	(100.0)
Gain arising from deconsolidation of subsidiaries	64,611	-	n.m.	64,611	-	n.m.
Provision for doubtful debt write back	289	-	n.m.	289	-	n.m.
Reversal of expired share warrant	1,080	-	n.m.	1,080	-	n.m.
Write down on inventories	(178)	-	n.m.	(178)	-	n.m.
Employee share option expenses	-	14	(100.0)	-	(5)	(100.0)
Loss on disposal of interest in associate	(10)	-	n.m.	(118)	-	n.m.
Professional fees	(3)	(231)	(98.3)	(703)	(771)	(1.1)
Interest income	1	10	(90.0)	1	112	(99.1)
Interest expenses	(3,877)	(1,258)	n.m.	(4,753)	(4,060)	17.1

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	As at	As at	As at
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	11,022	9,544	10,808	8,996
Available-for-sale financial assets	-	3,986	-	-
Deferred tax assets	-	125	-	-
Total non-current assets	11,022	13,655	10,808	8,996
Current Assets				
Inventories	548	648	-	-
Trade & other receivables	296	9,639	15,719	671
Amounts due from contract customers	-	3,868	-	-
Amount due from deconsolidated subsidiaries	20,293	-	-	-
Prepayments	388	12	4	12
Tax recoverable	-	43	-	-
Cash & cash balances	511	433	57	1
	22,036	14,643	15,780	684
Assets held for sale				
- Investments in associated company	-	2,978	-	-
- Leasehold land & building	5,600	5,600	-	-
Total current assets	27,636	23,221	15,780	684
Total Assets	38,658	36,876	26,588	9,680
EQUITY AND LIABILITIES				
Equity				
Share capital	167,711	167,711	167,711	167,711
Other reserves	(143,305)	(148,453)	85	85
Accumulated losses	(96,137)	(131,635)	(198,442)	(197,573)
Total Equity	(71,731)	(112,377)	(30,646)	(29,777)

STATEMENT OF FINANCIAL POSITION (CONT'D)

	Group		Company	
	As at 31 Dec 2017 S\$'000	As at 31 Dec 2016 S\$'000	As at 31 Dec 2017 S\$'000	As at 31 Dec 2016 S\$'000
Current Liabilities				
Trade & other payables	46,463	42,604	41,343	39,457
Advances from contract customers	408	2,080	-	-
Amounts due to contract customers	615	59,957	-	-
Amount due to deconsolidated subsidiaries	32,716	-	-	-
Bank borrowings	6,916	22,670	6,916	-
Borrowings from third parties	14,296	12,360	-	-
Convertible loan	7,083	5,942	7,083	-
Financial derivative liabilities	1,892	2,972	1,892	-
Provision for warranty	-	33	-	-
Income tax payable	-	635	-	-
Total current liabilities	110,389	149,253	57,234	39,457
Total Liabilities	110,389	149,253	57,234	39,457
Net Liabilities	(71,731)	(112,377)	(30,646)	(29,777)
Net Current Liabilities	(82,753)	(126,032)	(41,454)	(38,773)

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 Dec 2017		As at 31 Dec 2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
28,295	-	40,972	-

Amount repayable after one year

As at 31 Dec 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 Dec 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 ⁽¹⁾			
Term Loan 1	1,842	-	1,842
Term Loan 2	1,330	-	1,330
Bills payable	3,631	-	3,431
Bank overdrafts	113	-	113
	6,916	-	6,916
Borrowings from third parties / Convertible loan			
Borrowings from third parties ⁽²⁾	14,296	-	14,296
Convertible loan ⁽³⁾	7,083	-	7,083
	21,379	-	21,379
Total borrowings	28,295	-	28,295

The bank borrowings are generally secured by mortgages over the Group's properties, 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 Dec 2017 (Cont'd)

Note 1:

The Group's bank borrowings of S\$6.9 million as at 31 Dec 2017 were owed by EES and KIPL to United Overseas Bank ("UOB"). UOB had made a contingent claim of S\$6.9 million against the Company as a result of the corporate guarantees given to EES and KIPL by the Company for the said amount owed by EES and KIPL. The contingent claim of S\$6.9 million (included the interest accrued up to 31 Dec 2017) has been admitted by the Company to its approved SOA.

Part of the UOB's liabilities is secured by the property at 10 Tuas Avenue 11, Singapore 639076 ("Property") which was being divested at the price of S\$5.6 million subsequent to year end on 16 March 2018. The net proceeds from the sale of the Property were used to set-off and reduce the outstanding claims by UOB.

UOB's claim is also secured over the Tuas Shipyard which has not been enforced to-date and a corporate guarantee provided by the Company. Accordingly, should UOB enforce against the said corporate guarantee provided by the Company, UOB's balance claims shall be dealt with pursuant to the SOA. Should that eventuality occurs and on the basis that the liability is originally that of EES; upon dealing with the said indebtedness by the Company, the Company will correspondingly adjust its amount due from EES by the same quantum.

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. With the deconsolidation of KIPL group, this liability ceased to form part of the borrowing of the Group.

Borrowings from third parties

Note 2:

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\$4.2 million (approximately S\$5.3 million). In addition to the purchase consideration, ODH has also made capital injections of US\$1.0 million and US\$1.6 million (approximately S\$3.3 million in total) in Nov 2014 and Mar 2015 respectively. The purchase consideration and capital injection amounted to S\$8.6 million ("**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 3:

In Jun 2015, 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**"). The Notes will mature on 12 Jun 2018. Unless otherwise

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

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
- (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.

The Company had on 27 October 2016 received a letter of demand from Venstar III making a claim under a corporate guarantee furnished by the Company to Venstar III on behalf of KPL in respect of a subscription agreement entered into on 11 June 2015, for the sum of S\$7.7 million and the interest accrued thereon. The Company has admitted the outstanding amount of S\$8.9 million (included the interest accrued up to 31 Dec 2017) claimed by Venstar III to its approved SOA. The corporate guarantee had thus crystallised into a real liability.

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		The Group	
	4Q2017 S\$'000	4Q2016 S\$'000	FY2017 S\$'000	FY2016 S\$'000
Profit/(Loss) before income tax (continued operations)	40,502	(115,798)	35,500	(120,213)
<i>Adjustments for:</i>				
Depreciation charged for plant and equipment	126	84	141	618
Depreciation charged for investment property	-	1	1	3
Employee share option expenses	-	(14)	-	5
Fair value loss arising from derivative financial instruments	-	15	-	60
Fair value gain reclassified from fair value reserve on disposal of financial assets, available for sale	(6)	(202)	-	(199)
Fair value gain on revaluation of leasehold land and building	-	662	-	-
Fair value gain on revaluation deficit of associated company	-	581	-	-
Loss on disposal of plant and equipment	-	313	37	313
Gain on disposal of investment property	-	(311)	-	(311)
Loss on disposal on interest in associate	10	-	118	-
Reversal of provision for warranties	-	(219)	-	(219)
Write down of inventories	178	-	178	-
Provision of allowance for doubtful debts write back	(289)	-	(289)	-
Allowance for doubtful debts	288	20,316	288	20,316
Allowance for project loss	13,782	99,577	13,782	99,577
Share of associate's results	-	(223)	-	189
Fair value loss reclassified from fair value reserve on deconsolidation of subsidiaries	47	-	47	-
Impairment loss on intangible assets	-	7,469	-	7,469
Impairment loss on investment in associate	-	2,815	-	2,815
Impairment loss on available-for-sale financial assets	4,116	4,526	4,116	4,526
Impairment loss on property, plant and equipment	-	3,928	-	3,928
Plant and equipment written off	-	279	-	279
Capital gain reclassified from capital reserve on deconsolidation of subsidiaries	(268)	-	(268)	-
Reversal of expired share warrant	(1,080)	-	(1,080)	-
Gain arising from deconsolidation	(64,611)	-	(64,611)	-
Interest expense	3,877	1,258	4,753	4,060
Interest income	(1)	(10)	(1)	(112)
Exchange differences on translating foreign operations	(4,531)	2,595	(509)	65
Operating cash flows before movements in working capital	(7,860)	27,623	(7,798)	23,169
Inventories	(429)	405	(202)	38
Trade and other receivables	3,151	(7,204)	5,513	(125)
Prepayments	(5,914)	3,940	(6,031)	6,889
Provision for warranty	-	87	(33)	-
Trade and other payables	29,439	(17,064)	22,920	(17,947)
Down payment from customers	751	(6,865)	2,603	(8,686)
Amount due from contract customers	(16,608)	(3,101)	(16,617)	-
Amount due to contract customers	(83)	(929)	(562)	(2,272)
Cash generated from/(used in) operations	2,447	(3,108)	(207)	1,066
Income taxes paid	2	80	(120)	(528)
Interest paid	-	-	-	-
Net cash generated from/(used in) operating activities	2,449	(3,028)	(327)	538

Consolidated Cash Flow Statement (Cont'd)

Investing activities

Interest received	1	10	1	112
Proceeds from sale of investment property	-	522	-	522
Proceeds from disposal of plant and equipment	1	41	6	41
Proceeds from disposal of available-for-sale investments	-	-	-	1,220
Proceeds from disposal of associated company	-	-	2,860	-
Acquisition of plant and equipment	(1,819)	(1,266)	(1,819)	(2,996)
Net cash outflow from deconsolidation of subsidiaries	(486)	-	(486)	-
Net cash (used in)/generated from investing activities	(2,303)	(693)	562	(1,101)

Financing activities

Repayment to a director	-	(612)	-	(488)
Decrease in fixed deposit pledged	376	-	-	7,709
Interest paid	-	(1,258)	-	(4,060)
Proceeds from third parties loan	-	2,614	-	2,614
Proceeds from/(Repayment of) finance lease	-	1	-	(3)
Proceeds from/(Repayment of) borrowings	(167)	1,543	(167)	(4,247)
Net cash generated from/(used in) financing activities	209	2,288	(167)	1,525

Net change in cash and cash equivalents	355	(1,433)	68	962
Cash and cash equivalent at beginning of period/year	43	1,928	330	(638)
Effects of currency translation on cash and cash equivalents	-	(165)	-	6

Cash and cash equivalent at end of period/year	398	330	398	330
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Cash and cash equivalents consist of the following:

Cash and bank balances	511	433	511	433
Bank overdrafts	(113)	(103)	(113)	(103)
	398	330	398	330

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)	6,178	85	(149,000)	(148,453)	(131,635)	(112,377)
Profit for the year									35,498	35,498
Other comprehensive income										
Currency translation differences:										
On translation of foreign operations	-	-	-	5,369	-	-	-	5,369	-	5,369
Transfers to P/L on deconsolidation of KIPL group	-	(268)	47	-	-	-	-	(221)	-	(221)
Share of other comprehensive income of associated companies:										
Revaluation deficit	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the year, net of tax	-	(268)	47	5,369	-	-	-	5,148	-	5,148
Total comprehensive income for the year	-	(268)	47	5,369	-	-	-	5,148	35,498	40,646
Balance as at 31 Dec 2017	167,711	-	-	(568)	6,178	85	(149,000)	(143,305)	(96,137)	(71,731)

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	-	-	-	-	-	-	-	-	(120,124)	(120,124)
Other comprehensive income										
Currency translation differences:										
On translation of foreign operations	-	-	-	(3,925)	-	-	-	(3,925)	-	(3,925)
Loss on revaluation of leasehold land and building	-	-	-	-	(290)	-	-	(290)	-	(290)
Available-for-sale financial asset-reclassification to profit and loss on disposal	-	-	(199)	-	-	-	-	(199)	-	(199)
Share of other comprehensive income of associated company:-										
- Translation reserve	-	-	-	(9)	-	-	-	(9)	-	(9)
- Fair value (loss) on available-for-sale financial asset	-	-	(9)	-	-	-	-	(9)	-	(9)
- Revaluation deficit	-	-	-	-	(57)	-	-	(57)	-	(57)
Total other comprehensive income for the period, net of tax	-	-	(208)	(3,934)	(347)	-	-	(4,489)	-	(4,489)
Total comprehensive income for the year	-	-	(208)	(3,934)	(347)	-	-	(4,489)	(120,124)	(124,613)
Contribution by owners of the parent										
Employees share option expenses	-	-	-	-	-	5	-	5	-	5
Balance as at 31 Dec 2016	167,711	268	(47)	(5,937)	6,178	85	(149,000)	(148,453)	(131,635)	(112,377)

- 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	(197,573)	85	(29,777)
Total comprehensive loss for the year	-	(869)	-	(869)
Balance at 31 Dec 2017	167,711	(198,442)	85	(30,646)

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 year	-	(147,373)	-	(147,373)
Employees share option expenses	-	-	5	5
Balance at 31 Dec 2016	167,711	(197,573)	85	(29,777)

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 30 Sep 2017 to 31 Dec 2017.

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

As at 31 Dec 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 FY2017	Exercise price per option	Exercisable date
Independent Directors	150,000	150,000	S\$0.027	23 Feb 2015 to 22 Feb 2020
Controlling Shareholder	700,000	700,000	S\$0.027	27 Apr 2015 to 26 Apr 2025
	850,000	850,000		

(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 Note 2 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. The Notes will mature on 12 Jun 2018.

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\$8.9 million 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 Dec 2017 and 31 Dec 2016.

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

	31 Dec 2017	31 Dec 2016
Total number of shares excluding treasury shares	448,735,224	448,735,224

The Company did not have any treasury shares as at 31 Dec 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	
	FY2017 (Cents)	FY2016 (Cents)
Earnings/(Loss) per ordinary share for the period attributable to equity holders of the Company:		
(a) Based on weighted average number of ordinary shares in issue	7.91	(26.77)
(b) On a fully diluted basis	7.91	(26.77)

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 (3Q2016: 448,735,224) ordinary shares in issue.

As at 31 Dec 2017, there were (i) 850,000 (31 Dec 2016: 1,050,000) Share Options under the EMS Energy Employees Share Option Scheme, (ii) nil warrants (31 Dec 2016: 9,702,898) and (iii) S\$6,708,000, being the Singapore Dollar equivalent of US\$5.0 million of Convertible Notes (31 Dec 2016: S\$6,708,000) convertible up to 21,873,912 Exchanged Shares. The outstanding Share Options and Convertible Notes were not included in the weighted average number of ordinary shares for the purpose of computing the diluted gain/(loss) per share for FY2017 and FY2016 as the Group was in a loss position in FY2016 and the profitability in FY2017 was due to deconsolidation of a subsidiaries.

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 Dec 2017 (Cents)	As at 31 Dec 2016 (Cents)	As at 31 Dec 2017 (Cents)	As at 31 Dec 2016 (Cents)
Net asset value per ordinary share based on issued share capital at end of period	(15.98)	(25.04)	(6.83)	(6.64)

Net asset value per share as at end 31 Dec 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 FY2017 of S\$6.7 million compared to FY2016 of S\$29.1 million decreased due to lower project billings in both marine offshore and water treatment segments.

The breakdown of the Group's revenue is as follows:

S\$' million	FY2017	FY2016	Change	Reason for the change
EPCM-MOT	3.4	14.4	(11.0)	Lower project billings from marine offshore projects.
EPCM-WT	3.3	14.7	(11.4)	Lower business activities in Vietnam and deconsolidation of the water treatment entity under KIPL group.
Total	6.7	29.1	(22.4)	

The negative revenue in 4Q2017 was mainly due to reclassification of scrap sale of \$1.0million to other income.

Cost of sales & gross profit

The Group's cost of sales had reduced by 55.5% or S\$12.5 million to S\$10.1 million in FY2017 compared to S\$22.4 million in FY2016. The reduction was in line with lower business activities in FY2017. The Group recorded gross loss of S\$3.3 million in FY2017 compared to gross profit of S\$6.5 million in FY2016, mainly due to recognition of scrap cost of S\$2.8 million and additional costs of S\$0.5 million incurred for project rectification works.

Other income

Other income increased by S\$3.6 million to S\$4.5 million in FY2017 compared to S\$0.9 million in FY2016. The increase was mainly due to net exchange gain of S\$2.3 million compared to exchange loss of \$0.1 million in FY2016. Included in other income in FY2017 were the write back of S\$1.1 million due to expiry of share warrant and scrap sale of S\$1.0 million which were offset by higher other income of S\$0.8 million in FY2016 due to gain on disposal of investment property, commission income, consultancy services and interest income.

Administrative expenses

Administrative expenses decreased by S\$4.3 million or 40.0% to S\$6.5 million in FY2017 compared to S\$10.8 million in FY2016 mainly due to the lower employee compensation of S\$3.3 million arising from headcount reduction and other cost cutting measures.

Distribution expenses

Distribution expenses decreased by 92.9% to S\$0.01 million in FY2017 as compared to S\$0.2 million in FY2016 mainly due to lower selling and marketing activities conducted during the year.

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

Other expenses

Other expenses decreased by 83.2% to S\$18.9 million in FY2017 compared to S\$112.4 million in FY2016 mainly due to higher impairments for project losses of S\$85.8 million, impairment loss of investment in associate company of S\$2.8 million and impairment of fixed assets of S\$3.9 million in FY2016.

Finance costs

Finance costs increased by 17.1% in FY2017 as compared to FY2016 to S\$4.8 million mainly due to interest expenses on borrowings from banks and third parties.

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

There was no share of results of associated company in FY2017 as the Group had disposed the associated company and incurred a loss of S\$0.1 million in the first quarter of FY2017.

Income tax expense

Due to capital gain as a result of deconsolidation of KIPL group, there was no income tax expense incurred by the Group for FY2017. During the year, the Group paid tax on assessment for prior year.

Overall, the Group recorded a net profit attributed to equity holders of the Company of S\$35.5 million in FY2017 as compared to a net loss of S\$120.1 million in FY2016.

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

Non-current Assets

Property, plant and equipment comprise mainly of investment in Tuas South shipyard. The investment increased by S\$1.8 million to S\$10.8 million as at 31 Dec 2017 mainly due to recognition of additional certified work done on the construction in progress from contractors which had been adjudicated in the SOA of the Company.

As at 31 Dec 2017, available-for-sale financial assets decreased by S\$3.9 million due to recognition of a full impairment loss on investment in unquoted securities as the financial performance of the invested company is still experiencing downturn as a result of the overall situation in the oil and gas sector.

Deferred tax assets decreased by \$0.1 million due to deconsolidation of the KIPL group.

Current Assets

Inventories decreased by S\$0.1 million to S\$0.5 million as at 31 Dec 2017 as compared to S\$0.6 million at 31 Dec 2016. The decrease was due to disposal of stock during the year.

Trade and other receivables decreased by S\$9.3 million to S\$0.3 million as at 31 Dec 2017 as compared to S\$9.6 million as at 31 Dec 2016 mainly due to repayment of S\$3.2 million by debtors, settlement of loan owing by a director of a foreign subsidiary of S\$1.2 million and deconsolidation of trade and other receivables within KIPL group of S\$4.9 million. The S\$0.3 million of trade and other receivables consist of approximately S\$0.2 million in trade receivables and approximately S\$0.1 million in other receivables.

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

Due to the deconsolidation of KIPL group during the year, an amount of S\$20.3 million was recorded as part of current assets in recognition of the outstanding debts due from KIPL group. Management intends to set-off the outstanding debts against the amount due to KIPL group.

Amount due from contract customer decreased by S\$3.9 million mainly attributed to the allowance for losses from terminated projects partially billed but not fully completed and delivered as at 31 Dec 2017. The allowance was made on the ground of non-recoverability of these billings from the contract customers.

Prepayment increased by S\$0.4 million in FY2017 compared to S\$0.01 million in FY2016 mainly due to increase in prepayment in project costs.

Cash and bank balances increased by S\$0.1 million to S\$0.5 million as at 31 Dec 2017 from S\$0.4 million as at 31 Dec 2016 due to net cash generated from investing and financing activities of S\$1.7 million which was offset by net cash used in operating activities of S\$1.6 million.

The Group disposed its investment in an associated company in first quarter of FY2017 for proceeds of S\$2.9 million.

The leasehold land and building of S\$5.6 million relates to the investment property in a subsidiary which had been reclassified to asset held for sale of S\$5.6 million as the Group commenced the disposal of the property in FY2017. Subsequent to year end, the investment property was disposed on 16 Mar 2018 for net proceeds of S\$5.5 million which was used for repayment of outstanding bank borrowing.

Current Liabilities

Trade and other payables increased by S\$3.8 million to S\$46.4 million as at 31 Dec 2017 compared to S\$42.6 million as at 31 Dec 2016. This was mainly due to accrual of additional certified work done of S\$1.8 million from contractors for construction in progress and other costs from statutory and professional services. The S\$46.4 million of trade and other payables consist of approximately S\$35.5 million in trade payables and approximately S\$10.9 million in other payables.

Advances from contract customers decreased by S\$1.7 million as at 31 Dec 2017 mainly due to deconsolidation of KIPL group of S\$3.7 million which was offset by increase in advance due from contract customers of S\$2.6 million during the year.

Amount due to contract customers decreased by S\$59.3 million to S\$0.6 million as at 31 Dec 2017 compared to S\$60.0 million as at 31 Dec 2016 mainly due to deconsolidation of KIPL group.

Due to the deconsolidation of subsidiaries during the year, an amount of S\$32.7 million was recorded as part of current liabilities in recognition of the outstanding debts due to KIPL group. Management intends to set-off this liability against the amount due from KIPL group.

The substantial decrease by S\$15.8 million in bank borrowings to S\$6.9 million as at 31 Dec 2017 was attributed to deconsolidation of KIPL group which was partially offset by the increase in interest expenses on borrowings.

Borrowings from third parties increased by S\$3.1 million to S\$21.4 million as at 31 Dec 2017 was mainly due to interest expense on the loans.

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

Negative working capital and net liability position

After the deconsolidation of KIPL group, the Group recorded an improved negative working capital position of S\$82.8 million and net liability position of S\$71.7 million as at 31 Dec 2017 as compared to S\$126.0 million and 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 SOA, the Group's financial position will be substantially improved with the debt to equity conversion.
- b. The Company is exploring fundraising exercises 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\$0.3 million in FY2017 compared to net cash generated from operating activities of S\$0.5 million in FY2016.

The net cash used in operating activities of S\$0.3 million in FY2017 was mainly due to operating loss of S\$7.8 million after adjusting for non-cash items which included gain arising from deconsolidation of KIPL group of S\$64.6 million, decrease in inventories of S\$0.2 million, increase in prepayment of S\$6.0 million, increase in amount due from contract customers of S\$16.6 million, decreased in amount due to contract customers of S\$0.6 million and decrease in tax payable of S\$0.1 million which was partially offset by decrease in trade and other receivables of S\$5.5 million, increase in trade and other payables of S\$22.9 million and increase in advances due from contract customers of S\$2.6 million.

Net Cash from Investing Activities

Net cash generated from investing activities was S\$0.6 million in FY2017 compared to net cash used in investing activities of S\$1.1 million in FY2016. The net cash generated from investing activities in FY2017 was mainly due to proceeds from disposal of associated company of S\$2.9 million, partially offset by acquisition of plant and equipment of S\$1.8 million and net cash outflow from deconsolidation of KIPL group of S\$0.5 million.

Net Cash used in Financing Activities

Net cash used in financing activities in FY2017 was S\$0.2 million compared to net cash generated from financing activities of S\$1.5 million in FY2016. The net cash used in financing activities in FY2017 was mainly due to repayment of borrowings.

Due to the foregoing, the Group had net cash and cash equivalents of S\$0.4 million as at end FY2017 compared to cash and cash equivalents of S\$0.3 million as at end of FY2016.

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 SOA 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 ("EES Scheme") has been fixed for hearing on 12 Feb 2018 at 2.30pm in the High Court as a creditor of EES has indicated that it wishes to contest the application. The hearing was adjourned to 27 Feb 2018 and the High Court refrained from sanctioning the EES Scheme due to certain issues raised the creditor and a further case management conference was fixed on 5 Mar 2018 at 10am for EES to inform the High Court on its proposed course of action in respect of the EES Scheme. The Company announced that a further creditors' meeting for the purpose of considering the EES Scheme will be convened by 16 Apr 2018 ("further meeting"). An addendum to the Explanatory Statement dated 14 September 2017 (the "Addendum") will be issued to the creditors at least 2 weeks prior to the further meeting to set out (i) the basis of EES's entitlement as an unsecured creditor of Koastal Industries Pte Ltd to the net sum of S\$19.4 million, and (ii) what the amount of distribution under the EES Scheme is estimated to be and the basis for such estimation, which, if unclear should be so stated. All creditors who had voted at the meeting of 29 Sep 2017 whether in person or by proxy will be taken to have voted in the same manner in the further meeting, unless they indicate otherwise by proxy or by attending the further meeting. In the event that the further meeting votes in favour of the EES Scheme by the requisite majority, EES has been directed to report back to the Court by 7 May 2018. The existing moratorium in respect of EES has been extended to 21 May 2018 or other order of court.

Subsequent to the case management conference held prior to 16 April 2018 to address the content of the Addendum, the further meeting is expected to be held on or before 21 May 2018. The Company will update shareholders via SGX-NET as and when there are any material developments on EES Scheme.

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 FY2017.

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

Not applicable. No dividend has been declared for FY2016.

(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 FY2017.

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 FY2017

The Group has not obtained a general mandate from shareholders for IPT in FY2017

14. 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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2 and Q3 of Half Year Results)

15. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, which comparative information for the immediately preceding year.**

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:

EPCM – Marine and Offshore Trading

- Engineering, Procurement and Construction Management ("EPCM")
- Trading of equipments ("Trading")

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.

EPCM – Water Treatment

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

Others

"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.

Segment Information (cont'd)

	<u>EPCM – Marine and Offshore & Trading</u>	<u>EPCM – Water Treatment</u>	<u>Others</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
2017				
Revenue				
Revenue from external customers	3,433	3,270	-	6,703
Loss from operation	(7,950)	(686)	(760)	(9,396)
Interest income	-	1	-	1
Interest expenses	(4,508)	(3)	(242)	(4,753)
Other material non-cash items:				
Allowance for doubtful debts	(288)	-	-	(288)
Allowance for project loss	(13,782)	-	-	(13,782)
Depreciation of property, plant and equipment	(115)	(24)	(2)	(141)
Impairment loss of available-for-sale financial assets	-	-	(4,116)	(4,116)
Reversal of expired share warrant	-	-	1,080	1,080
Write down on inventories	(178)	-	-	(178)
Loss on disposal of interest in associate	-	-	(118)	(118)
Loss on disposal of plant and equipment	(37)	-	-	(37)
Provision of allowance for doubtful debts write back	289	-	-	289
Gain arising from deconsolidation of subsidiaries	-	-	64,611	64,611
Exchange gain	1,960	-	368	2,328
Profit/(loss) before income tax	(24,609)	(712)	60,821	35,500
Income tax expense	-	-	(2)	(2)
Profit/(loss) for the financial year	(24,609)	(712)	60,819	35,498
<u>Segment assets</u>				
Non-current assets	214	-	10,808	11,022
Current assets	25,853	-	1,783	27,636
Total assets	26,067	-	12,591	38,658
Additions to non-current assets	-	-	1,814	1,814
<u>Segment liabilities</u>				
Non-current liabilities	-	-	-	-
Current liabilities	52,634	-	57,755	110,389
Total liabilities	52,634	-	57,755	110,389

Segment Information (cont'd)

	<u>EPCM – Marine and Offshore & Trading</u> \$'000	<u>EPCM – Water Treatment</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
2016				
Revenue				
Revenue from external customers	14,412	14,688	-	29,100
Profit/(loss) from operation	25,436	162	(1,937)	23,661
Interest income	110	2	-	112
Interest expenses	(1,214)	-	(2,846)	(4,060)
Other material non-cash items:				
Allowance for impairment on goodwill	(7,469)	-	-	(7,469)
Allowance for doubtful debts	(20,316)	-	-	(20,316)
Allowance for impairment of investment in associate	-	-	(2,815)	(2,815)
Allowance for losses from construction contracts	(99,577)	-	-	(99,577)
Depreciation of property, plant and equipment	(577)	(30)	(11)	(618)
Depreciation of investment property	(3)	-	-	(3)
Impairment of property, plant and equipment	(3,928)	-	-	(3,928)
Impairment loss on available-for-sale financial assets	-	-	(4,526)	(4,526)
Property, plant and equipment written off	(212)	-	(67)	(279)
Shares of profit of associates	-	-	(189)	(189)
Fair value loss from derivatives financial instruments	-	-	(60)	(60)
Exchange loss	(32)	(13)	(101)	(146)
Loss before income tax	(107,782)	121	(12,552)	(120,213)
Income tax expense	141	(52)	-	89
Profit/(loss) for the financial year	(107,641)	69	(12,552)	(120,124)
<u>Segment assets</u>				
Non-current assets	408	259	12,988	13,655
Current assets	10,552	8,711	3,958	23,221
Total assets	10,960	8,970	16,946	36,876
Additions to non-current assets	9	-	2,987	2,996
<u>Segment liabilities</u>				
Non-current liabilities	-	-	-	-
Current liabilities	133,072	7,508	8,674	149,254
Total liabilities	133,072	7,508	8,674	149,254

Segment Information (cont'd)

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.

	2017 \$'000	2016 \$'000
Revenue from external customers		
China	-	97
Vietnam	6,651	27,480
Singapore	49	1,306
Malaysia	-	183
Others	3	34
	6,703	29,100
 Non-current assets		
Singapore	11,022	9,410
 Vietnam	 -	 259

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Please refer to paragraph 8 above.

17. A breakdown of sales

Group	FY2017 S\$'000	FY2016 S\$'000	Increase/ (Decrease) %
Sales reported for first half year	5,908	15,970	(63.0)
Operating loss after tax reported for first half year	(2,871)	(2,853)	0.6
Sales reported for second half year	795	13,130	(93.9)
Operating profit/(loss) after tax reported for second half year	38,369	(117,271)	n.m.

Note: n.m. – not meaningful

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

No dividend was declared by the Company for FY2017 and FY2016.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or CEO or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ting Teck Seh	56	Brother of Ting Teck Jin, Executive Chairman/CEO	*Director, EMS Offshore Pte Ltd, a wholly-owned subsidiary of the Company, since 13 March 2006	No change

* Mr Ting Teck Seh is not on the payroll of the Group.

BY ORDER OF THE BOARD
EMS Energy Limited

Chew Kok Liang
Company Secretary
24 April 2018

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 Catalyst. 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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