



EMS Energy Limited
Company Reg. No.: 200300485D

Half Year Financial Statement and Dividend Announcement for the period ended 30 June 2009

PART I - INFORMATION REQUIRED FOR HALF YEAR RESULTS ANNOUNCEMENTS

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

	The Group		
	1.1.2009 to 30.6.2009	1.1.2008 to 30.6.2008	Increase/ (Decrease)
	S\$'000	S\$'000	%
Continuing operations			
Revenue	18,400	19,257	(4%)
Cost of sales	(12,298)	(14,000)	(12%)
Gross profit	6,102	5,257	16%
Other income	583	269	117%
Administrative expenses	(5,150)	(4,076)	26%
Finance costs	(215)	(101)	113%
Gain on disposal of subsidiaries	493	-	n.m.
Share of results of associates & partnership	34	(93)	n.m.
Profit before taxation	1,847	1,256	47%
Income tax expense	(538)	(248)	117%
Profit from continuing operations	1,309	1,008	30%
Discontinued operations			
Loss from discontinued operations, net of tax	-	(237)	n.m.
Profit for the period	1,309	771	70%
Attributable to:			
Equity holders of the Company	390	127	207%
Minority interests	919	644	42%
Operating profit after tax attributable to members of the Company	1,309	771	70%

Profit from operations included the following for the period ended 30 June 2009:

	The Group		%
	1.1.2009 to 30.6.2009	1.1.2008 to 30.6.2008	Increase/ (Decrease)
	S\$'000	S\$'000	
Depreciation	(544)	(121)	350%
Foreign exchange losses	(600)	(1,209)	(50%)
Gain on disposal of property, plant and equipment	17	33	(48%)
Impairment on investment	(131)	-	n.m.
Interest income	33	42	(21%)
Interest expense	(215)	(81)	165%
Allowance for doubtful debts written back	351	-	n.m.
Allowance for doubtful debts	(119)	(74)	61%

Note: n.m. - not meaningful

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

	The Group		The Company	
	Unaudited 30.6.2009	Audited 31.12.2008	Unaudited 30.6.2009	Audited 31.12.2008
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,341	4,719	63	74
Investment in subsidiary companies	-	-	18,668	18,668
Investment in associated companies	253	218	154	154
Investment in partnership	275	276	-	-
Goodwill on consolidation	19,472	19,987	-	-
Other investments	80	76	-	-
	28,421	25,276	18,885	18,896
Current assets				
Inventories	2,780	3,008	-	-
Due from customers on construction contracts	2,658	10,748	-	-
Trade and other receivables	16,871	7,092	12,088	11,990
Cash and cash equivalents	4,240	7,813	34	26
Disposal group classified as held for sale	-	786	-	-
	26,549	29,447	12,122	12,016
Total Assets	54,970	54,723	31,007	30,912
Current liabilities				
Trade and other payables	15,111	17,614	4,702	3,992
Due to customers on construction contracts	6,094	3,010	-	-
Finance lease liabilities	38	45	-	-
Borrowings	5,219	5,403	-	-
Provision for taxation	1,018	1,182	-	-
Liabilities directly associated with disposal group classified as held for sale	-	1,582	-	-
	27,480	28,836	4,702	3,992

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

	The Group		The Company	
	Unaudited 30.6.2009	Audited 31.12.2008	Unaudited 30.6.2009	Audited 31.12.2008
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Deferred tax liabilities	226	226	-	-
Finance lease liabilities	56	76	-	-
Term loan	6,395	6,135	-	-
	6,677	6,437	-	-
Total Liabilities	34,157	35,273	4,702	3,992
NET ASSETS	20,813	19,450	26,305	26,920
EQUITY				
Capital and reserves attributable to equity holders of the Company	17,189	16,771	26,305	26,920
Minority Interests	3,624	2,679	-	-
	20,813	19,450	26,305	26,920

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

As at 30.6.2009		As at 31.12.2008	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
5,195	62	4,960	496

Amount repayable after one year

As at 30.6.2009		As at 31.12.2008	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
6,451	-	6,211	-

Details of any collateral

		Repayable less than one year	Repayable more than one year	Total	Notes
		S\$'000	S\$'000	S\$'000	
1	Term Loan	1,329	2,811	4,140	(a), (b), (d) & (e)
2	Bridging Loan	1,416	3,584	5,000	(c)
3	Hire purchase	38	56	94	(f)
4	Bills payable	2,412	-	2,412	
5	Bank overdrafts	62	-	62	
	Total	5,257	6,451	11,708	

Notes:

- (a) Term Loan of \$1.12 million is secured by legal mortgage on leasehold factory building at 10 Tuas Avenue 11, Singapore 639076 with net book value of S\$1.9 million (FY2008: S\$2.0 million) and by joint and several personal guarantees of directors of Engineering & Marine Services (Pte) Ltd ("EMS"), a subsidiary of the Company.

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

- (b) Term Loan of S\$1.58 million is secured by:
 - i) A First Fixed and Floating Charge on the assets of EMS Offshore Pte. Ltd. ("EOF"), EMS and Oilfield Services and Supplies Pte. Ltd. ("OSSPL");
 - ii) A charge on Fixed Deposit(s) of S\$537,600;
 - iii) Corporate Guarantee from the Company, EMS and EOF;
 - iv) Personal Guarantee by a Director of the Company on the recoverable principal amount at a percentage equal to his shareholding of the Company; and
 - v) A First Fixed Charge over 60% shares in EOF.
- (c) Bridging Loan of S\$5.00 million is secured by personal guarantees of a director of EMS, a subsidiary of the Company.
- (d) Term Loan of S\$1.26 million is secured by legal mortgage on property at 11 Joo Koon Road Singapore 628974 with net book value of S\$3.0 million (FY2008: Nil) and by joint and several personal guarantees of directors of OSSPL, a subsidiary of the Company.
- (e) Term Loan of S\$180,000 is secured by:
 - i) A third party first legal charge over 2 storey corner terrace house at Mukim Senai Kulai;
 - ii) A First legal charge over a corner workshop at Mukim of Sungai Tiram; and
 - iii) Corporate Guarantee from the Company.
- (f) Net book value for motor vehicle amounting to S\$39,000 (FY2008: S\$63,000) and plant and machinery amounting to S\$107,000 (FY2008: S\$113,000) were under finance lease.

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

Cash Flow Statement

	The Group	
	1.1.2009 to 30.6.2009	1.1.2008 to 30.6.2008
	S\$'000	S\$'000
Profit before taxation	1,847	771
Adjustments		
Depreciation of property, plant and equipment	544	121
Interest income	(33)	(42)
Interest expense	215	81
Gain on disposal of property, plant and equipment	(17)	(33)
Impairment on investments	131	-
Allowance for doubtful debts written back	(351)	-
Allowance for doubtful debts	119	74
Gain on disposal of subsidiaries	(493)	-
Share of results of associate & partnership	(34)	93
Operating cash flow before working capital changes	1,928	1,065
Inventories and amount due from/(to) customers for contract work	11,247	250
Trade and other receivables	(9,302)	380
Trade and other payables	(2,462)	2,955
Cash provided by operations	1,411	4,650
Income taxes paid	(736)	(984)
Income taxes refund	32	-
Interest paid	(215)	(81)
Interest received	33	42
Net cash provided by operating activities	525	3,627

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	The Group	
	1.1.2009 to 30.6.2009	1.1.2008 to 30.6.2008
	S\$'000	S\$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	100	33
Purchase of property, plant and equipment	(4,240)	(100)
Disposal of subsidiaries, net of cash disposed	(22)	-
Net cash used in investing activities	(4,162)	(67)
Cash flows from financing activities		
Proceeds from issuance of shares	-	3,389
Decrease/(Increase) in pledged fixed deposits	3,407	(1,326)
Drawdown of bank borrowings	8,532	-
Repayment of bank borrowings	(8,027)	(2,249)
Repayment of hire purchase creditors	(25)	(74)
Net cash provided by/(used in) financing activities	3,887	(260)
Net increase in cash and cash equivalents	250	3,300
Cash and cash equivalents at beginning of the period	1,760	1,099
Cash and cash equivalents at end of the period (Note A)	2,010	4,399
Note A: Cash and cash equivalents		
Cash and bank balances	1,866	4,754
Bank overdrafts	(62)	(489)
Fixed deposits	2,373	5,405
Less: Fixed deposits pledged to bank	(2,167)	(5,271)
	2,010	4,399

1(d)(i) A statement of comprehensive income (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		The Company	
	1.1.2009 to 30.6.2009	1.1.2008 to 30.6.2008	1.1.2009 to 30.6.2009	1.1.2008 to 30.6.2008
	S\$'000	S\$'000	S\$'000	S\$'000
Profit/(Loss) for the period	1,309	771	(615)	(957)
Other comprehensive income/(expenses):				
Exchange differences arising on translation operations	54	254	-	-
Total comprehensive income/(expenses) for the period, net of tax	1,363	1,025	(615)	(957)
Attributable to:				
Equity holders of the Company	418	381	(615)	(957)
Minority Interests	945	644	-	-
	1,363	1,025	(615)	(957)

- 1(e)(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.

Group

Consolidated statement of changes in equity for the half year ended 30 June 2009

	Share Capital	Share option reserves	Foreign currency translation reserve	Accumulated losses	Equity attributable to equity holders of the Company	Minority interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1.1.2009	29,340	2	(151)	(12,420)	16,771	2,679	19,450
Total comprehensive income/(expenses) for the period	-	-	28	390	418	945	1,363
Balance as at 30.6.2009	29,340	2	(123)	(12,030)	17,189	3,624	20,813

Group

Consolidated statement of changes in equity for the half year ended 30 June 2008

	Share Capital	Share option reserves	Foreign currency translation reserve	Accumulated losses	Equity attributable to equity holders of the Company	Minority interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1.1.2008	18,333	31	(396)	(8,527)	9,441	1,385	10,826
Rights Issue 5 Feb 2008 32,410,669 shares @S\$0.11 each	3,565	-	-	-	3,565	-	3,565
Rights Issue Expenses	(176)	-	-	-	(176)	-	(176)
Total comprehensive income/(expenses) for the period	-	-	254	127	381	644	1,025
Balance as at 30.6.2008	21,722	31	(142)	(8,400)	13,211	2,029	15,240

Note – Under the Companies (Amendment) Act 2005, the concepts of the par value and authorised share capital is abolished. Accordingly, the amount in the share premium has been reclassified as issued capital.

Company

Statement of changes in equity for the half year ended 30 June 2009

	Share capital	Share option reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.1.2009	29,340	2	(2,422)	26,920
Total comprehensive income/(expenses) for the period	-	-	(615)	(615)
Balance at 30.6.2009	29,340	2	(3,037)	26,305

Company

Statement of changes in equity for the half year ended 30 June 2008

	Share capital	Share option reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.1.2008	18,333	31	(2,113)	16,251
Rights Issue Feb 2008 32,410,669 shares @S\$0.11 each	3,565	-	-	3,565
Rights Issue Expenses	(176)	-	-	(176)
Total comprehensive income/(expenses) for the period	-	-	(957)	(957)
Balance at 30.6.2008	21,722	31	(3,070)	18,683

There are no treasury shares as at 30 June 2009 and 30 June 2008.

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

There were no changes in the Company's share capital for the financial period ended 30 June 2009.

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

The figures have not been audited or reviewed by auditors.

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

Not applicable.

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

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation as in the consolidated financial statements of the Group for the financial year ended 31 December 2008.

- 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 Group has adopted the new and revised Singapore Financial Reporting Standards ("FRS") that are mandatory for the financial years beginning on and after 1 January 2009. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the financial statements.

The followings are the new and revised FRSs that are relevant to the Group:

FRS1 – Presentation of Financial Statements (Revised)

FRS108 – Operating Segments

6. Profit/(Loss) per ordinary share of the group for the current year reported on and the immediate preceding financial year, after deducting any provision for preference dividends

	The Group	
	30.6.2009 (Cents)	30.6.2008 (Cents)
Profit/(Loss) per ordinary share for the period based on net profit/(loss) attributable to shareholders:		
(a) Based on weighted average number of ordinary shares in issue	0.09	0.06
(b) On a fully diluted basis	0.09	0.06

The profit per ordinary share for the financial period under review is calculated based on the weighted average of 420,354,802 (30.6.2008: 211,683,446) ordinary shares in issue.

The share options are anti-dilutive as the exercise price per share is higher than the current market value.

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

	The Group		The Company	
	30.6.2009 (Cents)	31.12.2008 (Cents)	30.6.2009 (Cents)	31.12.2008 (Cents)
Net asset value per ordinary share based on issued share capital at end of period / year	4.09	3.99	6.26	6.40

Net asset value per share is calculated based on 420,354,802 shares and 420,354,802 shares as at 30.6.2009 and 31.12.2008 respectively.

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

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

Results by segments

	30.06.2009	30.06.2008
	S\$'000	S\$'000
<i>Revenue by segment</i>		
EES	8,978	18,141
ENV	886	1,116
OSS	8,536	-
	<u>18,400</u>	<u>19,257</u>
<i>Cost of Sales by segment</i>		
EES	6,245	12,839
ENV	1,280	1,161
OSS	4,773	-
	<u>12,298</u>	<u>14,000</u>
<i>Gross Profit/(Loss) by segment</i>		
EES	2,733	5,302
ENV	(394)	(45)
OSS	3,763	-
	<u>6,102</u>	<u>5,257</u>

Note:

- (1) The Group has reclassified the business segment from FEES to EES and combined IWTS and STS to ENV. Meanwhile, OSS is a new segment to the Group.

FEES	Fabrication of Engineering Equipment and provision of related Services
IWTS	Integrated industrial Wastewater Treatment Systems and sales of chemical for industrial application
STS	Sewage Treatment Systems for residential and commercial sectors
EES	Engineering Equipment Services
ENV	Environmental and Water
OSS	Oilfield Services and Supplies

- (2) The revenue, cost of sales and gross profits of OSS is only consolidated to the Group since the 4th quarter of year 2008.

Revenue

Group revenue decreased slightly by 4% to S\$18.40 million in the current financial period ended 30 June 2009 ('1H 09') as compared to revenue of S\$19.25 million in the previous corresponding financial period ('1H 08').

The slight decrease of revenue was due to slowing demand from EES segment which resulted in a decrease by S\$9.16 million from S\$18.14 million to S\$8.97 million. The decrease in revenue was offset by revenue generated from the new segment, OSS.

Cost of sales & Gross profit

The decrease in cost of sales of \$1.70 million (12%) was due to a decrease in revenue.

Gross profit contribution mainly came from EES of S\$2.73 million and OSS of S\$3.76 million but ENV recorded a gross loss of S\$394,000 in 1H 09. The improvement in gross profit margin for 1H 09 (33%) as compared to 1H 08 (27%) is attributable to the higher margin earned from the new segment, OSS.

Other income

Other income in 1H09 mainly consists of bad debts recovered during that period of S\$351,000.

Administrative expenses

The administrative expenses for 1H 09 were S\$1.07 million higher than those of 1H 08 mainly due to administration expenses of S\$1.18 million for the new segment, OSS.

Finance costs

Increase in finance costs was mainly due to interest charge on the loan for the acquisition of OSS.

Gain on disposal of subsidiaries

The disposal of Airchem Holdings and its subsidiaries ("AHG") contributed a gain of S\$493,000 to the Group in 1H09.

Income tax expense

Income tax expense for 1H 09 relates mainly to tax payable on profit from EES and OSS businesses. The effective tax rate for the 1H09 was higher than the statutory tax rate of 17% mainly due to losses of ENV segment were unable to set off against profits made by EES and OSS businesses.

The Group recorded an operating profit after tax and minority interest, attributable to shareholders in 1H 09 of S\$390,000 compared to an operating profit of S\$127,000 in 1H 08.

Losses from discontinued operations

The losses from discontinued operations arose from AHG in 1H08.

(ii) **Commentary on the balance sheet**

Non-Current Assets

Property, plant and equipment increased by S\$3.62 million mainly due to acquisition of a property by a subsidiary, OSSPL.

Goodwill decreased by S\$515,000, mainly due to the Company disposing 35% of the equity shares in AHG held by one of its wholly-owned subsidiary; Eco Water Technologies Sdn Bhd.

Current Assets

Cash and cash equivalents decreased by S\$3.57 million mainly due to repayment of trade payables and purchases during the financial period. Trade Debtors increased by S\$9.78 million from S\$7.09 million to S\$16.87 million due to the invoices issued to 2 turnkey customers which resulted in a decrease of amount due from customers on construction contracts from S\$10.74 million to S\$2.65 million.

There was no stock obsolescence during the financial period.

Current Liabilities

Trade Payables decreased by S\$2.50 million due to payment made to the suppliers. There is an increase in amount due to customers on construction contracts; this is a result of advance payments wherein work has yet to be completed but billings have been made to the customer. In addition there was a decrease in liabilities directly associated with businesses which was disposed during the financial period.

As a result of the changes in Current assets and Current liabilities, the decrease in current assets of S\$2.9 million (mainly from declines in cash) and decrease in current liabilities of S\$1.4 million (from trade payables and liabilities directly associated with disposed business), the Group's net Current liabilities position exceeded the Current assets by S\$931,000 and current ratio stood at 0.97.

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

Net Cash from Operating Activities

For 1H 09, net cash provided by operating activities amounted to S\$525,000 as compared S\$3.62 million in 1H 08, due mainly to increase in receivables and decrease in payables.

Net Cash from Investing Activities

For 1H 09, net cash used in investing activities was mainly due to the acquisition of a new property by a subsidiary, OSSPL.

Net Cash from Financing Activities

Withdrawal of pledged fixed deposits of S\$3.40 million, drawdown of bank borrowings of S\$8.53 million and repayment of bank borrowings of S\$8.02 million, in aggregate, resulted in net cash generated in financing activities of S\$3.88 million for 1H 09 compared to net cash used in financing activities of S\$260,000 for 1H 08.

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

Not applicable.

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

Barring unforeseen circumstances, the Group is of the view that the next reporting period and the next 12 months period will see similar level of activities for EES and OSS segments as compared to 1H 09 due to consistent level of inquiries.

11. **Dividend**

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

Any dividend declared for the current financial period reported on? None

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

Any dividend declared for the corresponding period of the immediately preceding financial year? None

- (c) **Date payable**

Not applicable

- (d) **Books closure date**

Not applicable

12. Interested Party Transaction**Recurrent Transactions Conducted under the Shareholders' Mandate approved in Extraordinary General Meeting held on 26 April 2008**

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

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to rule 920)		Aggregate value of all interested person transactions conducted under the Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	1.1.2009 to 30.6.2009 S\$'000	1.1.2008 to 30.6.2008 S\$'000	1.1.2009 to 30.6.2009 S\$'000	1.1.2008 to 30.6.2008 S\$'000
Koastal Group	Nil	Nil	2,343	24

BY ORDER OF THE BOARD
Gwendolyn Gn
 Company Secretary
 Date: 13 August 2009

CONFIRMATION BY THE BOARD OF DIRECTORS

We, Mr Ting Teck Jin and Mr Ong See Kong being two directors of the Company, do hereby confirm on behalf of the board of directors of the Company (the "Board") that, to the best of our knowledge, nothing has come to attention of the Board which may render the interim financial statements for the half year ended 30 June 2009 to be materially false and misleading.

On behalf of the Board

TING TECK JIN
Executive Chairman and Chief Executive Officer

Ong See Kong
Executive Director

Date: 13 August 2009

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange 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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