

**CHARISMA ENERGY SERVICES LIMITED**  
**(Company Registration No. 199706776D)**

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018**

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

	Group			Group		
	3Q 2018 US\$'000	3Q 2017 US\$'000	Change %	9M 2018 US\$'000	9M 2017 US\$'000	Change %
Revenue	3,907	4,771	(18%)	13,801	14,244	(3%)
Cost of sales	(2,364)	(2,172)	9%	(6,409)	(6,500)	(1%)
<b>Gross profit</b>	<b>1,543</b>	<b>2,599</b>	<b>(41%)</b>	<b>7,392</b>	<b>7,744</b>	<b>(5%)</b>
Other operating income/(expenses), net	7	(225)	n.m.	(4)	(1,032)	(100%)
Administrative and marketing expenses	(832)	(481)	73%	(2,685)	(1,497)	79%
<b>Profit from operating activities</b>	<b>718</b>	<b>1,893</b>	<b>(62%)</b>	<b>4,703</b>	<b>5,215</b>	<b>(10%)</b>
Finance income	20	76	(74%)	135	228	(41%)
Finance costs	(1,428)	(725)	97%	(4,297)	(2,052)	n.m.
<b>Net finance cost</b>	<b>(1,408)</b>	<b>(649)</b>	<b>n.m.</b>	<b>(4,162)</b>	<b>(1,824)</b>	<b>n.m.</b>
Share of results of jointly controlled entities (net of tax)	982	(220)	n.m.	1,519	(105)	n.m.
<b>Profit before taxation</b>	<b>292</b>	<b>1,024</b>	<b>(71%)</b>	<b>2,060</b>	<b>3,286</b>	<b>(37%)</b>
Taxation	(84)	(1)	n.m.	(483)	(2)	n.m.
<b>Profit after income tax</b>	<b>208</b>	<b>1,023</b>	<b>(80%)</b>	<b>1,577</b>	<b>3,284</b>	<b>(52%)</b>
Non-controlling interests	(157)	-	n.m.	(427)	26	n.m.
<b>Profit for the period</b>	<b>51</b>	<b>1,023</b>	<b>(95%)</b>	<b>1,150</b>	<b>3,310</b>	<b>(65%)</b>

Profit for the period is arrived at after crediting/(charging) the following:-

	Group			Group		
	3Q 2018 US\$'000	3Q 2017 US\$'000	Change %	9M 2018 US\$'000	9M 2017 US\$'000	Change %
- Net finance cost	(1,408)	(649)	n.m.	(4,162)	(1,824)	n.m.
- Depreciation and amortisation	(2,023)	(2,150)	(6%)	(5,614)	(6,446)	(13%)
- Foreign exchange (loss)/gain	(2)	(6)	(67%)	52	31	68%
- Impairment loss on available-for-sale financial assets	-	(222)	n.m.	-	(1,029)	n.m.
- Reversal/(Impairment) of expected credit losses	9	-	n.m.	(42)	-	n.m.

n.m. = not meaningful

**1(b)(i) Statements of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	30/09/2018 US\$'000	31/12/2017 US\$'000	30/09/2018 US\$'000	31/12/2017 US\$'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	106,206	104,966	8	19
Intangible assets	1,306	1,306	-	-
Subsidiaries	-	-	63,661	63,722
Joint ventures	6,496	4,978	20,604	20,844
Available-for-sale financial assets	469	1,276	469	1,276
Other receivables	16,913	17,955	-	-
	<b>131,390</b>	<b>130,481</b>	<b>84,742</b>	<b>85,861</b>
<b>CURRENT ASSETS</b>				
Intangible assets	5	-	-	-
Inventories	472	-	-	-
Trade and other receivables	14,412	12,644	923	935
Amounts due from subsidiaries	-	-	2,340	2,417
Amounts due from joint ventures	1,627	1,764	1,601	1,722
Cash and cash equivalents	4,349	2,974	1,738	1,536
	<b>20,865</b>	<b>17,382</b>	<b>6,602</b>	<b>6,610</b>
<b>TOTAL ASSETS</b>	<b>152,255</b>	<b>147,863</b>	<b>91,344</b>	<b>92,471</b>
<b>EQUITY</b>				
Share capital	272,670	272,670	272,670	272,670
Convertible perpetual capital securities	6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares	7,042	7,042	-	-
Warrants	2,384	2,384	2,384	2,384
Other reserves	(2,273)	572	807	-
Accumulated losses	(236,298)	(236,530)	(243,067)	(238,077)
<b>Equity attributable to owners of the Company</b>	<b>50,336</b>	<b>52,949</b>	<b>39,605</b>	<b>43,788</b>
Non-controlling interests	2,327	2,013	-	-
<b>TOTAL EQUITY</b>	<b>52,663</b>	<b>54,962</b>	<b>39,605</b>	<b>43,788</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Other payables	100	28	-	-
Amounts due to subsidiaries	-	-	21,945	21,841
Amounts due to related parties	22,074	21,546	22,111	21,546
Financial liabilities	18,833	19,133	-	-
Deferred tax liabilities	1,109	-	-	-
	<b>42,116</b>	<b>40,707</b>	<b>44,056</b>	<b>43,387</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	11,513	5,917	4,417	2,232
Amounts due to joint venture	65	44	65	44
Amounts due to related parties	1,826	1,712	1,790	1,674
Financial liabilities	43,858	44,515	1,411	1,346
Provision for tax	214	6	-	-
	<b>57,476</b>	<b>52,194</b>	<b>7,683</b>	<b>5,296</b>
<b>TOTAL LIABILITIES</b>	<b>99,592</b>	<b>92,901</b>	<b>51,739</b>	<b>48,683</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>152,255</b>	<b>147,863</b>	<b>91,344</b>	<b>92,471</b>

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

	Group	
	As at 30/09/2018 US\$'000	As at 31/12/2017 US\$'000
<b><u>Amount repayable in one year or less, or on demand:-</u></b>		
Secured	43,858	44,515
Unsecured	1,826	1,712
<b><u>Amount repayable after one year:-</u></b>		
Secured	18,833	19,133
Unsecured	22,074	21,546

**Details of any collateral**

Secured borrowings as at 30 September 2018 and 31 December 2017 were secured by mortgages on the respective hydro-electric power generation equipment, solar power generation equipment, offshore support vessels and onshore accommodation module.

1(b)(iii) Statement of comprehensive income for the period ended 30 September 2018

	Group					
	3Q 2018 US\$'000	3Q 2017 US\$'000	Change %	9M 2018 US\$'000	9M 2017 US\$'000	Change %
<b>Profit after income tax</b>	208	1,023	(80%)	1,577	3,284	(52%)
Other comprehensive income:						
<b><u>Items that may be reclassified subsequently to profit and loss</u></b>						
Effective portion of changes in fair value of cash flow hedge	-	10	n.m.	22	24	(8%)
Exchange differences on monetary items forming part of net investment in foreign operations	(1,490)	12	n.m.	(1,810)	21	n.m.
Foreign currency translation differences relating to financial statements of foreign operations	(323)	231	n.m.	(701)	796	n.m.
	(1,813)	253	n.m.	(2,489)	841	n.m.
<b><u>Item that is not be reclassified to profit and loss</u></b>						
Net change in fair value of available-for-sale financial assets	108	-	n.m.	(469)	-	n.m.
<b>Other comprehensive (loss)/income for the period</b>	<b>(1,705)</b>	<b>253</b>	<b>n.m.</b>	<b>(2,958)</b>	<b>841</b>	<b>n.m.</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(1,497)</b>	<b>1,276</b>	<b>n.m.</b>	<b>(1,381)</b>	<b>4,125</b>	<b>n.m.</b>
<b>Attributable to:</b>						
Owners of the Company	(1,578)	1,286	n.m.	(1,695)	4,151	n.m.
Non-controlling interests	81	(10)	n.m.	314	(26)	n.m.
	<b>(1,497)</b>	<b>1,276</b>	<b>n.m.</b>	<b>(1,381)</b>	<b>4,125</b>	<b>n.m.</b>

\*Amount less than US\$1,000  
n.m. = not meaningful

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.

	Group			
	3Q 2018 US\$'000	3Q 2017 US\$'000	9M 2018 US\$'000	9M 2017 US\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	292	1,024	2,060	3,286
<b>Adjustments for:-</b>				
Depreciation of property, plant and equipment	2,023	2,150	5,614	6,446
Fair value loss on derivative assets	29	3	28	48
Interest income	(20)	(76)	(135)	(228)
Interest expense	1,428	725	4,297	2,052
Equity-settled share-based payment transaction	34	85	150	187
Share of results of jointly controlled entities, net of tax	(982)	220	(1,519)	105
Impairment of loss on available-for-sale financial assets (Reversal)/Impairment of expected credit losses	-	222	-	1,049
	(9)	-	42	-
<b>Operating profit before working capital changes</b>	<b>2,795</b>	<b>4,353</b>	<b>10,537</b>	<b>12,945</b>
<b>Changes in working capital:</b>				
Trade and other receivables	(292)	(2,899)	(5,647)	(10,386)
Trade and other payables	123	(168)	319	(208)
Income tax paid	(114)	(1)	(489)	(2)
<b>Net cash generated from operating activities</b>	<b>2,512</b>	<b>1,285</b>	<b>4,720</b>	<b>2,349</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	-	(202)	(151)	(4,861)
Prepayment for land use rights	-	(1)	-	(147)
Advances to suppliers	-	(469)	-	(469)
Net cash inflow from acquisition of subsidiary <sup>Note</sup>	-	-	40	-
Loans to joint ventures	-	(712)	-	(9,588)
Interest income received	-	76	-	228
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(1,308)</b>	<b>(111)</b>	<b>(14,837)</b>
<b>Cash flows from financing activities</b>				
Loans from a related party	-	1,248	-	16,043
Proceeds from borrowings	-	2,836	-	2,836
Repayment of borrowings	(384)	(3,022)	(1,683)	(7,181)
Proceeds from issuance of shares by the company	-	38	-	167
Interest expense paid	(341)	(502)	(1,047)	(1,298)
<b>Net cash (used in)/generated from financing activities</b>	<b>(725)</b>	<b>598</b>	<b>(2,730)</b>	<b>10,567</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,787</b>	<b>575</b>	<b>1,879</b>	<b>(1,921)</b>
Cash and cash equivalents at beginning of period	2,879	1,798	2,974	4,112
Effect of exchange rate fluctuations on cash held	(317)	31	(504)	213
<b>Cash and cash equivalents at end of period</b>	<b>4,349</b>	<b>2,404</b>	<b>4,349</b>	<b>2,404</b>

**Note:** During 2Q 2018, the Group had acquired the shares in the operating companies that leases and operates the hydropower assets owned by the Group. Consideration of US\$1,875,000 which is payable by way of issue and allotment of ordinary shares in the share capital of the Company ("Consideration Shares") remains outstanding as at 30 September 2018, and will be issued and allotted to the Vendors upon completion and the fulfilment of the conditions contained in the SPA.

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.

### Statements of Changes in Equity

The Group	Share capital US\$'000	Perpetual securities US\$'000	Redeemable exchangeable preference shares US\$'000	Warrants US\$'000	Foreign currency translation reserves US\$'000	Fair value reserve US\$'000	Hedging reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2018 as previously reported	272,670	6,811	7,042	2,384	567	-	5	(236,530)	52,949	2,013	54,962
Adoption of new/revised SFRS (I)	-	-	-	-	-	-	-	(519)	(519)	-	(519)
<b>Restated balance at 1 January 2018</b>	272,670	6,811	7,042	2,384	567	-	5	(237,049)	52,430	2,013	54,443
Total comprehensive income for the period	-	-	-	-	(2,398)	(469)	22	1,150	(1,695)	314	(1,381)
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distribution to owners</b>											
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(240)	(240)	-	(240)
Distribution on redeemable exchangeable preference shares	-	-	-	-	-	-	-	(309)	(309)	-	(309)
Equity-settled share-based payment transaction	-	-	-	-	-	-	-	150	150	-	150
Total transactions with owners	-	-	-	-	-	-	-	(399)	(399)	-	(399)
<b>Balance as at 30 September 2018</b>	272,670	6,811	7,042	2,384	(1,831)	(469)	27	(236,298)	50,336	2,327	52,663

1(d)(i) Continued

The Group	Share capital US\$'000	Perpetual securities US\$'000	Redeemable exchangeable preference shares US\$'000	Warrants US\$'000	Foreign currency translation reserves US\$'000	Hedging reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2017	272,373	6,811	7,042	2,514	(803)	(42)	(204,703)	83,192	1,950	85,142
Total comprehensive income for the period	-	-	-	-	817	24	3,310	4,151	(26)	4,125
Transactions with owners, recognised directly in equity										
Contributions by and distribution to owners										
Issuance of ordinary shares	167	-	-	-	-	-	-	167	-	167
Conversion of warrants to ordinary shares	130	-	-	(130)	-	-	-	-	-	-
Accrued perpetual securities distributions	-	-	-	-	-	-	(253)	(253)	-	(253)
Equity-settled share-based payment transaction	-	-	-	-	-	-	187	187	-	187
Total transactions with owners	297	-	-	(130)	-	-	(66)	101	-	101
Balance as at 30 September 2017	272,670	6,811	7,042	2,384	14	(18)	(201,459)	87,444	1,924	89,368

## 1(d)(i) Continued

The Company	Share capital US\$'000	Perpetual securities US\$'000	Warrants US\$'000	Fair value reserves US\$'000	Accumulated losses US\$'000	Total US\$'000
<b>Balance as at 1 January 2018</b>	<b>272,670</b>	<b>6,811</b>	<b>2,384</b>	-	<b>(238,077)</b>	<b>43,788</b>
Adoption of new/revised SFRS (I)	-	-	-	-	(481)	(481)
<b>Restated balance at 1 January 2018</b>	<b>272,670</b>	<b>6,811</b>	<b>2,384</b>	-	<b>(238,558)</b>	<b>43,307</b>
Total comprehensive income for the period	-	-	-	807	(4,110)	(3,303)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distribution to owners</b>						
Accrued convertible perpetual capital securities distributions	-	-	-	-	(240)	(240)
Distribution on redeemable exchangeable preference shares	-	-	-	-	(309)	(309)
Equity-settled share-based payment transaction	-	-	-	-	150	150
Total transaction with owners	-	-	-	-	(399)	(399)
<b>Balance as at 30 September 2018</b>	<b>272,670</b>	<b>6,811</b>	<b>2,384</b>	<b>807</b>	<b>(243,067)</b>	<b>39,605</b>
<b>Balance as at 1 January 2017</b>	<b>272,373</b>	<b>6,811</b>	<b>2,514</b>	-	<b>(216,532)</b>	<b>65,166</b>
Total comprehensive income for the period	-	-	-	-	(2,504)	(2,504)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distribution to owners</b>						
Issuance of ordinary shares	167	-	-	-	-	167
Conversion of warrants to ordinary shares	130	-	(130)	-	-	-
Accrued convertible perpetual capital securities distributions	-	-	-	-	(253)	(253)
Equity-settled share-based payment transaction	-	-	-	-	187	187
Total transaction with owners	297	-	(130)	-	(66)	101
<b>Balance as at 30 September 2017</b>	<b>272,670</b>	<b>6,811</b>	<b>2,384</b>	-	<b>(219,102)</b>	<b>62,763</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from right 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 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.**

During the third quarter of 2018, there were no allotment and issuance of new ordinary shares, as there were no warrants being exercised by the warrant holders.

As at 30 September 2018, the Company had 13,166,385,035 ordinary shares issued and 3,084,660,568 outstanding convertibles. As at 30 September 2017, the Company had 13,166,385,035 ordinary shares issued and 3,084,660,568 outstanding convertibles

As at 30 September 2018, there were 7,299,270 redeemable exchangeable preference shares (30 September 2017: 7,299,270) in a subsidiary available for exchange to 523,620,516 ordinary shares of the Company.

The Company did not hold any treasury shares as at 30 September 2018 and 30 September 2017.

- 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.**

As at 30 September 2018, the issued and paid up share capital (excluding treasury shares) of the Company comprised 13,166,385,035 (31 December 2017: 13,166,385,035) ordinary shares.

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

Not applicable as the Company did not hold any treasury shares as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, disposal, 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 the Company's 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 under item 5 below, the Group has consistently applied the same accounting policies and methods of computation as in the most recently audited annual financial statements for the financial year ended 31 December 2017.



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.**

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group has adopted the new SFRS (I) framework in 2018 and concurrently applied the following SFRS (I)s, interpretations of SFRS(I) and requirements of SFRS (I) which are mandatorily effective from 1 January, 2018.

SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*

SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016

SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016

The adoption of the new financial reporting framework has no material impact to the Group's and the Company's financial statements in the year of initial application except for SFRS (I) 9.

Adoption of SFRS (I) 9 impacted the Group's and the Company's statement of financial position as of 1 January 2018 as follows:

- 1) The investment in available-for-sale financial assets are designated as fair value through other comprehensive income (FVOCI) as they are held to maintain liquidity for the Group and may be sold from time to time should the need arises. When the investment is derecognised, any changes in fair value recognised in OCI will not be reclassified to profit or loss upon disposal of the investment in available-for-sale financial assets.
- 2) Impairment of financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI) (except for investments in equity instruments) is now based on the expected credit loss model instead of the previous "incurred loss" model used previously.

The following summarises the effects on the Group's and the Company's statement of financial position as of 1 January 2018.

	<b>Group Level</b>			<b>Company Level</b>		
	<b>As previously reported</b> US\$'000	<b>Effect of SFRS (I) 9</b> US\$'000	<b>As restated</b> US\$'000	<b>As previously reported</b> US\$'000	<b>Effect of SFRS (I) 9</b> US\$'000	<b>As restated</b> US\$'000
<b>Assets</b>						
Other receivables	17,955	(402)	17,553	-	-	-
Trade and other receivables	12,644	(105)	12,539	935	(2)	933
Amount due from subsidiaries	-	-	-	2,417	(77)	2,340
Amount due from joint venture	-	-	-	1,722	(402)	1,320
Other assets	117,264	(12)	117,252	87,397	-	87,397
<b>Total assets</b>	<b>147,863</b>	<b>(519)</b>	<b>147,344</b>	<b>92,471</b>	<b>(481)</b>	<b>91,990</b>
<b>Equity</b>						
Accumulated losses	(236,530)	(519)	(237,049)	(238,077)	(481)	(238,558)
Others	291,492	-	291,492	281,865	-	281,865
<b>Total equities</b>	<b>54,962</b>	<b>(519)</b>	<b>54,443</b>	<b>43,788</b>	<b>(481)</b>	<b>43,307</b>

The Group has not restated the comparative information for the effect of adopting SFRS (I) 9 but has instead recognized the effect in revenue reserves and other reserves as at January 1, 2018.

**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.**

Earnings per share (“EPS”) after deducting any provisions for preference dividends:

		<b>Group</b>			
		<b>3Q 2018</b>	<b>3Q 2017</b>	<b>9M 2018</b>	<b>9M 2017</b>
(a)	Weighted average number of ordinary shares (in million)	13,166	13,146	13,166	13,129
	- EPS based on weighted average number of ordinary shares in issue (in USD cents)	0.00 <sup>N</sup>	0.01	0.01	0.03
	- EPS based on weighted average number of ordinary shares in issue (in SGD cents)	0.00 <sup>N</sup>	0.01 <sup>^</sup>	0.01 <sup>#</sup>	0.03 <sup>#</sup>

  

		<b>Group</b>			
		<b>3Q 2018</b>	<b>3Q 2017</b>	<b>9M 2018</b>	<b>9M 2017</b>
(b)	Weighted average number of ordinary shares (in million)	13,166*	15,208*	13,166*	15,235*
	- EPS based on fully diluted basis (in USD cents)	0.00 <sup>N</sup>	0.01	0.01	0.02
	- EPS based on fully diluted basis (in SGD cents)	0.00 <sup>N</sup>	0.01 <sup>^</sup>	0.01 <sup>#</sup>	0.03 <sup>#</sup>

<sup>N</sup> Less than 0.01

\* Perpetual capital securities, share options, warrants and redeemable exchangeable preference shares were not included in the computation of the diluted earnings per share because these potential shares were anti-dilutive.

<sup>^</sup> Conversion to SGD were based on 3Q 2018 average exchange rate of USD 1: SGD 1.3658 (3Q 2017: USD1 : SGD 1.3582).

<sup>#</sup> Conversion to SGD were based on 9M 2018 average exchange rate of USD 1: SGD 1.3412 (9M 2017: USD1 : SGD 1.3838).

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2018</b>	<b>31/12/2017</b>	<b>30/09/2018</b>	<b>31/12/2017</b>
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on				
- (in USD cents)	0.38	0.40	0.30	0.33
- (in SGD <sup>^</sup> cents)	0.52	0.54	0.41	0.44

<sup>^</sup> Conversion to SGD were based on 30 September 2018 exchange rate of USD 1: SGD 1.3671 (31 December 2017: USD 1: SGD 1.3366).

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.**

### **Income Statement Review**

#### **3Q 2018 vs 3Q 2017**

The Group's revenue for the three months ended 30 September 2018 ("3Q18") decreased by US\$864,000 to US\$3,907,000 as compared to the corresponding three months ended 30 September 2017 ("3Q17") due to cessation of recognition of revenue from anchor handling tugs support ("AHTS") vessels, partially offsetted by revenue contribution from mini-hydro power assets ("MHPPs") in Sri Lanka and 12MW solar photovoltaic power plant in China.

The Group's cost of sales for 3Q18, which mainly comprised depreciation and amortisation expenses, increased by US\$192,000 to US\$2,364,000 as compared to 3Q17. The increase in cost of sales is largely due to higher depreciation expense upon commissioning of 12 MW solar photovoltaic from February 2018 and inclusion of MHPP's financial results from April 2018, partially offsetted by lower depreciation expense from the oil and gas assets post impairment in December 2017.

As a result of the above, the Group's gross profit for 3Q18 decreased by US\$1,056,000 to US\$1,543,000 as compared to 3Q17.

Higher administrative and marketing expenses in 3Q18 as compared to 3Q17 were due to expenses from MHPPs and higher expenses from solar photovoltaic power plant in China.

The Group recorded marginal operating income in 3Q18 compared to operating expense in 3Q17. Operating expense in 3Q17 was largely due to impairment loss on available-for sale financial assets in 3Q17. Effective from 1 January 2018, changes in fair value of the available-for-sale financial assets is recognised in other comprehensive income (Note 5).

The increase in finance costs in 3Q18 as compared to 3Q17 was largely due to finance costs incurred by MHPPs, coupled with higher interest expense on loans from related parties.

Share of profits of jointly controlled entities in 3Q18 as compared to share of loss in 3Q17 was mainly due to higher contribution from the Group's joint venture in India.

#### **9M 2018 vs 9M 2017**

The Group's revenue for the nine months ended 30 September 2018 ("9M18") decreased by US\$443,000 to US\$13,801,000 as compared to the corresponding nine months ended 30 September 2017 ("9M17") due to cessation of recognition of revenue from AHTS vessels, partially offsetted by revenue contribution from MHPPs and 12MW solar photovoltaic power plant in China.

The cost of sales for 9M18, which mainly comprised depreciation and amortisation expenses, marginally decreased by US\$91,000 to US\$6,409,000 as compared to 9M17. The decrease is due to lower depreciation expense from the oil and gas assets post impairment in December 2017, partially offsetted by additional depreciation expense from 12 MW solar photovoltaic and MHPPs from February 2018 and April 2018 respectively.

As a result of the above, the Group's gross profit for 9M18 decreased by US\$352,000 to US\$7,392,000 as compared to 9M17.

The increase in administrative and marketing expenses in 9M18 was due to expenses from MHPPs and higher solar photovoltaic power plant in China.

The decrease in other operating expenses in 9M18 was mainly due to the adoption of SFRS (I) 9 with effect from 1 January 2018, where changes in fair value of the available-for-sale financial assets is recognised in other comprehensive income (Note 5). In 9M17, an impairment loss on available for sale financial assets was recognized.

The increase in finance costs in 9M18 as compared to 9M17 was largely due to finance costs incurred by MHPPs, coupled with higher interest expense on loans from related parties.

Share of profits of jointly controlled entities in 9M18 as compared to share of loss in 9M17 was mainly due to higher contribution from the Group's joint venture in India.

### **Statement of Financial Position Review**

#### **Non-current Assets**

The Group's Non-current Assets amounted to US\$131,390,000 as of 30 September 2018. The increase of US\$909,000 as compared to 31 December 2017 was mainly due to revenue contribution from joint ventures and acquisition of Property, plant and equipment from MHPP operations, partially offset by lower fair value of available-for-sale financial assets.

#### **Current Assets**

The Group's Current Assets amounted to US\$20,865,000 as of 30 September 2018. The increase was mainly due to the increase in trade and other receivables of the solar photovoltaic power plant and MHPPs, coupled with higher cash balance from MHPPs.

#### **Total Liabilities**

The Group's Total Liabilities amounted to US\$99,592,000 as of 30 September 2018. Higher liabilities compared to 31 December 2017 was mainly due to consideration amount payable to vendor for the purchase of MHPP's operations and accrual on interest payable on loans from related parties.

#### **Reclassification of borrowings to current liabilities**

As at 30 September 2018, the Group was in a net current liabilities position of US\$36,611,000. This was mainly due to the classification of the Group's term loans of US\$43,858,000 as current liabilities. The classification as current liabilities was a result of the Group ceasing the scheduled loan repayments. The Group is currently in negotiations with the banks to refinance the said term loans.

In addition, based on its internal budget and cash flow planning, the Group is also confident that it would be able to meet its other short term obligations as and when they fall due upon successful completion of the restructuring of the said term loans.

### **Statement of Cash Flows Review**

#### **Cash Flow from Operating Activities**

The Group's net cash generated from operating activities in 9M18 was US\$4,720,000. This was mainly due to cash generated from the operations of the Group.

#### **Cash Flow from Investing Activities**

The Group's net cash used in investing activities in 9M18 was US\$111,000. This was mainly due to purchase of plant and equipment offset by the net cash inflow from acquisition of subsidiary.

#### **Cash Flow from Financing Activities**

The Group's net cash used in investing activities in 9M18 was US\$2,730,000. This was mainly due to the repayment of borrowings and interest expenses.

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

Not applicable. No forecast or prospect statement had been previously 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 Group's successful acquisition of the operations in the Hydro Power Assets represents a step forward in the Group's restructuring efforts. Being the owner as well as the operators of the 12 MHPPs in South Asia enhances the value of the Group's portfolio. The Group will continue to focus on the development and operation of assets in the renewable energy sector.

The Group is also actively working on the divestment of its oil & gas related plant and equipment.

11. **Use of Proceeds**

Not applicable. No proceeds have been received in Q3 2018.

12. **If a decision regarding dividend has been made:**

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

None.

- (b) ***(i) Amount per share (cents)***

Not applicable.

- (ii) Previous corresponding period (cents)***

None.

- (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 Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.***

Not applicable.

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

No dividend has been declared or recommended for 3Q 2018.

**14. If the Group has obtained a general mandate from shareholders for IPTs, 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 had on 26 April 2018, obtained a general mandate from shareholders for interested person transactions (“IPTs”).

For details, please refer to the Appendix to Annual Report 2017 dated 11 April 2018.

Particulars of IPTs for the period 1 January 2018 to 30 September 2018 are as follows:

Name of interested person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US\$	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) US\$
<b><u>Management fee paid/payable to</u></b> Ezion Holdings Limited	NIL	115,571
<b><u>Interest paid/payable to</u></b> Ezion Holdings Limited	414,813	NIL

**15. Confirmation of undertakings from Directors and Executive Officers**

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

**BY ORDER OF THE BOARD**

\_\_\_\_\_  
**Chong Wai Ching**  
**Company Secretary**  
**07 November 2018**

**Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalyst**

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Group for the period ended 30 September 2018 to be false or misleading in any material aspect.

On behalf of the Board of directors

.....  
Tan Ser Ko  
Executive Director / CEO

.....  
Wong Bheet Huan  
Executive Director

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "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.*

*The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*