

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

**FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 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					
	4Q 2018	4Q 2017	Change	FY 2018	FY 2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	3,385	5,590	(39)	17,186	19,834	(13)
Cost of sales	(3,020)	(2,167)	39	(9,429)	(8,667)	9
Gross profit	365	3,423	(89)	7,757	11,167	(31)
Other operating expenses, net	(39,529)	(34,080)	16	(39,575)	(35,112)	13
Administrative and marketing expenses	(976)	(979)	n.m.	(3,619)	(2,476)	46
Loss from operating activities	(40,140)	(31,636)	27	(35,437)	(26,421)	34
Finance income	33	34	(3)	108	262	(59)
Finance costs	(2,796)	(1,866)	50	(7,033)	(3,918)	80
Net finance cost	(2,763)	(1,832)	51	(6,925)	(3,656)	89
Share of results of jointly controlled entities (net of tax)	238	(1,164)	n.m.	1,757	(1,269)	n.m.
Loss before taxation	(42,665)	(34,632)	23	(40,605)	(31,346)	30
Taxation	(842)	(7)	n.m.	(1,325)	(9)	n.m.
Loss after income tax	(43,507)	(34,639)	26	(41,930)	(31,355)	34
Non-controlling interests	111	(30)	n.m.	(316)	(3)	n.m.
Loss for the period/year	(43,396)	(34,669)	25	(42,246)	(31,358)	35

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

	Group					
	4Q 2018	4Q 2017	Change	FY 2018	FY 2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
- Net finance cost	(2,763)	(1,832)	51	(6,925)	(3,656)	89
- Depreciation and amortisation	(2,805)	(2,148)	31	(8,419)	(8,594)	(2)
- Foreign exchange (loss)/gain	(2)	125	n.m.	52	157	(67)
- Impairment of available-for-sale financial assets	-	-	n.m.	-	(1,049)	n.m.
- Impairment of trade receivables, joint venture, plant and equipment and held-for-sale assets	(39,606)	(34,183)	16	(39,606)	(34,183)	16
- Impairment of expected credit losses*	-	-	n.m.	(42)	-	n.m.

*(Adoption of SFRS (I) 9)

n.m. = not meaningful

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

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	71,053	104,966	4	19
Intangible assets	1,306	1,306	-	-
Subsidiaries	-	-	32,222	63,722
Joint ventures	5,375	4,978	21,144	20,844
Available-for-sale financial assets	292	1,276	292	1,276
Other receivables	10,404	17,955	-	-
	88,430	130,481	53,662	85,861
CURRENT ASSETS				
Intangible assets	2	-	-	-
Inventories	446	-	-	-
Assets held for sale	4,468	-	-	-
Trade and other receivables	8,782	12,644	926	935
Amounts due from subsidiaries	-	-	3,201	2,417
Amounts due from joint ventures	1,515	1,764	1,489	1,722
Cash and cash equivalents	5,862	2,974	2,847	1,536
	21,075	17,382	8,463	6,610
TOTAL ASSETS	109,505	147,863	62,125	92,471
EQUITY				
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	(3,688)	572	(984)	-
Accumulated losses	(279,372)	(236,530)	(272,502)	(238,077)
Equity attributable to owners of the Company	5,847	52,949	8,379	43,788
Non-controlling interests	2,226	2,013	-	-
TOTAL EQUITY	8,073	54,962	8,379	43,788
LIABILITIES				
NON-CURRENT LIABILITIES				
Other payables	91	28	-	-
Amounts due to subsidiaries	-	-	22,999	20,941
Amounts due to related parties	22,400	21,546	22,400	23,296
Financial liabilities	18,074	19,133	377	-
Deferred tax liabilities	1,238	-	-	-
	41,803	40,707	45,776	44,237
CURRENT LIABILITIES				
Trade and other payables	13,979	5,135	5,770	2,232
Amounts due to joint venture	76	44	76	44
Amounts due to related parties	1,929	2,494	1,242	824
Financial liabilities	43,179	44,515	881	1,346
Provision for tax	466	6	-	-
	59,629	52,194	7,969	4,446
TOTAL LIABILITIES	101,432	92,901	53,745	48,683
TOTAL EQUITY AND LIABILITIES	109,505	147,863	62,125	92,471

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

	Group	
	As at	As at
	31/12/2018	31/12/2017
	US\$'000	US\$'000
<u>Amount repayable in one year or less, or on demand:-</u>		
Secured	43,179	44,515
Unsecured	1,929	2,494
<u>Amount repayable after one year:-</u>		
Secured	18,074	19,133
Unsecured	22,400	21,546

Details of any collateral

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

Included in cash and cash equivalents an amount of US\$5,018,000 (31 December 2017: US\$1,817,000) being restricted or earmarked by the banks for various facilities granted.

1(b)(iii) Statement of comprehensive income for the period ended 31 December 2018

	Group					
	4Q 2018	4Q 2017	Change	FY 2018	FY 2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Loss for the period/year	(43,507)	(34,639)	26	(41,930)	(31,355)	34
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit and loss</u>						
Effective portion of changes in fair value of cash flow hedge	(11)	23	n.m.	11	47	(77)
Exchange differences on monetary items forming part of net investment in foreign operations	165	722	n.m.	(748)	743	n.m.
Foreign currency translation differences relating to financial statements of foreign operations	(967)	(109)	n.m.	(2,668)	687	n.m.
	(813)	636	n.m.	(3,405)	1,477	n.m.
<u>Item that is not be reclassified to profit and loss</u>						
Net change in fair value of available-for-sale financial assets	(958)	-	n.m.	(958)	-	n.m.
Other comprehensive (loss)/income for the period/year	(1,771)	636	n.m.	(4,363)	1,477	n.m.
Total comprehensive (loss)/income for the period/year	(45,278)	(34,003)	33	(46,293)	(29,878)	55
Attributable to:						
Owners of the Company	(44,811)	(34,093)	31	(46,506)	(29,941)	55
Non-controlling interests	(101)	90	n.m.	213	63	n.m.
	(44,912)	(34,003)	32	(46,293)	(29,878)	55

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			
	4Q 2018	4Q 2017	FY 2018	FY 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Loss before taxation	(42,665)	(34,632)	(40,605)	(31,346)
Adjustments for:-				
Depreciation of property, plant and equipment	2,805	2,148	8,419	8,594
Net fair value loss on derivative assets	-	(1)	28	47
Interest income	(33)	(34)	(108)	(262)
Interest expense	2,796	1,866	7,033	3,918
Equity-settled share-based payment transaction	94	48	244	235
Share of results of jointly controlled entities, net of tax	(238)	1,164	(1,757)	1,269
Impairment of available-for-sale financial assets	-	-	-	1,049
Impairment of trade receivables, joint venture, plant and equipment and held-for-sale assets	39,606	34,183	39,606	34,183
Impairment of expected credit losses	-	-	42	-
Operating profit before working capital changes	2,365	4,742	12,902	17,687
Changes in working capital:				
Trade and other receivables	791	(1,565)	(4,856)	(11,950)
Trade and other payables	926	(189)	1,245	(396)
Income tax paid	(589)	(1)	(1,078)	(3)
Net cash generated from operating activities	3,493	2,987	8,213	5,338
Cash flows from investing activities				
Purchase of plant and equipment	-	(13,464)	(151)	(18,325)
Prepayment for land use rights	-	(2,243)	-	(2,712)
Advances to suppliers	-	(1)	-	(148)
Net cash inflow from acquisition of subsidiary ^{Note}	-	-	40	-
Investment in joint ventures	-	447	-	(9,141)
Interest income received	-	34	-	262
Net cash used in investing activities	-	(15,227)	(111)	(30,064)
Cash flows from financing activities				
Loans from a related party	-	-	-	16,043
Repayment of loan to a related party	-	(1,350)	-	(1,350)
Proceeds from borrowings	-	16,298	-	19,133
Repayment of borrowings	(1,499)	(1,721)	(3,182)	(8,902)
Proceeds from issuance of shares by the company	-	-	-	167
Interest expense paid	(171)	(478)	(1,218)	(1,777)
Net cash (used in)/generated from financing activities	(1,670)	12,749	(4,400)	23,314
Net increase/(decrease) in cash and cash equivalents	1,823	509	3,702	(1,412)
Cash and cash equivalents at beginning of period/year	4,349	2,404	2,974	4,112
Effect of exchange rate fluctuations on cash held	(310)	61	(814)	274
Cash and cash equivalents at end of period/year	5,862	2,974	5,862	2,974

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 31 December 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	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	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)
Restated balance at 1 January 2018	272,670	6,811	7,042	2,384	567	-	5	(237,049)	52,430	2,013	54,443
Total comprehensive income for the period	-	-	-	-	(3,313)	(958)	11	(42,246)	(46,506)	213	(46,293)
Transactions with owners, recognised directly in equity											
Contributions by and distribution to owners											
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(321)	(321)	-	(321)
Equity-settled share-based payment transaction	-	-	-	-	-	-	-	244	244	-	244
Total transactions with owners	-	-	-	-	-	-	-	(77)	(77)	-	(77)
Balance as at 31 December 2018	272,670	6,811	7,042	2,384	(2,746)	(958)	16	(279,372)	5,847	2,226	8,073

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. (Continued)

Statements of Changes in Equity

The Group	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	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 year	-	-	-	-	1,370	47	(31,358)	(29,941)	63	(29,878)
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	-	-	-	-	-	-	(339)	(339)	-	(339)
Distribution on redeemable exchangeable preference shares	-	-	-	-	-	-	(365)	(365)	-	(365)
Equity-settled share-based payment transaction	-	-	-	-	-	-	235	235	-	235
Total transactions with owners	297	-	-	(130)	-	-	(469)	(302)	-	(302)
Balance as at 31 December 2017	272,670	6,811	7,042	2,384	567	5	(236,530)	52,949	2,013	54,962

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. (Continued)

Statements of Changes in Equity

	Share capital	Perpetual securities	Warrants	Foreign currency translation reserve	Fair value reserves	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Company							
Balance as at 1 January 2018	272,670	6,811	2,384	-	-	(238,077)	43,788
Adoption of new/revised SFRS (I)	-	-	-	-	-	(481)	(481)
Restated balance at 1 January 2018	272,670	6,811	2,384	-	-	(238,558)	43,307
Total comprehensive income for the year	-	-	-	(26)	(958)	(33,867)	(34,851)
Transactions with owners, recognised directly in equity							
Contributions by and distribution to owners							
Accrued convertible perpetual capital securities distributions	-	-	-	-	-	(321)	(321)
Equity-settled share-based payment transaction	-	-	-	-	-	244	244
Total transaction with owners	-	-	-	-	-	(77)	(77)
Balance as at 31 December 2018	272,670	6,811	2,384	(26)	(958)	(272,502)	8,379
Balance as at 1 January 2017	272,373	6,811	2,514	-	-	(216,532)	65,166
Total comprehensive income for the year	-	-	-	-	-	(21,441)	(21,441)
Transactions with owners, recognised directly in equity							
Contributions by and distribution to owners							
Issuance of ordinary shares	167	-	-	-	-	-	167
Conversion of warrants to ordinary shares	130	-	(130)	-	-	-	-
Accrued convertible perpetual capital securities distributions	-	-	-	-	-	(339)	(339)
Equity-settled share-based payment transaction	-	-	-	-	-	235	235
Total transaction with owners	297	-	(130)	-	-	(104)	63
Balance as at 31 December 2017	272,670	6,811	2,384	-	-	(238,077)	43,788

- 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 fourth 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 31 December 2018 and 31 December 2017, the Company had 13,166,385,035 ordinary shares issued and 3,084,660,568 outstanding convertibles.

As at 31 December 2018 and 31 December 2017, there were 7,299,270 redeemable exchangeable preference shares in a subsidiary available for exchange to 523,620,516 ordinary shares of the Company.

Save as disclosed, the Company did not hold any treasury shares and subsidiary holdings as at 31 December 2018 and 31 December 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 31 December 2018 and 31 December 2017, the issued and paid up share capital (excluding treasury shares) of the Company comprised 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 year 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.

	<u>Group Level</u>			<u>Company Level</u>		
	As previously reported	Effect of SFRS (I) 9	As restated	As previously reported	Effect of SFRS (I) 9	As restated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Assets</u>						
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
Total assets	147,863	(519)	147,344	92,471	(481)	91,990
<u>Equity</u>						
Accumulated losses	(236,530)	(519)	(237,049)	(238,077)	(481)	(238,558)
Others	291,492	-	291,492	281,865	-	281,865
Total equities	54,962	(519)	54,443	43,788	(481)	43,307

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 1 January 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.**

Loss per share ("LPS") after deducting accruals of distributions for perpetual securities and preference shareholders:

		Group			
		4Q 2018	4Q 2017	FY 2018	FY 2017
(a)	Weighted average number of ordinary shares (in million)*	13,166	13,166	13,166	13,166
	- LPS based on weighted average number of ordinary shares in issue (in US cents)	(0.33)	(0.26)	(0.32)	(0.24)
	- LPS based on weighted average number of ordinary shares in issue (in SGD cents)	(0.45)	(0.36) ^	(0.44)	(0.32)
		Group			
		4Q 2018	4Q 2017	FY 2018	FY 2017
(b)	Weighted average number of ordinary shares (in million)*	13,166	13,166	13,166	13,166
	LPS based on fully diluted basis (in USD cents)	(0.33)	(0.26)	(0.32)	(0.24)
	LPS based on fully diluted basis (in SGD cents)	(0.45)	(0.36) ^	(0.44)	(0.32)

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

^ Conversion to SGD were based on 4Q 2018 average exchange rate of USD 1: SGD 1.3739 (4Q 2017: USD1 : SGD 1.3482).

Conversion to SGD were based on FY 2018 average exchange rate of USD 1: SGD 1.3494 (FY 2017: USD1 : SGD 1.3749).

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.

		Group		Company	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
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 US cents)	0.04	0.40	0.06	0.33
	- (in SGD cents^)	0.06	0.54	0.09	0.44

^ Conversion to SGD on 31 December 2018 were based on the exchange rate of USD 1: SGD 1.3648 (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

4Q 2018

The Group's revenue for the three months ended 31 December 2018 ("4Q18") decreased by US\$2,205,000 to US\$3,385,000 as compared to the corresponding three months ended 31 December 2017 ("4Q17") due to cessation of recognition of revenue from anchor handling tugs support ("AHTS") vessels and accommodation module, partially offset by revenue contribution from mini-hydro power assets ("MHPPs") in Sri Lanka and 20MW solar photovoltaic power plant in China.

The Group's cost of sales for 4Q18, which mainly comprised depreciation and amortisation expenses, increased by US\$853,000 to US\$3,020,000 as compared to 4Q17. The increase in cost of sales is largely due to depreciation expense of 20 MW photovoltaic plant and mini-hydro plants, partially offset 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 4Q18 decreased by US\$3,058,000 to US\$365,000 as compared to 4Q17.

Operating expenses in 4Q18 was largely due to impairment charge of US\$39,606,000. Of which, impairment charge on property, plant and equipment of renewable energy segment and oil & gas segment was approximately US\$27 million and US\$7 million respectively.

Share of profits of jointly controlled entities in 4Q18 was due to contribution from the Group's joint venture in India. Share of losses of jointly controlled entities in 4Q17 was due to provision of losses on joint ventures operations in Singapore and Malaysia.

FY 2018

The Group's revenue for the twelve months ended 31 December 2018 ("FY18") decreased by US\$2,648,000 to US\$17,186,000 as compared to the corresponding twelve months ended 31 December 2017 ("FY17") due to cessation of recognition of revenue from anchor handling tugs support ("AHTS") vessels and accommodation module, partially offset by revenue contribution from mini-hydro power assets ("MHPPs") in Sri Lanka and 20MW solar photovoltaic power plant in China.

The cost of sales for FY18, which mainly comprised depreciation and amortisation expenses, increased by US\$762,000 to US\$9,429,000 as compared to FY17. The increase in cost of sales is largely due to depreciation expense of 20 MW photovoltaic plant and mini-hydro plants, partially offset 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 FY18 decreased by US\$3,410,000 to US\$7,757,000 as compared to FY17.

The increase in administrative and marketing expenses in FY18 was due to expenses from MHPPs which the Group had acquired in FY 18 and higher operating expenses incurred subsequent to the commissioning and full operation of the 12 MW solar photovoltaic power plant in China in FY 18.

Operating expenses in FY18 was largely due to impairment charge of US\$39,606,000. Of which, impairment charge on property, plant and equipment of renewable energy segment and oil & gas segment was approximately US\$27 million and US\$7 million respectively.

The increase in finance costs in FY18 as compared to FY17 was largely due to finance costs incurred by solar photovoltaic power plant, coupled with higher interest expense on loans from related parties.

Share of profits of jointly controlled entities in FY18 was due to contribution from the Group's joint venture in India. Share of losses of jointly controlled entities in FY17 was due to provision of losses on joint ventures operations in Singapore and Malaysia.

Statement of Financial Position Review

Non-current Assets

The Group's Non-current Assets amounted to US\$88,430,000 as of 31 December 2018. The decrease of US\$42,051,000 as compared to 31 December 2017 was mainly due to impairment of the property, plant and equipment and the reclassification of the Group's investment in Mustang Operations Centre 1 LLC from joint venture under non-current assets to assets held for sale asset under current assets during FY 18.

Current Assets

The Group's Current Assets amounted to US\$21,075,000 as of 31 December 2018. The increase was mainly due to reclassification of the Group's investemtn in Mustang Operations Centre 1 LLC to assets held for sale as mentioned above, coupled by cash balance generated from MHPPs, partially offsetted by lower trade and other receivables.

Total Liabilities

The Group's Total Liabilities amounted to US\$101,432,000 as of 31 December 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 31 December 2018, the Group was in a net current liabilities position of US\$38,554,000. This was mainly due to the classification of the Group's term loans of US\$18,247,000 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.

Statement of Cash Flows Review

Cash Flow from Operating Activities

The Group's net cash generated from operating activities in FY18 was US\$8,212,000. 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 FY18 was US\$111,000. This was mainly due to purchase of plant and equipment offsetted by the net cash inflow from acquisition of subsidiary.

Cash Flow from Financing Activities

The Group's net cash used in financing activities in FY18 was US\$4,400,000. 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 operations of the Hydro Power Assets represents a step forward in the Group's restructuring efforts. The Group will continue to focus on the development and operation of assets in the renewable energy sector and concurrently, working on the completion of divestment of its oil & gas related plant and equipment.

(A) Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as and when they fall due.

The Group incurred a loss of US\$42.2 million in FY 18, primarily due to impairment of property, plant and equipment. Despite the challenging operating environment that the Group is operating in, the operating cashflow of the Group remained positive. During FY 18, the Group had breached certain covenants of its debt facilities. However, it has received waivers for these breaches from its principal bankers.

Cashflow forecasts

As part of the assessment of going concern, management has reviewed the Group's cash flow forecasts over the next 18 months period to June 2020. These forecasts represent the management's best estimate of revenues and costs in the next 18 months which include cash inflows from operations of the Group's various cash generating units. Whilst these forecasts contain some uncertainty relating to future events, management has assessed the options available in order to ensure that sufficient cash flow is in place to enable the Group to meet its obligations as they fall due.

(B) Management's plans to address these uncertainties

Restructuring of debt facilities

The Group is in the midst of the restructuring of its debt facilities with its principal bankers. The completion of the debt restructuring will, amongst others, extend the repayment terms for the Group's borrowings, resulting in the improvement of the Group's cash flow.

Completion of divestment of its oil & gas related plant and equipment

In September 2018, the Group entered into an agreement with Alpha Energy Holdings Limited and its wholly-owned subsidiary for the disposal of the entire issued ordinary share capital of Mustang Operations Center 1 LLC for a consideration of US\$9,000,000, which will be satisfied by ordinary shares and convertible perpetual capital securities of Alpha Energy Holdings Limited. In February 2019, the Group entered into an agreement with AusGroup Limited and its subsidiaries for the disposal of the Accommodation Module for a consideration of AUD11,800,000 (equivalent to approximately US\$8,392,000 at the exchange rate of US\$1 to AUD1.4061 on date of execution of the agreement). Proceeds from the above disposals will be largely applied towards reduction of the Group's financial liabilities over the next 18 months. The Group will continue to focus on reducing debts and bolstering working capital to improve the Group's gearing position.

Please refer to the Group's announcement on 28 September 2018 and 20 February 2019 respectively for more details on the above transactions.

Preparation of the financial report on a going concern basis

Until the debt restructuring exercise and disposal of assets are completed, there is some uncertainty that may cast doubt on the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, after assessing the above plans, the directors consider that the Group continues to be able to meet its obligations as and when they fall due based on:

- the forecasted cashflow of the Group to June 2020 including the expected revenue from existing customers and contracts;
- the completion of the proposed Group's debt restructuring exercise;
- the completion and execution of divestment of the Group's oil & gas related plant and equipment; and
- continual support from the various stakeholders.

Accordingly, the consolidated financial statements have been prepared on a going concern basis.

11 **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

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

As the Company incurred losses for FY18, no dividend has been declared or recommended for the financial year.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule

The Group had on 26 April 2018, obtained a general mandate from shareholders for interested person transactions ("IPTs").

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\$
Management fee paid/payable to Ezion Holdings Limited (Note)	NIL	218,244
Interest paid/payable to Ezion Holdings Limited (Note)	1,082,386	NIL

Note: Ezion Holdings Limited is the controlling shareholder of the Company

14 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).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

For the year ended 31 December 2018 and 31 December 2017, all revenue, capital expenditure, assets and liabilities were derived from one single business segment in providing power and energy services.

Geographical segments information for the Group is as follows:

	Australia		Middle East		Asia		Total operations	
	FY 2018 US\$'000	FY 2017 US\$'000	FY 2018 US\$'000	FY 2017 US\$'000	FY 2018 US\$'000	FY 2017 US\$'000	FY 2018 US\$'000	FY 2017 US\$'000
Revenue	503	1,443	-	4,818	16,683	13,573	17,186	19,834
Plant and equipment	6,718	9,335	1,260	8,268	63,075	87,363	71,053	104,966

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

Please refer to paragraph 8.

17 **A breakdown of financials as follows:-**

	Group FY 2018 US\$'000	Group FY 2017 US\$'000	Variance (%)
Revenue			
(a) first half year	9,894	9,473	4
(b) second half year	7,292	10,361	(30)
Total for the year	<u>17,186</u>	<u>19,834</u>	(13)
	Group FY 2018 US\$'000	Group FY 2017 US\$'000	Variance (%)
Total profit/(loss) after income tax:			
(a) first half year	1,369	2,261	(39)
(b) second half year	(43,299)	(33,616)	29
Total for the year	<u>(41,930)</u>	<u>(31,355)</u>	34

18 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

Not applicable. No dividend has been declared or recommended for FY2018 and FY2017.

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 chief executive officer 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.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

BY ORDER OF THE BOARD

Tan Wee Sin
Company Secretary
1 March 2019

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 Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).