

**Charisma Energy Services Limited
and its Subsidiaries**

Registration Number: 199706776D

Condensed Interim Financial Statements
For the nine months ended 30 September 2021

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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period Ended 30 September 2021

Consolidated statement of profit or loss

	Note	3 months ended			9 months ended		
		30.09.2021	30.09.2020	Change	30.09.2021	30.09.2020	Change
		(3Q 2021)	(3Q 2020)		(9M 2021)	(9M 2020)	
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	5	3,221	5,366	(40)	9,791	9,105	8
Cost of sales		(1,104)	(1,234)	(11)	(3,459)	(3,414)	1
Gross profit		2,117	4,132	(49)	6,332	5,691	11
Administrative and marketing expenses		(717)	(904)	(21)	(2,398)	(2,779)	(14)
Other operating expenses		(3,700)	–	n.m.	(3,700)	–	n.m.
Result from operating activities		(2,300)	3,228	n.m.	234	2,912	(92)
Finance income		34	24	42	76	80	(5)
Finance cost		(1,101)	(1,351)	(19)	(3,932)	(4,060)	(3)
Net finance cost		(1,067)	(1,327)	(20)	(3,856)	(3,980)	(3)
Share of results of joint ventures, net of tax		–	107	(100)	–	390	(100)
(Loss)/Profit before income tax	7	(3,367)	2,008	n.m.	(3,622)	(678)	n.m.
Income tax expense	8	(379)	(462)	(18)	(835)	(981)	(15)
(Loss)/Profit for the period		(3,746)	1,546	n.m.	(4,457)	(1,659)	n.m.
(Loss)/Profit attributable to:							
Owners of the Company		(3,582)	1,444	n.m.	(4,297)	(1,895)	n.m.
Non-controlling interests		(164)	102	n.m.	(160)	236	n.m.
(Loss)/Profit for the period		(3,746)	1,546	n.m.	(4,457)	(1,659)	n.m.
Earnings/ (Loss) per share for profit/ (loss) for the period attributable to the owners of the Company during the year:							
Basic (US cents)		(0.027)	0.01		(0.033)	(0.01)	
Diluted (US cents)		(0.027)	0.01		(0.033)	(0.01)	
Note:							
Weighted average number of ordinary shares (in million):							
Basic		13,657	13,657		13,657	13,657	
Diluted*		13,657	13,657		13,657	13,657	

* The outstanding convertibles (including perpetual securities, share options and redeemable exchangeable preference shares) were excluded in the computation of the diluted earnings per share because these convertibles were anti-dilutive for the respective financial periods.

n.m. = not meaningful

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

Period Ended 30 September 2021

Consolidated statement of comprehensive income

	3 months ended		Change %	9 months ended		Change %
	30.09.2021 (3Q 2021) US\$'000	30.09.2020 (3Q 2020) US\$'000		30.09.2021 (9M 2021) US\$'000	30.09.2020 (9M 2020) US\$'000	
(Loss)/Profit for the period	(3,746)	1,546	n.m.	(4,457)	(1,659)	n.m.
Other comprehensive income/ (loss)						
Items that will not be reclassified to profit or loss:						
Net change in fair value of actuarial gain or loss	1	—	n.m.	9	—	n.m.
Items that are or may be reclassified subsequently to profit or loss:						
Exchange differences on monetary items forming part of net investment in foreign operations	405	396	2	606	39	n.m.
Foreign currency translation differences relating to financial statements of foreign operations	437	(7)	n.m.	(534)	(22)	n.m.
Effective portion of changes in fair value of cash flow hedges	—	3	n.m.	—	7	n.m.
Other comprehensive income for the period	843	392	n.m.	81	24	n.m.
Total comprehensive (loss)/ income for the period	(2,903)	1,938	n.m.	(4,376)	(1,635)	n.m.
Total comprehensive (loss)/ income attributable to:						
Owners of the Company	(2,770)	1,802	n.m.	(4,209)	(1,901)	n.m.
Non-controlling interests	(133)	136	n.m.	(167)	266	n.m.
Total comprehensive (loss)/ income for the period	(2,903)	1,938	n.m.	(4,376)	(1,635)	n.m.

n.m. = not meaningful

Condensed Interim Statements of Financial Position

As at 30 September 2021

	Note	Group		Company	
		30.09.2021 US\$'000	31.12.2020 US\$'000	30.09.2021 US\$'000	31.12.2020 US\$'000
Non-current assets					
Property, plant and equipment	11	22,024	25,971	2	3
Right-of-use assets		15,182	16,675	–	–
Intangible assets	10	–	–	–	–
Subsidiaries		–	–	32,792	30,938
Joint ventures		–	–	–	–
Other investments		–	–	–	–
Deferred tax assets		840	840	–	–
Trade and other receivables	12	604	603	–	–
		38,650	44,089	32,794	30,941
Current assets					
Inventories		585	547	–	–
Assets held for sale		6,781	7,186	–	–
Trade and other receivables	12	15,245	18,480	923	3,594
Amounts due from subsidiaries	12	–	–	2,465	2,763
Amounts due from joint ventures	12	213	59	213	59
Cash and cash equivalents		5,188	3,315	98	114
		28,012	29,587	3,699	6,530
Total assets		66,662	73,676	36,493	37,471
Equity					
Share capital	15	274,545	274,545	274,545	274,545
Perpetual 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		(6,308)	(6,428)	(1,276)	(1,276)
Accumulated losses		(312,115)	(307,543)	(327,274)	(325,245)
Deficit in equity attributable to owners of the Company		(27,641)	(23,189)	(44,810)	(42,781)
Non-controlling interests		955	1,122	–	–
Net deficit in equity		(26,686)	(22,067)	(44,810)	(42,781)
Non-current liabilities					
Trade and other payables	13	166	186	–	–
Financial liabilities	14	14,160	17,590	3,064	3,064
Deferred tax liabilities		2,320	2,486	–	–
		16,646	20,262	3,064	3,064
Current liabilities					
Trade and other payables	13	19,263	16,389	8,653	8,293
Amounts due to joint ventures	13	124	119	124	119
Amounts due to related parties	13	27,974	27,394	27,897	27,357
Amounts due to subsidiaries	13	–	–	24,219	24,073
Financial liabilities	14	28,933	31,072	17,346	17,346
Provision for tax		408	507	–	–
		76,702	75,481	78,239	77,188
Total liabilities		93,348	95,743	81,303	80,252
Total equity and liabilities		66,662	73,676	36,493	37,471

Condensed Interim Consolidated Statement of Cash Flows

Period Ended 30 September 2021

	Note	3 months ended		9 months ended	
		30.09.2021	30.09.2020	30.09.2021	30.09.2020
		(3Q 2021)	(3Q 2020)	(9M 2021)	(9M 2020)
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities					
(Loss)/Profit before income tax		(3,367)	2,008	(3,622)	(678)
Adjustments for:					
Depreciation of property, plant and equipment	7	441	724	1,202	1,784
Depreciation of right-of-use assets	7	245	197	766	549
Impairment loss on:					
- property, plant and equipment	7	2,650	–	2,650	–
- right of use asset	7	1,050	–	1,050	–
Interest income		(34)	(24)	(76)	(80)
Interest expense		1,101	1,351	3,932	4,060
Share of results of joint ventures, net of tax		–	(107)	–	(390)
		2,086	4,149	5,902	5,245
Changes in:					
- Inventories		(29)	(28)	(38)	20
- Trade and other receivables		1,256	(3,869)	1,776	(2,356)
- Trade and other payables		(206)	927	(408)	1,263
Income tax paid		(302)	(154)	(934)	(680)
Net cash from operating activities		2,805	1,025	6,298	3,492
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(2)	(49)	(27)	(111)
Advances received for assets held for sale		160	–	1,656	–
Proceeds from disposal of joint ventures		–	–	1,304	–
Interest income received		34	24	76	80
Net cash from/(used in) investing activities		192	(25)	3,009	(31)
Cash flows from financing activities					
Proceeds from borrowings		–	–	–	25
Repayment of borrowings		(865)	(934)	(5,634)	(3,780)
(Increase)/ Decrease in restricted cash		(1,600)	277	(1,886)	1,321
Payment of lease liabilities		(19)	–	(51)	(28)
Interest expense paid		(447)	(458)	(1,749)	(1,508)
Net cash used in financing activities		(2,931)	(1,115)	(9,320)	(3,970)
Net increase/(decrease) in cash and cash equivalents		66	(115)	(13)	(509)
Cash and cash equivalents at beginning of period		25	17	104	590
Effect of exchange rate fluctuations on cash held		–	150	–	(29)
Cash and cash equivalents at end of period		91	52	91	52
Cash and cash equivalents comprise:					
Cash and cash equivalents at per statement of financial position		5,188	3,387	5,188	3,387
Less: Restricted cash		(5,097)	(3,335)	(5,097)	(3,335)
Cash and cash equivalents as per consolidated statement of cash flows		91	52	91	52

Condensed Interim Statements of Changes in Equity

Period Ended 30 September 2021

Group	Note	Attributable to owners of the Company									Non-controlling interests	
		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	US\$'000	Total US\$'000
Balance as at 1 July 2021		274,545	6,811	7,042	2,384	(3,197)	(3,962)	(10)	(308,425)	(24,812)	1,088	(23,724)
Total comprehensive income/ (loss) for the year		–	–	–	–	860	1	–	(3,631)	(2,770)	(133)	(2,903)
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners												
Accrued perpetual securities distributions		–	–	–	–	–	–	–	(59)	(59)	–	(59)
Total transactions with owners		–	–	–	–	–	–	–	(59)	(59)	–	(59)
Balance as at 30 September 2021		274,545	6,811	7,042	2,384	(2,337)	(3,961)	(10)	(312,115)	(27,641)	955	(26,686)

Condensed Interim Statements of Changes in Equity (cont'd)

Period Ended 30 September 2021

Group	Attributable to owners of the Company									Non-controlling interests	
	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		
Balance as at 1 July 2020	274,545	6,811	7,042	2,384	(2,868)	(3,961)	(15)	(308,268)	(24,330)	835	(23,495)
Total comprehensive income/ (loss) for the year	–	–	–	–	355	–	3	1,444	1,802	136	1,938
Transactions with owners of the Company, recognised directly in equity											
Contributions by and distributions to owners											
Accrued perpetual securities distributions	–	–	–	–	–	–	–	(133)	(133)	–	(133)
Total transactions with owners	–	–	–	–	–	–	–	(133)	(133)	–	(133)
Balance as at 30 September 2020	274,545	6,811	7,042	2,384	(2,513)	(3,961)	(12)	(306,957)	(22,661)	971	(21,690)

Condensed Interim Statements of Changes in Equity (cont'd)

Period Ended 30 September 2021

Group	Note	Attributable to owners of the Company									Non-controlling interests	Total
		Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	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 2021		274,545	6,811	7,042	2,384	(2,457)	(3,961)	(10)	(307,543)	(23,189)	1,122	(22,067)
Total comprehensive income/ (loss) for the year		—	—	—	—	120	—	—	(4,329)	(4,209)	(167)	(4,376)
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners												
Issue of ordinary shares	15	—*	—	—	—	—	—	—	—	—	—	—
Conversion of warrants to ordinary shares	15	—*	—	—	—*	—	—	—	—	—	—	—
Accrued perpetual securities distributions		—	—	—	—	—	—	—	(243)	(243)	—	(243)
Total transactions with owners		—	—	—	—	—	—	—	(243)	(243)	—	(243)
Balance as at 30 September 2021		274,545	6,811	7,042	2,384	(2,337)	(3,961)	(10)	(312,115)	(27,641)	955	(26,686)

* Amount below US\$1,000

Condensed Interim Statements of Changes in Equity (cont'd)

Period Ended 30 September 2021

Group	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	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 2020	274,545	6,811	7,042	2,384	(2,500)	(3,961)	(19)	(304,807)	(20,505)	705	(19,800)
Total comprehensive income/ (loss) for the year	–	–	–	–	(13)	–	7	(1,895)	(1,901)	266	(1,635)
Transactions with owners of the Company, recognised directly in equity											
Contributions by and distributions to owners											
Accrued perpetual securities distributions	–	–	–	–	–	–	–	(255)	(255)	–	(255)
Total transactions with owners	–	–	–	–	–	–	–	(255)	(255)	–	(255)
Balance as at 30 September 2020	274,545	6,811	7,042	2,384	(2,513)	(3,961)	(12)	(306,957)	(22,661)	971	(21,690)

Condensed Interim Statements of Changes in Equity

Period Ended 30 September 2021

Company	Note	Share capital US\$'000	Perpetual securities US\$'000	Warrants US\$'000	Fair value reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 July 2021		274,545	6,811	2,384	(1,276)	(326,870)	(44,406)
Total comprehensive loss for the year		–	–	–	–	(345)	(345)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners							
Accrued perpetual securities distributions		–	–	–	–	(59)	(59)
Total transactions with owners		–	–	–	–	(59)	(59)
Balance as at 30 September 2021		274,545	6,811	2,384	(1,276)	(327,274)	(44,810)

Company		Share capital US\$'000	Perpetual securities US\$'000	Warrants US\$'000	Fair value reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 July 2020		274,545	6,811	2,384	(1,276)	(292,663)	(10,199)
Total comprehensive loss for the year		–	–	–	–	(1,399)	(1,399)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners							
Accrued perpetual securities distributions		–	–	–	–	(133)	(133)
Total transactions with owners		–	–	–	–	(133)	(133)
Balance as at 30 September 2020		274,545	6,811	2,384	(1,276)	(294,195)	(11,731)

Condensed Interim Statements of Changes in Equity

Period Ended 30 September 2021

Company	Note	Share capital US\$'000	Perpetual securities US\$'000	Warrants US\$'000	Fair value reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 January 2021		274,545	6,811	2,384	(1,276)	(325,245)	(42,781)
Total comprehensive loss for the year		—	—	—	—	(1,786)	(1,786)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	15	—*	—	—	—	—	—
Conversion of warrants to ordinary shares	15	—*	—	—*	—	—	—
Accrued perpetual securities distributions		—	—	—	—	(243)	(243)
Total transactions with owners		—	—	—	—	(243)	(243)
Balance as at 30 September 2021		274,545	6,811	2,384	(1,276)	(327,274)	(44,810)

* Amount below US\$1,000

Company		Share capital US\$'000	Perpetual securities US\$'000	Warrants US\$'000	Fair value reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 January 2020		274,545	6,811	2,384	(1,276)	(290,352)	(7,888)
Total comprehensive loss for the year		—	—	—	—	(3,588)	(3,588)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners							
Accrued perpetual securities distributions		—	—	—	—	(255)	(255)
Total transactions with owners		—	—	—	—	(255)	(255)
Balance as at 30 September 2020		274,545	6,811	2,384	(1,276)	(294,195)	(11,731)

Notes to the Condensed Interim Financial Statements

1 Corporate information

Charisma Energy Services Limited (the “Company”) is incorporated in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange.

These condensed interim consolidated financial statements of the Group as at and for the period ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in joint ventures.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the Group are mainly generating and sale of energy and power generation services.

2 Going concern

The Group had net liabilities of US\$26,686,000 as at 30 September 2021. In addition, the Group had net current liabilities of US\$48,690,000 as at 30 September 2021. The net current liabilities is a result of certain liabilities being reclassified from non-current to current liabilities as the Group did not meet the repayment schedule, financial covenants and the general undertaking imposed by the lenders.

In the assessment of the appropriateness of going concern assumption used in the preparation of the financial statements, the directors of the Company have considered existing re-financing arrangements reached with lenders, other restructuring plans to be negotiated with lenders, continuous support from shareholders, fresh investment funds from potential investor as well as the expected cash flows from the Group’s continuing operations and asset divestment plans.

The Company is involved and engaged in discussions with potential investors (the “Potential Investor”) in relation to the investment terms and structure of the new equity investment to provide funding for the Group (the “New Investment”). The Company will be looking into restructuring the Group’s remaining debt based on the terms that can be mutually agreed with the Potential Investor (the “Proposed Debt Restructuring Exercise”) when there is certainty on the new cash funding from the New Investment. The directors will be able to make a more informed assessment/decision of the Group’s ability to carry on as a going concern when there is more certainty on the New Investment and Proposed Debt Restructuring Exercise, which the Company expects to materialise in the first quarter of the financial year ending 31 December 2022.

The going concern assumption in the preparation of the financial statements would be appropriate if the Group is able to complete the New Investment and Proposed Debt Restructuring Exercise, contingent upon the following:

- (a) outcome of the discussions with the Potential Investor;
- (b) the continual support from the relevant parties which is critical for achieving success in the Proposed Debt Restructuring Exercise;
- (c) realisation of the forecasted positive operating cashflow from the Group’s continuing businesses; and
- (d) the successful divestment planned for some of the Group’s assets.

These conditions may affect the Group’s ability to meet debts as and when they fall due, at least in the next 12 months from the reporting date. If for any reason the Group and Company are unable to continue as a going concern, it could have an impact on the Group’s and Company’s classification of assets and liabilities and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

In view of the above uncertainties faced by the Group, the Board and the Audit Committee is of the view that the Company’s shares should remain suspended under Rule 1303(3)(c) of the Catalist Rules.

3 Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except for the adoption of new and amended standards as set out in Note 3.1.

The condensed interim financial statements are presented in United States dollar (“US\$”), which is the Company’s functional currency. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

3.1 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The new SFRS(I)s, interpretations and amendments to SFRS(I)s are as follows:

- *SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

The Group is currently assessing the impact of the new SFRS(I)s, interpretations and amendments to SFRS(I)s and plans to adopt the new standards on the recognised effective date.

3.2 Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial interim period are discussed as follows:

Cash flow forecast

The Group reviews its forecasts of future cash flows in the foreseeable future and the availability of positive cash flows to repay its lenders in the next 12 months. Such an assessment requires the Group to review its operations, including future market demand for its services and its cash deployment in different locations. Significant judgement is required in deriving the Group's forecasts.

Valuation of non-financial assets

The Group assesses the impairment of non-financial assets, including property, plant and equipment, right-of-use assets and intangible assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include (but are not limited) to the following:

- Extended periods of idle capacity;
- Significant decline in market prices;
- Inability to renew contracts upon expiry; and
- Significant adverse industry, regulatory or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to the non-financial assets could affect the amounts reported in the financial statements. If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that materially different amounts could be reported in the Group's financial statements.

Valuation of investments in subsidiaries

The Company determines whether there is impairment on the investments in subsidiaries where events or changes in circumstances indicate that the carrying amount of the investments may be impaired. If any such indications exist, the recoverable amount is estimated. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities, and market estimates in order to calculate the present value of the future cash flows. The valuation of the investments in subsidiaries are dependent on the outcome of these factors affecting management's forecasts of future cash flows. Actual events that result in deviations from management's estimation may result in higher impairment losses on the investments.

4 Seasonal operations

The Group's businesses are dependent on the weather conditions in Sri Lanka and China during the financial period where the mini hydro power plants and solar photovoltaic power plant are located respectively.

5 Segment and revenue information

The Group's revenue, capital expenditure, assets and liabilities were mainly derived from one single business segment in the business of generating and sale of energy and power generation services.

Other operations include management services, which are not individually material reportable segments.

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the Chief Operating Decision Maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

5.1 Reportable segments

3 months ended 30 September 2021	Energy and power services US\$'000	Others US\$'000	Total US\$'000
REVENUE			
External revenue	3,221	–	3,221
RESULT			
Reportable segment results from operating activities	2,117	–	2,117
Finance cost	(443)	(422)	(865)
Share of results of joint ventures	–	–	–
Reportable segment income/(loss) before income tax	1,674	(422)	1,252
Tax expense	(379)	–	(379)
Reportable segment income/(loss) for the period	1,295	(422)	873
Unallocated finance cost			(236)
Unallocated finance income			34
Unallocated expenses			(4,417)
Loss for the period			(3,746)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	56,804	3,501	60,305
Unallocated assets			6,357
Total assets			66,662
Reportable segment liabilities	42,531	40,722	83,253
Unallocated liabilities			10,095
Total liabilities			93,348
Capital expenditure	2	–	2
Depreciation expenses	667	–	667
Unallocated depreciation expenses			19
Total depreciation expenses			686

5.1 Reportable segments (cont'd)

3 months ended 30 September 2020	Energy and power services US\$'000	Others US\$'000	Total US\$'000
REVENUE			
External revenue	5,366	–	5,366
RESULT			
Reportable segment results from operating activities	4,132	–	4,132
Finance cost	(326)	(653)	(979)
Share of results of joint ventures	107	–	107
Reportable segment profit/(loss) before income tax	3,913	(653)	3,260
Tax expenses	(462)	–	(462)
Reportable segment profit/(loss) for the period	3,451	(653)	2,798
Unallocated finance cost			(372)
Unallocated finance income			24
Unallocated expenses			(904)
Profit for the year			1,546
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	59,301	9,705	69,006
Unallocated assets			13,041
Total assets			82,047
Reportable segment liabilities	44,485	31,074	75,559
Unallocated liabilities			28,178
Total liabilities			103,737
Capital expenditure	49	–	49
Depreciation expenses	908	–	908
Unallocated depreciation expenses			13
Total depreciation expenses			921

5.1 Reportable segments (cont'd)

9 months ended 30 September 2021	Energy and power services US\$'000	Others US\$'000	Total US\$'000
REVENUE			
External revenue	9,791	–	9,791
RESULT			
Reportable segment results from operating activities	6,332	–	6,332
Finance cost	(1,730)	(1,493)	(3,223)
Share of results of joint ventures	–	–	–
Reportable segment profit/(loss) before income tax	4,602	(1,493)	3,109
Tax expenses	(835)	–	(835)
Reportable segment profit/(loss) for the period	3,767	(1,493)	2,274
Unallocated finance cost			(709)
Unallocated finance income			76
Unallocated expenses			(6,098)
Loss for the period			(4,457)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	56,804	3,501	60,305
Unallocated assets			6,357
Total assets			66,662
Reportable segment liabilities	42,531	40,722	83,253
Unallocated liabilities			10,095
Total liabilities			93,348
Capital expenditure	27	–	27
Depreciation expenses	1,897	–	1,897
Unallocated depreciation expenses			71
Total depreciation expenses			1,968

5.1 Reportable segments (cont'd)

9 months ended 30 September 2020	Energy and power services US\$'000	Others US\$'000	Total US\$'000
REVENUE			
External revenue	9,105	–	9,105
RESULT			
Reportable segment results from operating activities	5,691	–	5,691
Finance cost	(1,286)	(1,764)	(3,050)
Share of results of joint ventures	390	–	390
Reportable segment profit/(loss) before income tax	4,795	(1,764)	3,031
Tax expenses	(981)	–	(981)
Reportable segment profit/(loss) for the period	3,814	(1,764)	2,050
Unallocated finance cost			(1,010)
Unallocated finance income			80
Unallocated expenses			(2,779)
Loss for the period			(1,659)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	59,301	9,705	69,006
Unallocated assets			13,041
Total assets			82,047
Reportable segment liabilities	44,485	31,074	75,559
Unallocated liabilities			28,178
Total liabilities			103,737
Capital expenditure	111	–	111
Depreciation expenses	2,295	–	2,295
Unallocated depreciation expenses			38
Total depreciation expenses			2,333

5.2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Energy and power Services		Others		Total	
	3 months ended		3 months ended		3 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Primary geographical markets						
Singapore	—	—	—	—	—	—
Sri Lanka	2,252	4,335	—	—	2,252	4,335
China	968	1,031	—	—	968	1,031
	<u>3,221</u>	<u>5,366</u>	<u>—</u>	<u>—</u>	<u>3,221</u>	<u>5,366</u>
Major products/service line						
Sale of energy and power generation services	3,221	5,366	—	—	3,221	5,366
Rendering of services	—	—	—	—	—	—
	<u>3,221</u>	<u>5,366</u>	<u>—</u>	<u>—</u>	<u>3,221</u>	<u>5,366</u>
Timing of revenue recognition						
At a point in time	3,221	5,366	—	—	3,221	5,366
Over time	—	—	—	—	—	—
	<u>3,221</u>	<u>5,366</u>	<u>—</u>	<u>—</u>	<u>3,221</u>	<u>5,366</u>

	Energy and power Services		Others		Total	
	9 months ended		9 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Primary geographical markets						
Singapore	—	—	—	—	—	—
Sri Lanka	7,168	6,379	—	—	7,168	6,379
China	2,623	2,726	—	—	2,623	2,726
	<u>9,791</u>	<u>9,105</u>	<u>—</u>	<u>—</u>	<u>9,791</u>	<u>9,105</u>
Major products/service line						
Sale of energy and power generation services	9,791	9,105	—	—	9,791	9,105
Rendering of services	—	—	—	—	—	—
	<u>9,791</u>	<u>9,105</u>	<u>—</u>	<u>—</u>	<u>9,791</u>	<u>9,105</u>
Timing of revenue recognition						
At a point in time	9,791	9,105	—	—	9,791	9,105
Over time	—	—	—	—	—	—
	<u>9,791</u>	<u>9,105</u>	<u>—</u>	<u>—</u>	<u>9,791</u>	<u>9,105</u>

6 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the group as at 30 September 2021 and 31 December 2020:

	Fair value – hedging instruments US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
Group					
30 September 2021					
Financial assets not measured at fair value					
Trade and other receivables ⁽¹⁾	–	14,598	–	14,598	
Cash and cash equivalents	–	5,188	–	5,188	
Financial liabilities not measured at fair value					
Trade and other payables	–	–	(47,527)	(47,527)	
Secured bank loans	–	–	(25,465)	(25,465)	
31 December 2020					
Financial assets not measured at fair value					
Trade and other receivables ⁽¹⁾	–	17,151	–	17,151	
Cash and cash equivalents	–	3,315	–	3,315	
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	(10)	–	–	(10)	(10)
Financial liabilities not measured at fair value					
Trade and other payables ⁽²⁾	–	–	(44,078)	(44,078)	
Secured bank loans	–	–	(30,699)	(30,699)	

⁽¹⁾ Excludes tax recoverable and prepayments

⁽²⁾ Excludes interest rate swaps used for hedging

	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
Company				
30 September 2021				
Financial assets not measured at fair value				
Trade and other receivables ⁽¹⁾	3,577	–	3,577	
Cash and cash equivalents	98	–	98	
Financial liabilities not measured at fair value				
Trade and other payables	–	(36,674)	(36,674)	
Amounts due to subsidiaries	–	(24,219)	(24,219)	
Financial liabilities	–	(20,410)	(20,410)	

⁽¹⁾ Excludes tax recoverable and prepayments

6 Financial assets and financial liabilities (cont'd)

Company	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
31 December 2020				
Financial assets not measured at fair value				
Trade and other receivables ⁽¹⁾	6,409	–	6,409	
Cash and cash equivalents	114	–	114	
Financial liabilities not measured at fair value				
Trade and other payables	–	(35,769)	(35,769)	
Amounts due to subsidiaries	–	(24,073)	(24,073)	
Financial liabilities	–	(20,410)	(20,410)	

⁽¹⁾ Excludes prepayments.

7 Loss before income tax

The following items have been included in arriving at loss before income tax:

	Group			
	3 months ended		9 months ended	
	30.09.2021 (3Q 2021) US\$'000	30.09.2020 (3Q 2020) US\$'000	30.09.2021 (9M 2021) US\$'000	30.09.2020 (9M 2020) US\$'000
Net finance cost	1,067	1,327	3,856	3,980
Depreciation of property, plant and equipment	441	724	1,202	1,784
Depreciation of right-of-use assets	245	197	766	549
Impairment loss on:				
- property, plant and equipment	2,650	–	2,650	–
- right of use asset	1,050	–	1,050	–

7.1 Related party transactions

	Group			
	3 months ended		9 months ended	
	30.09.2021 (3Q 2021) US\$'000	30.09.2020 (3Q 2020) US\$'000	30.09.2021 (9M 2021) US\$'000	30.09.2020 (9M 2020) US\$'000
Transactions with shareholders				
Management fees paid/payable	46	47	139	162
Interest paid/payable	270	270	800	803

8 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	3 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	(3Q 2021)	(3Q 2020)	(9M 2021)	(9M 2020)
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax expense	373	248	835	767
Deferred income tax expense relating to origination and reversal of temporary differences	6	214	–	214
	<u>379</u>	<u>462</u>	<u>835</u>	<u>981</u>

9 Net Asset Value

	Group		Company	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	US\$ cents	US\$ cents	US\$ cents	US\$ cents
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on	(0.20)	(0.17)	(0.33)	(0.31)

10 Intangible assets

	Goodwill
	US\$'000
Group	
Cost	
At 30 September 2021 and 31 December 2020	<u>1,306</u>
Accumulated amortisation and impairment loss	
At 30 September 2021 and 31 December 2020	<u>1,306</u>
Carrying amounts	
At 31 December 2020	<u>–</u>
At 30 September 2021	<u>–</u>

11 Property, plant and equipment

During the nine months ended 30 September 2021, the Group acquired plant and equipment amounting to US\$27,000 (30 September 2020: US\$111,000) and disposed of plant and equipment amounting to US\$Nil (30 September 2020: US\$Nil).

Impairment Loss

The Group continues to face challenging market conditions and uncertain financial performances in the businesses of the respective cash-generating units. In the current period, the identified indicators of impairment on the following cash-generating units that belong to the Energy and Power Services segment:

- Mini hydro power plants (“Hydro Plants CGUs”); and
- Solar Photovoltaic power plant (“Solar Plant CGU”)

The Hydro Plants CGUs and Solar Plant CGU belong to the Group entities operating in Sri Lanka and China, respectively. There are 13 mini hydro power plants and 1 solar photovoltaic power plant (collectively “power generation equipment”) in the Hydro Plants CGUs and Solar Plant CGU, respectively. For the purpose of impairment assessment, each individual hydro power plant is a stand-alone CGU and the non-financial assets (before impairment loss) allocated to the Hydro Plants CGUs and the Solar Plant CGU are as follows:

	Hydro Plants CGUs		Solar Plant CGU	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	US\$'000	US\$'000	US\$'000	US\$'000
Property, plant and equipment	20,890	25,258	468	480
Rights of use assets – power generation equipment	–	–	13,055	14,464
Rights of use assets – land use rights	–	–	2,127	2,211
Rights of use assets – office premises	–	–	–	–
Goodwill	–	–	–	–
	20,890	25,258	15,650	17,155

Management has estimated the recoverable amounts of the Hydro Plants CGUs and Solar Plant CGU based on their value-in-use calculations.

The value in use calculation for the respective CGUs was based on cash flow projections with the following key assumptions:

	Hydro Plants CGUs		Solar Plant CGU	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Projection period	23 years	24 years	22 years	23 years
Tariff rates				
- During existing contracted period	Actual FY2021 tariff rates with an average annual upward revision of 5%	Actual FY2020 tariff rates with an average annual upward revision of 5%	Actual contracted tariff rates	Actual contracted tariff rates
- Post-contractual renewal period	Renewal tariff rate recommended by authority	Renewal tariff rate recommended by authority	Actual industry tariff rates	Actual industry tariff rates

11 Property, plant and equipment (cont'd)

	Hydro Plants CGUs		Solar Plant CGU	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Projected utilisation rate	Average of past 7 years historical plant factor	Average of past 7 years historical plant factor	N.A.	N.A.
Timing of receipt of subsidies	N.A.	N.A.	Estimated to receive progressively from 2021	Estimated to receive in 2023
Projected efficiency rate	N.A.	N.A.	Average 22 years projected efficiency rate	Average 23 years projected efficiency rate
Pre-tax discount rate	18%	21%	14%	14%

The cash flow projections were based on forecasts prepared by the management taking into account past experience, current and expected weather conditions and legislation. The discount rates applied to the cash flow projections were estimated based on weighted average cost of capital with inputs from market comparables.

Based on the derived recoverable amounts, the impairment losses were identified and allocated to the individual assets of the Hydro Plants CGUs and Solar Plant CGU as follows:

	Hydro Plants CGUs		Solar Plant CGU	
	30.09.2021 US\$'000	31.12.2020 US\$'000	30.09.2021 US\$'000	31.12.2020 US\$'000
Property, plant and equipment	2,650	550	–	–
Right-of use assets	–	–	1,050	–
	<u>2,650</u>	<u>550</u>	<u>1,050</u>	<u>–</u>

In estimating the recoverable amounts of the mini-hydro power plants, the Group assumed the concessions will continue beyond the existing contract periods. However, the assumed tariff rates as well as the plant factor are subject to estimation uncertainties that may result in material adjustments on the mini-hydro power plants' recoverable amounts in future periods.

In estimating the recoverable amounts of the solar photovoltaic power plant, the tariff rates include the Group's entitlement to government subsidies which account for a major portion of total tariff. The timing of settlement of tariff premium, and the collection of such subsidies is subject to allocation of funds by the relevant local government authorities that could take a longer time to settle. The assumed tariff rates, timing of receipt of subsidies as well as the efficiency rate are therefore subject to estimation uncertainties that may result in material adjustments on the solar photovoltaic power plant's recoverable amount in future periods.

The impairment charge of US\$3.7 million is derived using value-in-use computation. The Group will engage an independent external valuer to determine the fair value less costs to sell for the Hydro Plants CGUs and Solar Plant CGU, as year-end update to the impairment assessment to determine the recoverable amount, for purposes of the statutory audit.

12 Trade and other receivables

	----- Group -----		----- Company -----	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Prepayments	604	603	–	–
	604	603	–	–
Current				
Trade receivables – third parties	6,687	8,318	–	–
Trade receivables – amounts due from subsidiaries	–	–	3,555	3,853
Allowance for impairment loss	(2,306)	(2,306)	(1,090)	(1,090)
Net trade receivables	4,381	6,012	2,465	2,763
Accrued trade receivables	8,991	7,362	–	–
Amounts due from joint ventures (non-trade)	59	59	213	59
Prepayments	573	652	24	7
Tax recoverable	287	736	–	–
Deferred consideration receivable	419	1,048	419	1,048
Other receivables	748	2,670	480	2,539
	15,458	18,539	3,601	6,416
	16,062	19,142	3,601	6,416

On 24 December 2020, the Group sold its entire direct interest in Rising Sun Energy Pvt. Ltd. (“RSE”) of US\$5,559,000 to a third party investor (“RSE Investor”) for a net cash consideration of US\$6,401,000, which is payable as follows:

- US\$5,353,000 upon completion of sale of RSE, which was received on 24 December 2020; and
- US\$1,048,000 upon satisfying all post-completion obligations, where management assessed this as deferred consideration receivable from RSE Investor as at 31 December 2020.

As at 30 September 2021, the amount of US\$450,000 (31 December 2020: US\$2,429,000) is recognised in other receivables as follows:

- US\$450,000 (31 December 2020: US\$1,125,000), which will be receivable from former joint venture partners of RSE Group; and
- US\$Nil (31 December 2020: US\$1,304,000), which will be receivable from RSE Group. The Group had received the amount of US\$1,304,000 in July 2021.

Deferred consideration receivable relates to an amount of US\$419,000 (31 December 2020: US\$1,048,000), which is due from RSE Investor upon the satisfaction of all post-completion obligations by the Group.

Non-trade amounts due from joint ventures of US\$213,000 (31 December 2020: US\$59,000) are unsecured, interest-free and repayable on demand.

13 Trade and other payables

	----- Group -----		----- Company -----	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Derivative financial liabilities –				
Interest rate swaps used				
for hedging	–	10	–	–
Staff retirement liabilities	166	176	–	–
	<u>166</u>	<u>186</u>	<u>–</u>	<u>–</u>
Current				
Trade payables	25	16	–	–
Loans from shareholders	26,364	25,723	26,364	25,723
Non-trade amounts due to:				
- subsidiaries	–	–	24,219	24,073
- a related party	1,610	1,671	1,533	1,634
- joint ventures	124	119	124	119
Accrued operating expenses	1,129	1,513	237	598
Accrued interest payable	10,375	9,048	7,689	6,908
Other payables	7,734	5,812	727	787
	<u>47,361</u>	<u>43,902</u>	<u>60,893</u>	<u>59,842</u>
Total trade and other payables	<u>47,527</u>	<u>44,088</u>	<u>60,893</u>	<u>59,842</u>

Loan from a shareholder of the Group, amounting to US\$26,364,000 (31 December 2020: US\$25,323,000), is unsecured and bears principal interest at a fixed rate of 5.0% (31 December 2020: 5.0%) per annum.

The remaining loan from another shareholder of the Group, amounting to US\$Nil (31 December 2020: US\$400,000), bears interest at 2.5% (31 December 2020: 2.5%) per month during the loan tenure and 20% (31 December 2020: 20%) per month on overdue balances. The loan is secured against the Group's investment in a subsidiary.

In 2019, the Group classified the entire loan obligations as “current liabilities” having breached covenants imposed by the shareholders.

The Group continues to negotiate with the shareholders to refinance these loans. The shareholders had not issued any notice of statutory demand for repayments at the date of issuance of these financial statements.

Non-trade amounts due to a related party and joint ventures are unsecured, interest-free and are repayable on demand.

Included in other payables are advances of US\$5,085,000 (31 December 2020: US\$3,664,000) received from the buyer in relation to the sale of the accommodation module that is classified as assets held for sale.

14 Financial liabilities

	----- Group -----		----- Company -----	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Secured bank loans	190	380	–	–
Secured lease liabilities	13,970	17,210	–	–
Intra-group financial guarantees	–	–	3,064	3,064
	<u>14,160</u>	<u>17,590</u>	<u>3,064</u>	<u>3,064</u>
Current				
Secured bank loans	25,275	30,319	2,165	2,165
Secured lease liabilities	3,658	753	–	–
Intra-group financial guarantees	–	–	15,181	15,181
	<u>28,933</u>	<u>31,072</u>	<u>17,346</u>	<u>17,346</u>
Total financial liabilities	<u>43,093</u>	<u>48,662</u>	<u>20,410</u>	<u>20,410</u>

All the bank loans and lease liabilities as at 30 September 2021 and 31 December 2020 were secured by mortgages on the respective hydro-electric power plants, solar photovoltaic power plant, offshore support vessels and onshore accommodation module.

Included in cash and cash equivalents is an amount of US\$5,097,000 (31 December 2020: US\$3,211,000) being restricted or earmarked by the banks for various facilities granted.

Default of secured bank loans and financial guarantees and breach of loan covenants

In prior years, the Group had not met its loan obligations and/or breached its loan covenants for certain secured term loans. As the affected loans can be called for repayment upon notification by the banks, those term loans were classified to current liabilities. As at 30 September 2021, the Group remains in default for these secured term loans. As at the date of this condensed interim financial statements, there were no notifications from banks for the affected loans to be settled on demand basis. The Group had secured extended loan repayment schedule for an existing loan facility and/or is in negotiation with other lenders to revise repayment and maturity terms for other financial obligations.

On 31 October 2020, a standstill agreement in relation to the obligations for a financial guarantee amounting to US\$2,165,000 (31 December 2020: US\$2,165,000) issued by a financial institution expired and remained unpaid. The financial institution did not extend the standstill agreement which expired on 31 October 2020. Accordingly, the financial guarantee obligation remains classified as current liabilities as at 30 September 2021.

15 Share capital

	Group and Company			
	30.09.2021		31.12.2020	
	No. of shares '000	Amount US\$'000	No. of shares '000	Amount US\$'000
Issued and fully paid, with no par value				
At 1 January	13,656,698	274,545	13,656,698	274,545
Shares issued during the period	90	—*	—	—
At 30 September / 31 December	13,656,788	274,545	13,656,698	274,545

*Amount below US\$1,000

During the second quarter of 2021, the Company had issued 90,000 new ordinary shares upon the exercise and conversion of 90,000 warrants into the share capital of the Company. There was no change in the Company's share capital from 1 July 2021 to 30 September 2021.

As at 30 September 2021, the Company had 13,656,787,535 ordinary shares in issue and 3,084,570,568 outstanding convertibles convertible into one ordinary share each.

As at 30 September 2020, the Company had 13,656,697,535 ordinary shares in issue and 3,084,660,568 outstanding convertibles convertible into one ordinary share each.

Out of the above-said, as at 30 September 2021 and 30 September 2020, there were 7,299,270 redeemable exchangeable preference shares in a subsidiary available for exchange into 523,620,516 ordinary shares of the Company.

The Company did not hold any treasury shares and subsidiary holdings as at 30 September 2021 and 30 September 2020.

As at 30 September 2021, the issued and paid-up share capital excluding treasury shares of the Company comprised 13,656,787,535 (31 December 2020: 13,656,697,535) ordinary shares.

16 Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Other Information Required by Listing Rule Appendix 7C

1 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The condensed consolidated statement of financial position of Charisma Energy Services Limited and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended and certain explanatory notes have not been audited or reviewed.

2 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

3(a) Updates on the efforts taken to resolve each outstanding audit issue

The auditors have issued a disclaimer of opinion on page 35 of the Company's annual report for the financial year ended 31 December 2020 ("FY2020") due to:-

(1) Loans with lenders and shareholders, potential equity investor and deficiencies in shareholders' equity

The Group was able to successfully restructure the borrowings for one of its renewable energy projects and fully repaid one of the loans relating to its non-core oil and gas assets. Furthermore, the Group used substantial portion of the sale proceeds (approximately US\$12.4 million) from the 140MW Solar Plant in India ("**India Solar**") to further reduce the borrowings with the lenders.

However, as announced on 14 October 2021, the Group continues to face issues with the repatriation of US Dollars out of Sri Lanka to service its bank loan repayment obligation and it defaulted on the September instalment for the bank loan ("**Loan**"). The lending bank had issued a notice letter ("**Notice**") stating the breaches by the Group in accordance with the facility agreement for the Loan ("**Facility Agreement**"). Consequently, the lending bank had declared in the Notice that such failure constitutes events of default under the Facility Agreement and that the Loan is recalled and cancelled with immediate effect, with the lending bank reserving its rights to take such steps under the Facility Agreement which it deems fit and at the appropriate time. Save for the Notice, the Group has not received any other formal notices from the lending bank.

The Group continues to maintain communications with the lending bank, specifically to seek forbearance in the meantime as the continued delay in payment of the September and October instalments are due to the foreign currency crisis in Sri Lanka. For the avoidance of doubt, the Sri Lanka bank account has sufficient funds to service the instalments required under the Loan. The Group remains committed to the exploration of several avenues to remit the US Dollar amount, with the view to resume instalment payments by December 2021.

In relation to the extension of standstill agreement in relation to the maturity of US\$7,299,270 Redeemable Exchangeable Preference Shares ("REPS") in CES Hydro Power Group Pte Ltd ("CES HPG"), the Group have announced on 5 October 2021, that the Company, CES HPG and the investors had entered into the twelfth variation agreement dated 30 September 2021 to further extend the standstill period from 30 September 2021 up to and including 31 March 2022.

The Company continues to engage in on-going discussions with the remaining lenders and will be looking into restructuring the Group's remaining debt. The Company continues to seek support from the shareholders, and to-date, the shareholders have not demanded for immediate repayment of the shareholders' loans.

The Company, with the support from its consultant, remains in discussions with several interested investors (“**Potential Investors**”) to secure new cash funding for the Group. Once the discussion with the Potential Investors materialises, the Company will be looking into the Proposed Debt Restructuring Exercise and seek shareholders’ approval for the contemplated transactions.

Prior to debt restructuring and securing a new investor, Management expects the Group's net working capital and shareholders' equity to remain negative as the forecast operating cashflows are insufficient to address the deficiencies due to default interest charged for some of the loans and borrowings. In addition, the Group continues to face issues with the repatriation of US Dollars out of Sri Lanka to service its bank loan repayment obligation due to the ongoing economic crisis in Sri Lanka. The Group continues to engage in ongoing discussions with the lenders and creditors to formalise their commitment to provide continued support on the Group's financial restructuring process.

(2) Financial guarantee issued by the Company

The Company had assessed that it has complied with the terms of the financial guarantee, and the Company’s assessment had been supported by an external legal advice. As at the date of this announcement, there is no invocation of this financial guarantee.

(3) Asset divestment plan

The Group is in discussions with interested parties to further divest certain assets. The Group believes that the divestment of these assets would bring in the further funding to meet part of its debt obligations with the lenders. From FY2020 to date, the Group was able to divest the India Solar, the four vessels and entered into a settlement agreement with the buyer of the accommodation module. In relation to the divestment plan for the Group's remaining solar asset, the Group is still in discussion with interested parties and an update will be provided when there is material development on the discussion.

(4) Cash flows from operating activities

With current COVID-19 pandemic together with the economic challenges and regulatory delays encountered in the Group's energy and power services segment, there are material uncertainties about the level of operating cash flows to be generated from the Group's continuing businesses. The Group has continuously engaged with its customers and strived to reduce the receivable balances from the customers. Meanwhile, the Group is still working on the following three items:

- (a) The Group is exploring several avenues to repatriate the money from Sri Lanka bank accounts that is currently restricted due to the ongoing economic crisis in Sri Lanka;
- (b) The Group has commenced the process to renew the power purchase agreement (the “PPA”) and generating license for one of its mini-hydro power plants (the “MHPP”) expiring in 4Q2021; and
- (c) The receipt of the remaining government subsidies in relation to the China photovoltaic power plant.

3(b) Confirmation from the Board that the impact of all outstanding audit issued on the financial statements have been adequately disclosed.

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

- 4 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 2021 vs 3Q 2020

The Group's revenue for the three months ended 30 September 2021 ("**3Q 2021**") decreased by US\$2,145,000 from US\$5,366,000 to US\$3,211,000 as compared to the corresponding three months ended 30 September 2020 ("**3Q 2020**") mainly due to the absence of the one-off recognition of the revenue in arrears (relating to period from May 2019 to June 2020: US\$2,043,000) on the three mini-hydro power plants ("**MHPP**") which the PPAs were renewed in 3Q 2020.

The Group's cost of sales for 3Q 2021 decreased by US\$130,000 to US\$1,104,000 as compared to 3Q 2020. The decrease in cost of sales was mainly due to the lower depreciation expenses recognised.

As a result of the above, the Group's gross profit for 3Q 2021 decreased by US\$2,015,000 to US\$2,117,000 as compared to 3Q 2020.

Administrative and marketing expenses in 3Q 2021 decreased by US\$187,000 to US\$717,000 as compared to 3Q 2020 mainly due to the Group's on-going effort in reducing costs and unrealised foreign exchange gain.

Other operating expenses increased by US\$3,700,000 as compared to 3Q 2020 mainly due to the impairment loss of US\$2,650,000 and US\$1,050,000 recognised for the property, plant and equipment, and right of use assets, respectively, as described in Note 11.

Finance costs in 3Q 2021 decreased by US\$250,000 to US\$1,101,000 as compared to 3Q 2020 mainly due to the reduction in interest due to repayment of principal to lenders.

9M 2021 vs 9M 2020

The Group's revenue for the nine months ended 30 September 2021 ("**9M 2021**") increased by US\$686,000 from US\$9,105,000 to US\$9,791,000 as compared to the corresponding nine months ended 30 September 2020 ("**9M 2020**") mainly due to increase in generation output for the MHPPs as a result of more rainfall compared to 9M 2020.

The Group's cost of sales for 9M 2021 remain consistent compared to 9M 2020. As a result of the above, the Group's gross profit for 9M 2021 increased by US\$641,000 to US\$6,332,000 as compared to 9M 2020.

Administrative and marketing expenses in 9M 2021 decreased by US\$381,000 to US\$2,398,000 as compared to 9M 2020 mainly due to the Group's on-going effort in reducing costs.

Other operating expenses in 9M 2021 increased by US\$3,700,000 as compared to 9M 2020 mainly due to the impairment loss of US\$2,650,000 and US\$1,050,000 recognised for the property, plant and equipment, and right of use assets, respectively.

Finance costs in 9M 2021 decreased by US\$128,000 to US\$3,932,000 as compared to 9M 2020 mainly due to the reduction in interest due to repayment of principal to lenders.

Statement of Financial Position Review

Non-current Assets

The Group's Non-current Assets amounted to US\$38,650,000 as at 30 September 2021. The decrease of US\$5,439,000 was mainly due to impairment loss recognised and depreciation charge for the 9M 2021 period.

Current Assets

The Group's Current Assets amounted to US\$28,012,000 as at 30 September 2021. The decrease of US\$1,575,000 was mainly due to collection of trade and other receivables. Cash collected was utilised to repay the loan obligations. This was partially offset by the increase in cash and cash equivalents due to the Group facing issues repatriating USD from subsidiaries in Sri Lanka.

Total Liabilities

The Group's Total Liabilities decreased by US\$2,395,000 to US\$93,348,000 as at 30 September 2021 as compared to 31 December 2020. This was mainly due to repayment of borrowings to lenders in 9M 2021 and it was partially off-set by the increase in trade and other payables as a result of advance received from asset held for sale and accrual of interest expense for the 9M 2021 period.

Statement of Cash Flows Review

Cash Flow from Operating Activities

The Group's net cash from operating activities in 3Q 2021 was US\$2,805,000. This was mainly due to cash collection from trade and other receivables.

Cash Flow from Investing Activities

The Group's net cash from investing activities in 3Q 2021 was US\$192,000. This was mainly due to the advances received for the asset held for sale.

Cash Flow from Financing Activities

The Group's net cash used in financing activities in 3Q 2021 was US\$2,931,000. This was mainly due to increase in restricted cash balances by US\$1,600,000 and the net repayment of borrowings and interest expense.

5 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.

6 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

As at the date of this announcement, the Group would like to update that:

- a) As announced on 14 October 2021, the Group continues to face issues with the repatriation of US Dollars out of Sri Lanka to service its bank loan repayment obligation, it defaulted on the September instalment for the bank loan ("**Loan**"). The lending bank had issued a notice letter ("**Notice**") stating the breaches by the Group in accordance with the facility agreement for the Loan ("**Facility Agreement**"). Consequently, the lending bank had declared in the Notice that such failure constitutes events of default under the Facility Agreement and that the Loan is recalled and cancelled with immediate effect, with the lending bank reserving its rights to take such steps under the Facility Agreement which it deems fit and at the appropriate time. Save for the Notice, the Group has not received any other formal notices from the lending bank.

The Group continues to maintain communications with the lending bank, specifically to seek forbearance in the meantime as the continued delay in payment of the September and October instalments are due to the foreign currency crisis in Sri Lanka. For the avoidance of doubt, the Sri Lanka bank account has sufficient funds to service the instalments required under the Loan. The Group remains committed to the exploration of several avenues to remit the US Dollar amount, with the view to resume instalment payments by December 2021.

- b) In relation to the China photovoltaic power plant (the “**PRC Solar**”), the Company remains in preliminary talks with potential buyers for the PRC Solar as part of the Company’s divestment strategy. The Group has received a total of three payments in relation to the National Subsidy for the electricity sold in 2017. The Group is following up closely on the remaining government subsidies receivable. The first repayment of the principal amount of the lease financing in PRC Solar of RMB 3,710,348 is due on the 25 December 2021 and the Group is exploring avenues for refinancing.
- c) In relation to the settlement agreement with Whitesea Shipping & Supply (LLC) FZC (“**WSS**”), the Group will dispose of four vessels (“**Vessels**”) to WSS for a total consideration of US\$4,000,000 over twenty instalments. The Group had received the first instalment payment of US\$200,000. The Group had fulfilled its obligations in order to receive the second instalment payment and is following up with WSS on the second instalment payment due on 26 November 2021.
- d) In relation to the sale of the accommodation module, the Group has received the instalments based on the revision of the instalment payment terms as announced on 19 October 2021. The Group will continue to follow up on the remaining instalments.

As previously disclosed, the Company would like to provide an update on the debt restructuring and recapitalisation of the Group as follows:

- 1) The Company, together with the support from its corporate consultant, remains in discussion with several Potential Investors to secure new cash funding for the Group (the “**New Investments**”). Currently, the Company is in advance stages of negotiation with one of the Potential Investors, while another Potential Investor is performing due diligence.

Once the discussion with any one of the Potential Investors materialises, the Company will be looking into the Proposed Debt Restructuring Exercise and the Company will seek shareholders’ approval for the contemplated transactions. The Company will be reviewing the terms and conditions of any proposal put forth by any of the Potential Investors.

- 2) There is also a need to engage in further discussions with the relevant lenders and creditors to obtain their support in satisfying the relevant terms of New Investments as well as to understand the requirement of these lenders and creditors. Once the discussion with any of the Potential Investors materialises, the Company will be looking into the Proposed Debt Restructuring Exercise to achieve a positive net assets value upon completion of the debt restructuring and recapitalisation exercise and strive towards trading resumption of the Company’s shares. At the appropriate time, the aforementioned proposed transactions, including any potential shareholding dilution, will be tabled to all relevant stakeholders for their approval.

Since 17 June 2020, trading in the Company’s shares has been suspended under Rule 1303(3)(c) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX**”) (the “**Catalist Rules**”) in view of the uncertainties faced by the Company to continue as going concern (the “**Trading Suspension**”). The Company has on 14 June 2021, through its sponsor submitted an application to the Singapore Exchange Regulation Pte Ltd (the “**SGX RegCo**”) to extend the submission date of the proposal to resume trading in its securities (the “**Resumption Proposals**”) from 17 June 2021 to 31 December 2021. The Company had received the letter of no objection for the Company’s extension of time application on 29 June 2021. Once the definitive agreements with the Potential Investor and the Proposed Debt Restructuring Exercise are finalised, the Group will submit the Resumption Proposals to SGX RegCo.

2016 Warrants Update

Notwithstanding that trading in the Company’s shares was suspended under Rule 1303(3)(c) of the Catalist Rules in view of the Trading Suspension, the Company would like to remind that:

- (a) holders of the 2016 Warrants remain able to exercise the 2016 Warrants at the exercise price of S\$0.0020 until the Expiry Date (being 5.00 p.m. of 26 November 2021); and
- (b) the procedure for the exercise of the 2016 Warrants remain unchanged as set out in Paragraph 4 of the terms and conditions of the 2016 Warrants as set out in Appendix I and Appendix II, as the case may be, of the Offer Information Statement dated 3 November 2016.

Refer to Notice of Expiry of Warrants announced by the Company on 26 October 2021.

Shareholders are to note that:

- (a) holders of the 2016 Warrants who have exercised the 2016 Warrants will be issued shares in the Company;
- (b) the 2016 Warrants which have not been exercised after the Expiry Date shall lapse and cease to be valid for any purpose; and
- (c) due to the Trading Suspension, the trading of the Company's shares and the 2016 Warrants on SGX under the book-entry (scripless) settlement system remains suspended.

7 Dividend

(a) Current Financial Period Reported on

No dividend was declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

8 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 9M 2021, no dividend has been declared or recommended for the financial period.

9 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 22 June 2020, obtained a general and specific mandate from shareholders for interested person transactions ("IPTs").

Particulars of IPTs for the period 1 July 2021 to 30 September 2021 are as follows:

Name of interested person	Nature of relationship	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\$
<u>Management fee expenses</u>			
Ezion Holdings Limited	A controlling shareholder of the Company	NIL	46,328
<u>Interest expenses</u>			
Ezion Holdings Limited	A controlling shareholder of the Company	NIL	269,507

10 Additional information required pursuant to Rule 706A

Not applicable. The Company did not acquire and dispose any shares in any companies during 9M 2021.

11 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).

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

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 2021 to be false or misleading in any material aspect.

On behalf of the Board of directors

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

.....
 Eng Chiaw Koon
 Non-Executive Director

BY ORDER OF THE BOARD

Tan Wee Sin
Company Secretary
13 November 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.