

**Charisma Energy Services Limited
and its Subsidiaries**

Registration Number: 199706776D

Condensed Interim Financial Statements
For the three months ended 31 March 2022

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

Period Ended 31 March 2022

Consolidated statement of profit or loss

	Note	3 months ended		Change %
		31.03.2022 (1Q 2022) (Unaudited) US\$'000	31.03.2021 (1Q 2021) (Unaudited) US\$'000	
Revenue	5	1,618	2,627	(38)
Cost of sales		(951)	(1,123)	(15)
Gross profit		667	1,504	(56)
Other operating income		428	–	n.m.
Administrative and marketing expenses		(892)	(821)	9
Result from operating activities		203	683	(70)
Finance income		74	23	>100
Finance cost		(881)	(1,326)	(34)
Net finance cost		(807)	(1,303)	(38)
Share of results of joint ventures, net of tax		–	–	n.m.
Loss before income tax	7	(604)	(620)	(3)
Income tax expense	8	(21)	(106)	(80)
Loss for the period		(625)	(726)	(14)
(Loss)/Profit attributable to:				
Owners of the Company		(638)	(722)	(12)
Non-controlling interests		13	(4)	n.m.
Loss for the period		(625)	(726)	(14)
Loss per share for loss for the period attributable to the owners of the Company during the year:				
Basic (US cents)		(0.005)	(0.006)	
Diluted (US cents)		(0.005)	(0.006)	
Note:				
Weighted average number of ordinary shares (in million):				
Basic		13,659	13,657	
Diluted*		13,659	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 31 March 2022

Consolidated statement of comprehensive income

	3 months ended		
	31.03.2022	31.03.2021	
	(1Q 2022)	(1Q 2021)	
	(Unaudited)	(Unaudited)	Change
	US\$'000	US\$'000	%
Loss for the period	(625)	(726)	(30)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of actuarial gain or loss	46	8	>100
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences relating to financial statements of foreign operations	(3,551)	(635)	>100
Other comprehensive loss for the period	(3,505)	(627)	>100
Total comprehensive loss for the period	(4,130)	(1,353)	>100
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(4,040)	(1,355)	>100
Non-controlling interests	10	2	>100
Total comprehensive loss for the period	(4,130)	(1,353)	>100

n.m. = not meaningful

Condensed Interim Statements of Financial Position

As at 31 March 2022

	Note	----- Group -----		----- Company -----	
		31.03.2022 (Unaudited) US\$'000	31.12.2021 (Unaudited) US\$'000	31.03.2022 (Unaudited) US\$'000	31.12.2021 (Unaudited) US\$'000
Non-current assets					
Property, plant and equipment	10	18,239	19,641	1	1
Right-of-use assets		15,262	15,304	–	–
Subsidiaries		–	–	26,104	26,104
Joint ventures		138	138	–	–
Deferred tax assets		827	824	–	–
Trade and other receivables	11	603	726	–	–
		35,069	36,633	26,105	26,105
Current assets					
Inventories		427	622	–	–
Assets held for sale		–	6,821	–	–
Trade and other receivables	11	15,953	16,715	968	916
Amounts due from subsidiaries	11	–	–	4,910	4,169
Amounts due from joint ventures	11	139	126	139	126
Cash and cash equivalents		4,190	5,279	143	60
		20,709	29,563	6,160	5,271
Total assets		55,778	66,196	32,265	31,376
Equity					
Share capital	14	274,553	274,553	274,553	274,553
Perpetual securities		6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares		7,042	7,042	–	–
Other reserves		(10,060)	(6,558)	(1,276)	(1,276)
Accumulated losses		(309,745)	(309,014)	(330,622)	(329,571)
Deficit in equity attributable to owners of the Company		(31,399)	(27,166)	(50,534)	(49,483)
Non-controlling interests		1,118	1,108	–	–
Net deficit in equity		(30,281)	(26,058)	(50,534)	(49,483)
Non-current liabilities					
Trade and other payables	12	76	176	–	–
Financial liabilities	13	–	41	–	–
Deferred tax liabilities		761	1,125	–	–
		837	1,342	–	–
Current liabilities					
Trade and other payables	12	15,508	20,553	9,449	8,905
Amounts due to joint ventures	12	159	128	159	128
Amounts due to related parties	12	28,502	28,239	28,465	28,201
Amounts due to subsidiaries	12	–	–	26,661	25,560
Financial liabilities	13	40,932	41,609	18,065	18,065
Provision for tax		121	383	–	–
		85,222	90,912	82,799	80,859
Total liabilities		86,059	92,254	82,799	80,859
Total equity and liabilities		55,778	66,196	32,265	31,376

Condensed Interim Consolidated Statement of Cash Flows

Period Ended 31 March 2022

	Note	3 months ended	
		31.03.2022 (1Q 2022) (Unaudited) US\$'000	31.03.2021 (1Q 2021) (Unaudited) US\$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		(604)	(620)
Adjustments for:			
Depreciation of property, plant and equipment	7	339	331
Depreciation of right-of-use assets	7	97	232
Gain on disposal of assets held for sale		(428)	–
Interest income		(74)	(23)
Interest expense		881	1,326
		211	1,246
Changes in:			
- Inventories		195	(13)
- Trade and other receivables		827	222
- Trade and other payables		(1,487)	(162)
Income tax paid		(298)	(367)
Net cash (used in)/from operating activities		(552)	926
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(30)	(5)
Advances received for assets held for sale		1,744	1,169
Interest income received		59	23
Net cash from investing activities		1,773	1,187
Cash flows from financing activities			
Repayment of borrowings		(681)	(1,742)
Decrease in restricted cash		131	160
Payment of lease liabilities		–	(17)
Interest expense paid		(588)	(569)
Net cash used in financing activities		(1,138)	(2,168)
Net increase/(decrease) in cash and cash equivalents		83	(55)
Cash and cash equivalents at beginning of period		58	104
Effect of exchange rate fluctuations on cash held		–	–
Cash and cash equivalents at end of period		141	49
Cash and cash equivalents comprise:			
Cash and cash equivalents at per statement of financial position		4,190	3,101
Less: Restricted cash		(4,049)	(3,052)
Cash and cash equivalents as per consolidated statement of cash flows		141	49

Condensed Interim Statements of Changes in Equity

Period Ended 31 March 2022

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 January 2022 (Unaudited)		274,553	6,811	7,042	–	(2,587)	(3,961)	(10)	(309,014)	(27,166)	1,108	(26,058)
Total comprehensive income/(loss) for the period		–	–	–	–	(3,548)	46	–	(638)	(4,140)	10	(4,130)
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners												
Accrued perpetual securities distributions		–	–	–	–	–	–	–	(93)	(93)	–	(93)
Total transactions with owners		–	–	–	–	–	–	–	(93)	(93)	–	(93)
Balance as at 31 March 2022 (Unaudited)		274,553	6,811	7,042	–	(6,135)	(3,915)	(10)	(309,745)	(31,399)	1,118	(30,281)

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

Period Ended 31 March 2022

Group	Attributable to owners of the Company								Non-controlling interests		Total
	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	US\$'000
Balance as at 1 January 2021 (Unaudited)	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 period	–	–	–	–	(633)	(1)	–	(721)	(1,355)	2	(1,353)
Transactions with owners of the Company, recognised directly in equity											
Contributions by and distributions to owners											
Accrued perpetual securities distributions	–	–	–	–	–	–	–	(94)	(94)	–	(94)
Total transactions with owners	–	–	–	–	–	–	–	(94)	(94)	–	(94)
Balance as at 31 March 2021 (Unaudited)	274,545	6,811	7,042	2,384	(3,090)	(3,962)	(10)	(308,358)	(24,638)	1,124	(23,514)

Condensed Interim Statements of Changes in Equity

Period Ended 31 March 2022

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 2022 (Unaudited)		274,553	6,811	–	(1,276)	(329,571)	(49,483)
Total comprehensive loss for the period		–	–	–	–	(958)	(958)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners							
Accrued perpetual securities distributions		–	–	–	–	(93)	(93)
Total transactions with owners		–	–	–	–	(93)	(93)
Balance as at 31 March 2022 (Unaudited)		274,553	6,811	–	(1,276)	(330,622)	(50,534)

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 2021 (Unaudited)		274,545	6,811	2,384	(1,276)	(325,245)	(42,781)
Total comprehensive loss for the period		–	–	–	–	(896)	(896)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners							
Accrued perpetual securities distributions		–	–	–	–	(94)	(94)
Total transactions with owners		–	–	–	–	(94)	(94)
Balance as at 31 March 2021 (Unaudited)		274,545	6,811	2,384	(1,276)	(326,235)	(43,771)

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 31 March 2022 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

As at 31 March 2022, the Group had net liabilities of US\$30,281,000 and net current liabilities of US\$64,513,000 respectively. 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.

On 10 January 2022, the Company announced that it has entered into a conditional subscription agreement (the “**CSA**”) with an investor (the “**Investor**”) for the subscription of new ordinary shares and share options. As the Company, the creditors and the Investor have not been able to reach an agreement in relation to the terms and conditions of the Proposed Debt Restructuring under the CSA, pursuant to which, the Longstop Date of the CSA had lapsed on 9 July 2022. Notwithstanding the lapse of the Longstop Date of the CSA, the Company remained engaged in discussions with all of its creditors as well as the Investor and to evaluate and assess all available options.

The Company has entered into a new conditional subscription agreement (the “**New CSA**”) with the same Investor for the subscription of new ordinary shares amounting to S\$13,576,000 and share options amounting to S\$16,291,200. Please refer to the Company’s announcement dated 18 January 2023 for more details.

Under the New CSA, the Company will undertake the following:

- (a) divestments of its existing assets and quoted securities (the “**Proposed Divestments**”) such that pursuant to the Proposed Divestments, the Company will retain its ownership in the holding entities of its operations in Sri Lanka and the operating companies in Sri Lanka (the “**Sri Lanka Sub-Group**”) (being the owners of the 13 units of mini-hydroelectric power plants in Sri Lanka with a combined capacity of 43.46 megawatt (the “**Hydro-Power Plants**”), together with their receivables, cash and inventories (including the Hydro-Power Plants) (the “**Remaining Assets**”);
- (b) propose a scheme of arrangement which will be a compromise or arrangement between the Company and class(es) of certain of its unsecured creditors, in accordance with Section 210 of the Companies Act 1967 of Singapore or the Insolvency, Restructuring and Dissolution Act 2018 of Singapore or under any applicable law(s) of Singapore, to compromise certain of the Company’s debt (the “**Past Liabilities**”) with such settlement being a combination of cash and issue of new Shares (the “**Scheme of Arrangement**”);
- (c) the creation of a fresh debt obligation to the Subscriber and/or its nominee, in consideration for the Subscriber procuring (a) full discharge of all liabilities and debts owing by the Sri Lanka Sub-Group to Overseas Chinese Banking Corporation (“**OCBC**”); and (b) OCBC’s consent to discharge any and all mortgage, charge, pledge,

lien or other security interest securing any obligation of the Sri Lanka Sub-Group for the benefit of OCBC (the “**OCBC Loan Restructuring**”);

- (d) agreement on a settlement with holders of the redeemable exchangeable preference shares, which is envisaged to comprise a combination of cash and issue of new Shares to such creditors, with such new Shares to be issued under the Scheme of Arrangement and the Bilateral Settlement (the “**Settlement Shares**”) (the “**Bilateral Settlement**”, together with the Scheme of Arrangement, the “**Proposed Debt Restructuring**”); and
- (e) a share consolidation of all of the issued Shares pursuant to the above transactions (the “**Proposed Share Consolidation**”).

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

- (a) completion of the New CSA with the Investor;
- (b) the continual support from the relevant parties which is critical for achieving success in the Proposed Debt Restructuring;
- (c) realisation of the forecasted operating cashflow from the Group's continuing businesses; and
- (d) the successful divestment planned for the Group's assets, other than the Remaining Assets.

These conditions may affect the Group's ability to meet its debts obligations 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 three months ended 31 March 2022 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 unaudited annual financial statements for the year ended 31 December 2021. The Company will make the necessary announcement if there are any material variances between the audited and unaudited financial statements following the audit of the Group's financial statements for the full year ended 31 December 2021 (“FY2021”).

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 not yet effective for the financial period under review and 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*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies*
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)
- *Lease Liability in a Sale and Leaseback* (Amendments to SFRS(I) 1-16)
- *Non-current Liabilities with Covenants* (Amendments to SFRS(I) 1-1)

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 2021.

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 31 March 2022	Energy and power services US\$'000	Others US\$'000	Total US\$'000
REVENUE			
External revenue	1,618	–	1,618
RESULT			
Reportable segment results from operating activities	667	–	667
Finance cost	(428)	(296)	(724)
Share of results of joint ventures	–	–	–
Reportable segment income/(loss) before income tax	239	(296)	(57)
Tax expense	(21)	–	(21)
Reportable segment income/(loss) for the period	218	(296)	(78)
Unallocated finance cost			(157)
Unallocated finance income			74
Unallocated expenses			(464)
Loss for the period			(625)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	52,566	1,812	54,378
Unallocated assets			1,400
Total assets			55,778
Reportable segment liabilities	33,366	41,038	74,404
Unallocated liabilities			11,655
Total liabilities			86,059
Capital expenditure	30	–	30
Depreciation expenses	412	–	412
Unallocated depreciation expenses			24
Total depreciation expenses			436

5.1 Reportable segments (cont'd)

3 months ended 31 March 2021	Energy and power services US\$'000	Others US\$'000	Total US\$'000
REVENUE			
External revenue	2,627	–	2,627
RESULT			
Reportable segment results from operating activities	1,504	–	1,504
Finance cost	(554)	(534)	(1,088)
Share of results of joint ventures	–	–	–
Reportable segment profit/(loss) before income tax	950	(534)	416
Tax expenses	(106)	–	(106)
Reportable segment profit/(loss) for the period	844	(534)	310
Unallocated finance cost			(238)
Unallocated finance income			23
Unallocated expenses			(821)
Loss for the period			(726)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	59,951	5,371	65,323
Unallocated assets			6,638
Total assets			71,961
Reportable segment liabilities	44,655	31,560	76,215
Unallocated liabilities			19,260
Total liabilities			95,475
Capital expenditure	5	–	5
Depreciation expenses	539	–	539
Unallocated depreciation expenses			24
Total depreciation expenses			563

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Primary geographical markets						
Sri Lanka	950	1,895	—	—	950	1,895
China	668	732	—	—	668	732
	<u>1,618</u>	<u>2,627</u>	<u>—</u>	<u>—</u>	<u>1,618</u>	<u>2,627</u>
Major products/service line						
Sale of energy and power generation services	<u>1,618</u>	<u>2,627</u>	<u>—</u>	<u>—</u>	<u>1,618</u>	<u>2,627</u>
Timing of revenue recognition						
At a point in time	<u>1,618</u>	<u>2,627</u>	<u>—</u>	<u>—</u>	<u>1,618</u>	<u>2,627</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 31 March 2022 and 31 December 2021:

	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000
Group			
31 March 2022			
Financial assets not measured at fair value			
Trade and other receivables ⁽¹⁾	14,866	–	14,866
Cash and cash equivalents	4,190	–	4,190
Financial liabilities not measured at fair value			
Trade and other payables	–	(44,245)	(44,245)
Secured bank loans	–	(23,712)	(23,712)
31 December 2021			
Financial assets not measured at fair value			
Trade and other receivables ⁽¹⁾	15,653	–	15,653
Cash and cash equivalents	5,279	–	5,279
Financial liabilities not measured at fair value			
Trade and other payables	–	(49,096)	(49,096)
Secured bank loans	–	(24,390)	(24,390)

⁽¹⁾ Excludes tax recoverable, prepayments and deposits paid

	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000
Company			
31 March 2022			
Financial assets not measured at fair value			
Trade and other receivables ⁽¹⁾	5,961	–	5,961
Cash and cash equivalents	143	–	143
Financial liabilities not measured at fair value			
Trade and other payables	–	(38,073)	(38,073)
Amounts due to subsidiaries	–	(26,661)	(26,661)
Financial liabilities	–	(18,065)	(18,065)

⁽¹⁾ Excludes tax recoverable, prepayments and deposits paid

6 Financial assets and financial liabilities (cont'd)

	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000
Company			
31 December 2021			
Financial assets not measured at fair value			
Trade and other receivables ⁽¹⁾	5,316	–	5,316
Cash and cash equivalents	60	–	60
Financial liabilities not measured at fair value			
Trade and other payables	–	(37,234)	(37,234)
Amounts due to subsidiaries	–	(25,560)	(25,560)
Financial liabilities	–	(18,065)	(18,065)

⁽¹⁾ Excludes prepayments and deposits paid.

7 Loss/(Profit) before income tax

The following items have been included in arriving at loss/(profit) before income tax:

	Group 3 months ended	
	31.03.2022 (1Q 2022) US\$'000	31.03.2021 (1Q 2021) US\$'000
Net finance cost	807	1,303
Depreciation of property, plant and equipment	339	331
Depreciation of right-of-use assets	97	232

7.1 Related party transactions

	Group 3 months ended	
	31.03.2022 (1Q 2022) US\$'000	31.03.2021 (1Q 2021) US\$'000
Transactions with shareholders		
Management fees paid/payable	–	46
Interest paid/payable	264	263

8 Income tax (credit)/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	
	31.03.2022	31.03.2021
	(1Q 2022)	(1Q 2021)
	US\$'000	US\$'000
Current income tax expense	35	112
Deferred income tax expense relating to origination and reversal of temporary differences	(14)	(6)
	<u>21</u>	<u>106</u>

9 Net asset value

	Group		Company	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	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	(0.22)	(0.19)	(0.37)	(0.36)

10 Property, plant and equipment

During the three months ended 31 March 2022, the Group acquired plant and equipment amounting to US\$30,000 (31 March 2021: US\$5,000) and disposed of plant and equipment amounting to US\$Nil (31 March 2021: 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	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	US\$'000	US\$'000	US\$'000	US\$'000
Property, plant and equipment	17,156	18,530	466	469
Rights of use assets – power generation equipment	–	–	13,051	13,259
Rights of use assets – land use rights	–	–	2,134	2,045
Rights of use assets – office premises	77	–	–	–
	17,233	18,530	15,651	15,773

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	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Projection period	22 years	23 years	21 years	22 years
Tariff rates				
- During existing contracted period	Actual FY2022 tariff rates with an average annual upward revision of 5%	Actual FY2021 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

10 Property, plant and equipment (cont'd)

	Hydro Plants CGUs		Solar Plant CGU	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
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 2023	Estimated to receive progressively from 2022
Projected efficiency rate	N.A.	N.A.	Average 21 years projected efficiency rate	Average 22 years projected efficiency rate
Pre-tax discount rate	18%	18%	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	
	31.03.2022 US\$'000	31.03.2021 US\$'000	31.03.2022 US\$'000	31.03.2021 US\$'000
Property, plant and equipment	—	—	—	—
Right-of use assets	—	—	—	—
	—	—	—	—

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\$Nil (31 March 2021: US\$Nil million) is derived using value-in-use computation.

11 Trade and other receivables

	----- Group -----		----- Company -----	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Prepayments	603	726	–	–
	603	726	–	–
Current				
Trade receivables – third parties	6,107	7,299	–	–
Trade receivables – amounts due from subsidiaries	–	–	7,996	6,957
Allowance for impairment loss	(2,306)	(2,306)	(3,086)	(2,788)
Net trade receivables	3,801	4,993	4,910	4,169
Accrued trade receivables	9,763	9,290	–	–
Amounts due from joint ventures (non-trade)	139	126	139	126
Prepayments and deposits paid	516	511	56	7
Tax recoverable	711	677	–	–
Deferred consideration receivable	419	419	419	419
Other receivables	743	825	493	490
	16,092	16,841	6,017	5,211
Total trade and other receivables	16,695	17,567	6,017	5,211

As at 31 March 2022, the amount of US\$450,000 (31 December 2021: US\$450,000) is recognised in other receivables as receivable due from former joint venture partners of the Rising Sun Energy Pvt. Ltd. (“RSE”) Group.

Deferred consideration receivable relates to an amount of US\$419,000 (31 December 2021: US\$419,000) due from the RSE investor in relation to the sale of RSE upon the satisfaction of all post-completion obligations by the Group.

Non-trade amounts due from joint ventures of US\$139,000 (31 December 2021: US\$126,000) are unsecured, interest-free and repayable on demand.

12 Trade and other payables

	----- Group -----		----- Company -----	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Staff retirement liabilities	76	176	—	—
	<u>76</u>	<u>176</u>	<u>—</u>	<u>—</u>
Current				
Trade payables	6	28	—	—
Loans from shareholders	26,898	26,634	26,898	26,634
Non-trade amounts due to:				
- subsidiaries	—	—	26,661	25,560
- a related party	1,604	1,605	1,567	1,567
- joint ventures	159	128	159	128
Accrued operating expenses	1,683	1,619	293	241
Accrued interest payable	10,663	10,417	7,930	7,818
Other payables	3,156	8,489	1,226	846
	<u>44,169</u>	<u>48,920</u>	<u>64,734</u>	<u>62,794</u>
Total trade and other payables	<u>44,245</u>	<u>49,096</u>	<u>64,734</u>	<u>62,794</u>

Loan from a shareholder of the Company, amounting to US\$21,092,000 (31 December 2021: US\$21,092,000), is unsecured and bears principal interest at a fixed rate of 5.0% (31 December 2021: 5.0%) per annum.

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.

As at 31 March 2022, the amount of US\$300,000 (31 December 2021: US\$5,889,000) is recognised in other payables as follows:

- US\$Nil (31 December 2021: US\$5,489,000) received in advance from a buyer in relation to the sale of the accommodation module that is classified as assets held for sale.
- US\$300,000 (31 December 2021: US\$200,000) received in advance from a buyer in relation to the sale of the anchor handling tug supply (“AHTS”) vessels.

13 Financial liabilities

	----- Group -----		----- Company -----	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current				
Secured bank loans	–	41	–	–
	–	41	–	–
Current				
Secured bank loans	23,712	24,349	2,165	2,165
Secured lease liabilities	17,220	17,260	–	–
Intra-group financial guarantees	–	–	15,900	15,900
	40,932	41,609	18,065	18,065
Total financial liabilities	40,932	41,650	18,065	18,065

All the bank loans and lease liabilities as at 31 March 2022 and 31 December 2021 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\$4,049,000 (31 December 2021: US\$5,220,000) being restricted or earmarked by the banks for various facilities granted.

Default of secured lease liabilities

As at 31 March 2022 and 31 December 2021, the Group had not met its obligation to maintain sufficient fund for the next two instalment payments. As the lease liabilities can be called for repayment upon notification by the lessor, the lease liabilities are classified to current liabilities. As at the date of this condensed interim financial statements, there were no notifications from the lessor for the lease to be settled on demand basis.

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 31 March 2022, the Group remains in default for these secured term loans. As at the date of this condensed interim financial statements, other than the notices received by the Group as announced on 14 October 2021 and 3 February 2023, there were no notifications from banks for the affected loans to be settled on demand basis.

On 31 October 2020, a standstill agreement in relation to the obligations for a financial guarantee amounting to US\$2,165,000 (31 December 2021: US\$2,165,000) issued by a financial institution had 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 31 March 2022.

14 Share capital

	Group and Company			
	31.03.2022		31.12.2021	
	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	13,659,329	274,553	13,656,698	274,545
Shares issued during the period	–	–	2,631	8
At 31 March / 31 December	13,659,329	274,553	13,659,329	274,553

There was no change in the Company's share capital from 1 January 2022 to 31 March 2022.

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.

During the fourth quarter of 2021, the Company had issued 2,541,000 new ordinary shares upon the exercise and conversion of 2,541,000 warrants into the share capital of the Company.

The remaining 2,037,704,705 outstanding warrants have expired on 26 November 2021.

As at 31 March 2022, the Company had 13,659,328,535 ordinary shares in issue and 1,044,324,863 outstanding convertibles convertible into one ordinary share each.

As at 31 March 2021, 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 31 March 2022 and 31 March 2021, 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 31 March 2022 and 31 March 2021.

As at 31 March 2022, the issued and paid-up share capital excluding treasury shares of the Company comprised 13,659,328,535 (31 December 2021: 13,659,328,535) ordinary shares.

15 Subsequent events

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

- The Group had on 18 August 2022 completed the disposal of AHTS vessel "SAREM" for a consideration of USD700,000.
- The Group had on 3 October 2022 completed the disposal of AHTS vessel "SAEB" for a consideration of USD700,000.
- The Company had on 18 January 2023 entered into a new conditional subscription agreement with the Investor for the subscription of new ordinary shares amounting to S\$13,576,000 and share options amounting to S\$16,291,200.
- The Group had on 6 February 2023 completed the disposal of AHTS vessel "SALEH" for a consideration of USD700,000.
- The Company had on 18 February 2023 applied to the Singapore High Court for leave to convene scheme meeting and for a moratorium under Section 210(10) of the Companies Act.
- The Group had on 31 March 2023 completed the disposal of AHTS vessel "SAMED" for a consideration of USD700,000.

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 31 March 2022 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 three-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 proceeds from the sale of oil and gas assets to further reduce the borrowings with the lenders.

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 (the "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 face issues with the repatriation of US Dollars ("US\$") out of Sri Lanka to service the Loan repayment obligation and has yet to make payments for monthly instalments from January 2022 onwards. For the avoidance of doubt, the Sri Lanka bank account has sufficient funds to service the instalments required under the Loan. The Group continues to maintain communications with the banks, specifically to seek forbearance in the meantime as the continued delay in payment of the overdue instalments is due to the foreign currency crisis in Sri Lanka. Concurrently, the Company is in discussion with the bank to restructure the Loan. The Group remains committed to the exploration of several avenues to remit the US Dollars amount.

Further, the Company had announced on 7 April 2022 in relation to the Group's update on its 13 mini-hydro power plant ("MHPPs") operation in Sri Lanka. The Company expects the current worsening economic crisis in Sri Lanka to have potential detrimental impact to the New CSA and the Proposed Debt Restructuring as the investor reviews the situations in Sri Lanka and the weakening of LKR.

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 31 December 2021 to further extend the standstill period from 31 December 2021 up to and including 31 March 2022. As at the date of announcement, the standstill has lapsed and there was no further extension agreed. The Company is in discussion with REPS holders as part of the Proposed Debt Restructuring.

As announced on 18 January 2023, the Company has entered into a New CSA with the Investor for the subscription of new ordinary shares amounting to S\$13,576,000 and share options amounting to S\$16,291,200.

It is contemplated that the Company will also intend to undertake the following:

- (a) divestments of its existing assets and quoted securities (the “**Proposed Divestments**”) such that pursuant to the Proposed Divestments, the Company will retain its ownership in the holding entities of its operations in Sri Lanka and the operating companies in Sri Lanka (the “**Sri Lanka Sub-Group**”) (being the owners of the 13 units of mini-hydroelectric power plants in Sri Lanka with a combined capacity of 43.46 megawatt (the “**Hydro-Power Plants**”), together with their receivables, cash and inventories (including the Hydro-Power Plants) (the “**Remaining Assets**”);
- (b) propose a scheme of arrangement which will be a compromise or arrangement between the Company and class(es) of certain of its unsecured creditors, in accordance with Section 210 of the Companies Act 1967 of Singapore or the Insolvency, Restructuring and Dissolution Act 2018 of Singapore or under any applicable law(s) of Singapore, to compromise certain of the Company’s debt (the “**Past Liabilities**”) with such settlement being a combination of cash and issue of new Shares (the “**Scheme of Arrangement**”);
- (c) the creation of a fresh debt obligation to the Subscriber and/or its nominee, in consideration for the Subscriber procuring (a) full discharge of all liabilities and debts owing by the Sri Lanka Sub-Group to Overseas Chinese Banking Corporation (“**OCBC**”); and (b) OCBC’s consent to discharge any and all mortgage, charge, pledge, lien or other security interest securing any obligation of the Sri Lanka Sub-Group for the benefit of OCBC (the “**OCBC Loan Restructuring**”);
- (d) agreement on a settlement with holders of the redeemable exchangeable preference shares, which is envisaged to comprise a combination of cash and issue of new Shares to such creditors, with such new Shares to be issued under the Scheme of Arrangement and the Bilateral Settlement (the “**Settlement Shares**”) (the “**Bilateral Settlement**”, together with the Scheme of Arrangement, the “**Proposed Debt Restructuring**”); and
- (e) a share consolidation of all of the issued Shares pursuant to the above transactions (the “**Proposed Share Consolidation**”).

In relation to the Scheme of Arrangement, the Company had on 18 February 2023 applied to the Singapore High Court (the “**Court**”) for:

- (a) leave to be granted, pursuant to Section 210(1) of the Companies Act, for the Company to convene to convene a meeting (the “**Scheme Meeting**”) of the Scheme Creditors for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme (the “**Leave Application**”); and
- (b) any and all further proceedings in any action or proceeding against the Company be restrained except by permission of the Court pursuant to Section 210(10) of the Companies Act, (the “**Moratorium**”), and subject to such terms as the Court imposes, for a period of three (3) months from the date of this order, or until further order of Court.

The Company is still in the midst of discussion with its lenders and creditors to obtain their support on the Proposed Debt Restructuring, with the intention to achieve a positive net assets value upon completion of the New CSA and Proposed Debt Restructuring and strive towards trading resumption of the Company's shares.

As at the date of this announcement, the Company is working towards completing the formal negotiation and finalisation of the terms of the Proposed Debt Restructuring with the relevant lenders and creditors by middle of May 2023.

At the appropriate time, the aforementioned proposed transactions, including any potential shareholding dilution, will be tabled to all relevant stakeholders for their approval.

(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 owned by the Group. 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 AHTS vessels and completed the sale 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 will provide an update when there is material development on the discussion.

(4) Cash flows from operating activities

As announced on 7 April 2022, Sri Lanka (the "Country"), has been facing an economic crisis since the COVID-19 pandemic. In 2021, the Country has been further impacted by rising inflation costs and is currently going through political turmoil and violent protests over the Country's current economic crisis, as reported in the news.

The Group's 13 MHPP in the Country are still in operation and generating electricity to a government owned electricity corporation in the Country. However, the Company expects the current situation of the Country to have the following impact on the Group's cash flow from operating activities:

- (a) severe slowdown in collection of receivables from the sale of electricity; and
- (b) further increase in the costs of operating the MHPPs due to the rising inflation costs and weakening of LKR.

The Group has continuously engaged with its customers and strived to expedite the collection of such receivables. Meanwhile, the Group is still working on the following three items:

- (a) The Group is exploring several avenues to repatriate funds from Sri Lanka bank accounts that is currently restricted due to the ongoing economic crisis in Sri Lanka;
- (b) In July 2022, the Group had completed the five (5) year extension of the power purchase agreement (the "PPA") for the 2MW MHPP that expired in 4Q2021; and
- (c) The collection of the remaining government subsidies in relation to the China photovoltaic power plant. In relation to the photovoltaic power plant in China ("PRC Solar"), the Group had not received the full entitled government subsidies in the past four years which has accumulated to approximately USD9.7 mil as at 30 September 2022. The Group had only received progressively some of the outstanding subsidies till June 2018.

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

1Q 2022 vs 1Q 2021

The Group's revenue for the three months ended 31 March 2022 ("1Q 2022") decreased by US\$1,009,000 from US\$2,627,000 to US\$1,618,000 as compared to the corresponding three months ended 31 March 2021 ("1Q 2021") mainly due to decrease in generation output for the Sri Lanka MHPP as a result of less rainfall compared to 1Q 2021 coupled with the weakening of Sri Lankan Rupee.

The Group's cost of sales for 1Q 2022 decreased by US\$172,000 to US\$951,000 as compared to 1Q 2021. The decrease in cost of sales was mainly due to the lower depreciation expenses recognised coupled with the weakening of Sri Lankan Rupee.

As a result of the above, the Group's gross profit for 1Q 2022 decreased by US\$837,000 to US\$667,000 as compared to 1Q 2021.

Other operating income in 1Q 2022 was primarily due to the gain on disposal of accommodation module.

Administrative and marketing expenses in 1Q 2022 increased by US\$71,000 to US\$892,000 as compared to 1Q 2021 mainly due to unrealised foreign exchange losses and legal and professional fees incurred for corporate restructuring exercise.

Finance costs in 1Q 2022 decreased by US\$445,000 to US\$881,000 as compared to 1Q 2021 mainly due to the reduction in interest as a result of partial repayment of principal to lenders and cessation of interest charge by a related party.

Statement of Financial Position Review

Non-current Assets

The Group's Non-current Assets amounted to US\$35,069,000 as at 31 March 2022. The decrease of US\$1,564,000 was mainly due to translation loss on the Sri Lankan Rupee denominated Property, Plant and Equipment in 1Q 2022.

Current Assets

The Group's Current Assets amounted to US\$20,709,000 as at 31 March 2022. The decrease of US\$8,854,000 was mainly due to the disposal of assets held for sale amounted to US\$6,821,000.

Total Liabilities

The Group's Total Liabilities amounted to US\$86,059,000 as at 31 March 2022. The decrease of US\$6,195,000 was mainly due to reversal of advance received from assets held for sale following the completion of disposal in February 2022, partially offsetted by the slight increase in trade and other payables as a result of accrual of interest expense for the 1Q 2022 period.

Statement of Cash Flows Review

Cash Flow from Operating Activities

The Group's net cash used in operating activities in 1Q 2022 was US\$552,000. This was mainly due to payment on insurance renewal and yearly expenses paid at the beginning of the calendar year.

Cash Flow from Investing Activities

The Group's net cash from investing activities in 1Q 2022 was US\$1,773,000. This was mainly due to the balance of sales proceeds received upon the completion of the assets held for sale.

Cash Flow from Financing Activities

The Group's net cash used in financing activities in 1Q 2022 was US\$1,138,000. This was mainly due to partial 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 due to the Sri Lanka's foreign currency crisis. As a result, the Group defaulted on the September 2021 instalment for the bank loan ("**Loan**"). The lending bank had issued a notice letter ("**Notice**") stating the breaches by the Group in pursuant to the Loan facility agreement ("**Facility Agreement**"), and informing the Company that the Loan is recalled and cancelled with immediate effect, with the lending bank reserving its rights under the Facility Agreement. Save for the Notice, the Group has not received any other formal notices from the lending bank.

Due to the economic situation in Sri Lanka, the Group has yet to successfully repatriate further funds out of Sri Lanka and make any payments for the monthly loan instalments from January 2022 onwards. For the avoidance of doubt, the Sri Lanka bank account has sufficient funds to service the instalments required under the Loan, should the Group be able to repatriate all its cash balances out of Sri Lanka. The Group continues to maintain communications with the bank, specifically to seek forbearance in the meantime as the continued delay in payment of the overdue instalments. Concurrently, the Company is in discussion with the bank to restructure the Loan. The Group remains committed to the exploration of several avenues to remit the US Dollars amount.

- b) As announced on 3 February 2023, the Company and Anchor Marine 3 Inc, a wholly-owned subsidiary of the Company ("**AM3**") received notices of demand dated 1 February 2023 (the "**Notices of Demand**"), which were issued by the legal counsel representing one of the secured lending banks of the Group (the "**Bank**"). In relation to the Notice of Demand issued to AM3, it is noted by the Bank that since the maturity date of 5 January 2022 under the facility agreement with the Bank (the "**AM3 Facility Agreement**"), AM3 has failed to, inter alia, make full payments under or in connection with the AM3 Facility Agreement and that such default(s) remain unaddressed and/or remedied as of 1 February 2023. Consequently, the Bank is declaring an event of default under the Facility Agreement (the "**EOD**") and that the facility thereunder is cancelled. The Notice of Demand issued to the Company is by virtue of a guarantee dated 18 December 2014, where the Company had guaranteed to pay on demand as principal debtor, inter alia, all sums due and owing from AM3 (as borrower) under the AM3 Facility Agreement. In relation thereto to the Notices of Demand, the Group continues to engage the Bank in ongoing discussions to request for support on the Proposed Debt Restructuring under the New CSA (as described in paragraphs below).

- c) As mentioned above in para 3(a)(4)(c), the Group had not received the full entitled government subsidies amounting to approximately USD9.7 million as at 30 September 2022. The Company remains in talks with potential buyers for PRC Solar as part of the Company's divestment strategy.
- d) In relation to the settlement agreement with Whitesea Shipping & Supply (LLC) FZC ("WSS"), the Group had completed the sale of the remaining AHTS vessels on 31 March 2023.

In relation to the Scheme of Arrangement, the Company had on 18 February 2023 applied to the Singapore High Court (the "**Court**") for:

- (b) leave to be granted, pursuant to Section 210(1) of the Companies Act, for the Company to convene to convene a meeting (the "**Scheme Meeting**") of the Scheme Creditors for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme (the "**Leave Application**"); and
- (b) any and all further proceedings in any action or proceeding against the Company be restrained except by permission of the Court pursuant to Section 210(10) of the Companies Act, (the "**Moratorium**"), and subject to such terms as the Court imposes, for a period of three (3) months from the date of this order, or until further order of Court.

The Court has scheduled the hearing of the Company's application for leave to convene scheme meeting of the scheme creditors and the Moratorium on 11 April 2023.

The Company has initiated discussion with the Group's lenders and creditors to obtain the support on the Proposed Debt Restructuring, with the intention to achieve a positive net assets value upon completion of the New CSA and Proposed Debt Restructuring and strive towards trading resumption of the Company's shares.

As at the date of this announcement, the Company has yet to obtain the support from the Group's major lenders and creditors. The Company is working towards finalising the terms of the Proposed Debt Restructuring by May 2023.

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") in view of the uncertainties faced by the Company to continue as going concern (the "**Trading Suspension**"). The Company has on 31 January 2023, 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**") to 30 June 2023. Once the CSA and Proposed Debt Restructuring are finalised, the Group will submit the Resumption Proposals to SGX RegCo.

The Company will make necessary announcements as and when there are further material developments on the above matter.

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 1Q 2022, 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 29 June 2021, obtained a general and specific mandate from shareholders for interested person transactions (“IPTs”).

Particulars of IPTs for the period 1 January 2022 to 31 March 2022 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	NIL
<u>Interest expenses</u> Ezion Holdings Limited	A controlling shareholder of the Company	NIL	263,648

10 Additional information required pursuant to Rule 706A

Not applicable. The Company did not acquire and dispose any shares in any companies during 1Q 2022.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Group for the period ended 31 March 2022 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

Zhan Aijuan
Company Secretary
7 April 2023

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 Mr Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.