

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

FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

	Note ¹	Group			Group		
		4Q 2017 US\$'000	4Q 2016 US\$'000	Change %	FY 2017 US\$'000	FY 2016 US\$'000	Change %
Revenue	(1)	5,590	5,899	(5%)	19,834	24,537	(19%)
Cost of sales	(1)	(2,167)	(2,303)	(6%)	(8,667)	(9,219)	(6%)
Gross profit	(1)	3,423	3,596	(5%)	11,167	15,318	(27%)
Administrative and marketing expenses		(979)	(1,051)	(7%)	(2,476)	(2,697)	(8%)
Other operating expenses, net	(2)	(34,080)	(7,976)	n.m.	(35,112)	(7,918)	n.m.
(Loss)/Profit from operating activities		(31,636)	(5,431)	n.m.	(26,421)	4,703	n.m.
Finance income		34	-	n.m.	262	9	n.m.
Finance costs	(3)	(1,866)	(1,052)	77%	(3,918)	(3,031)	29%
Net finance cost		(1,832)	(1,052)	74%	(3,656)	(3,022)	21%
Share of results of jointly controlled entities (net of tax)	(4)	(1,164)	(284)	n.m.	(1,269)	(443)	n.m.
(Loss)/Profit before taxation		(34,632)	(6,767)	n.m.	(31,346)	1,238	n.m.
Taxation		(7)	(1)	n.m.	(9)	(4)	n.m.
(Loss)/Profit after income tax		(34,639)	(6,768)	n.m.	(31,355)	1,234	n.m.
Non-controlling interests		(30)	16	n.m.	(3)	21	n.m.
(Loss)/Profit for the period/year		(34,669)	(6,752)	n.m.	(31,358)	1,255	n.m.

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

	Group			Group		
	4Q 2017 US\$'000	4Q 2016 US\$'000	Change %	FY 2017 US\$'000	FY 2016 US\$'000	Change %
- Net finance cost	(1,832)	(1,052)	74%	(3,656)	(3,022)	21%
- Depreciation and amortisation	(2,148)	(2,214)	(3%)	(8,594)	(9,147)	(6%)
- Foreign exchange gain/(loss)	125	(136)	n.m.	157	(161)	n.m.
- Impairment of available-for-sale financial assets	-	(998)	n.m.	(1,049)	(998)	5%
- Impairment of trade receivables	(2,306)	-	n.m.	(2,306)	-	n.m.
- Impairment of joint venture	(1,144)	-	n.m.	(1,144)	-	n.m.
- Impairment of plant and equipment	(30,733)	(7,000)	n.m.	(30,733)	(7,000)	n.m.

n.m. = not meaningful

¹ Please refer to Paragraph 8 for review of Income Statement.

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

	Note ²	Group		Company	
		31/12/2017 US\$'000	31/12/2016 US\$'000	31/12/2017 US\$'000	31/12/2016 US\$'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	(1)	104,966	123,192	19	38
Subsidiaries		-	-	63,722	75,895
Joint ventures	(2)	11,950	5,757	20,844	13,287
Investment in quoted shares	(3)	1,276	2,305	1,276	2,305
Intangible assets	(4)	1,306	1,306	-	-
Other receivables	(5)	10,983	8,668	-	-
		130,481	141,228	85,861	91,525
CURRENT ASSETS					
Trade and other receivables	(5)	12,644	7,392	935	346
Amounts due from subsidiaries		-	-	2,417	1,200
Amounts due from joint ventures	(2)	1,764	341	1,722	341
Cash and cash equivalents		2,974	4,112	1,536	1,776
		17,382	11,845	6,610	3,663
TOTAL ASSETS		147,863	153,073	92,471	95,188
EQUITY					
Share capital		272,670	272,373	272,670	272,373
Convertible perpetual capital securities		6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares		7,042	7,042	-	-
Warrants		2,384	2,514	2,384	2,514
Other reserves	(6)	572	(845)	-	-
Accumulated losses		(236,165)	(204,703)	(238,077)	(216,532)
Equity attributable to owners of the Company		53,314	83,192	43,788	65,166
Non-controlling interests		2,013	1,950	-	-
TOTAL EQUITY		55,327	85,142	43,788	65,166
LIABILITIES					
NON-CURRENT LIABILITIES					
Advanced deposits	(7)	-	1,264	-	-
Other payables		28	40	-	-
Amounts due to subsidiaries		-	-	20,941	18,165
Amount due to a related party	(8)	21,546	7,797	23,296	7,797
Financial liabilities	(9)	19,133	39,755	-	1,325
		40,707	48,856	44,237	27,287
CURRENT LIABILITIES					
Advanced deposits	(7)	-	1,059	-	-
Trade and other payables		5,552	3,738	2,232	1,478
Amounts due to related parties	(8)	1,712	593	824	558
Amounts due to joint venture		44	24	44	24
Financial liabilities	(9)	44,515	13,661	1,346	675
Provision for tax		6	-	-	-
		51,829	19,075	4,446	2,735
TOTAL LIABILITIES		92,536	67,931	48,683	30,022
TOTAL EQUITY AND LIABILITIES		147,863	153,073	92,471	95,188

² Please refer to Paragraph 8 for review of Statement of Financial Position.

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

	Group	
	As at 31/12/2017 US\$'000	As at 31/12/2016 US\$'000
<u>Amount repayable in one year or less, or on demand:-</u>		
Secured	44,515	13,661
Unsecured	850	-
<u>Amount repayable after one year:-</u>		
Secured	19,133	39,755
Unsecured	21,546	7,797

Details of any collateral

Secured borrowings as at 31 December 2017 and 31 December 2016 were secured by mortgages on the respective hydro-electric power generation equipment, solar photovoltaic power plant, offshore support vessels and onshore accommodation module.

1(b)(iii) Statement of comprehensive income for the period/year ended 31 December 2017

	Group					
	4Q 2017 US\$'000	4Q 2016 US\$'000	Change %	FY 2017 US\$'000	FY 2016 US\$'000	Change %
(Loss)/Profit for the period/year	(34,639)	(6,768)	n.m.	(31,355)	1,234	n.m.
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit and loss</u>						
Net reversal of/(loss) on fair value changes of available-for-sale financial assets	-	1,559	n.m.	-	-	n.m.
Effective portion of changes in fair value of cash flow hedge	23	108	(78%)	47	29	62%
Translation differences relating to financial statements of foreign operations	722	(200)	n.m.	743	(237)	n.m.
Foreign currency translation differences due to foreign operations	(109)	(392)	(72%)	687	(84)	n.m.
Other comprehensive income for the period/year	636	1,075	(41%)	1,477	(292)	n.m.
Total comprehensive income for the period/year	(34,003)	(5,693)	n.m.	(29,878)	942	n.m.
Attributable to:						
Owners of the Company	(34,093)	(5,677)	n.m.	(29,941)	963	n.m.
Non-controlling interests	90	(16)	n.m.	63	(21)	n.m.
	(34,003)	(5,693)	n.m.	(29,878)	942	n.m.

n.m. = not meaningful

1(c) A Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	4Q 2017 US\$'000	4Q 2016 US\$'000	FY 2017 US\$'000	FY 2016 US\$'000
Cash flows from operating activities				
(Loss)/Profit before taxation	(34,632)	(6,767)	(31,346)	1,238
Adjustments for:-				
Amortisation of deferred income	-	(270)	-	(1,489)
Depreciation of property, plant and equipment	2,148	2,214	8,594	9,147
Net fair value (gain)/loss on derivative assets	(1)	(23)	47	(81)
Interest income	(34)	-	(262)	(9)
Interest expense	1,866	1,052	3,918	3,031
Equity-settled share-based payment transaction	48	40	235	143
Share of results of jointly controlled entities, net of tax	1,164	284	1,269	443
Impairment of available-for-sale financial assets	-	998	1,049	998
Impairment of trade receivables	2,306	-	2,306	-
Impairment of joint venture	1,144	-	1,144	-
Impairment of plant and equipment	30,733	7,000	30,733	7,000
Operating profit before working capital changes	4,742	4,528	17,687	20,421
Changes in working capital:				
Trade and other receivables	(1,565)	(1,682)	(11,950)	(8,260)
Trade and other payables	(189)	1,157	(396)	646
Income tax paid	(1)	-	(3)	(10)
Net cash generated from operating activities	(1) 2,987	4,003	5,338	12,797
Cash flows from investing activities				
Purchase of plant and equipment	(13,464)	(5,112)	(18,325)	(7,440)
Advance to suppliers	(2,243)	-	(2,712)	-
Prepayment for land use rights	(1)	-	(148)	(748)
Acquisition of subsidiary, net of cash acquired	-	-	-	(1,045)
Loans to joint ventures	-	-	-	(81)
Investment in quoted shares	-	-	-	(429)
Investment in joint ventures	447	(3,713)	(9,141)	(3,713)
Interest income received	34	1	262	9
Net cash used in investing activities	(2) (15,227)	(8,824)	(30,064)	(13,447)
Cash flows from financing activities				
Capital contribution by non-controlling interests of subsidiary	-	895	-	1,710
Loan from a related party	-	3,466	16,043	7,797
Repayment of loan to a related party	(1,350)	-	(1,350)	-
Proceeds from borrowings	16,298	-	19,133	-
Repayment of borrowings	(1,721)	(3,322)	(8,902)	(13,030)
Proceeds from issuance of shares by the company	-	57	167	57
Proceeds from issuance of warrants by the company	-	2,571	-	2,571
Distribution on redeemable exchangeable preference shares	-	-	-	(124)
Interest expense paid	(478)	(439)	(1,777)	(2,320)
Net cash generated from/(used in) financing activities	(3) 12,749	3,228	23,314	(3,339)
Net increase/(decrease) in cash and cash equivalents	509	(1,593)	(1,412)	(3,989)
Cash and cash equivalents at beginning of period/year	2,404	5,851	4,112	8,110
Effect of exchange rate fluctuations on cash held	61	(146)	274	(9)
Cash and cash equivalents at end of period/year	2,974	4,112	2,974	4,112

³ Please refer to Paragraph 8 for review of Statement of Cash Flows.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

The Group	Share Capital US\$'000	Perpetual Securities US\$'000	Redeemable Exchangeable Preference Shares US\$'000	Warrants US\$'000	Foreign Currency Translation Reserves US\$'000	Hedging Reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total Equity US\$'000
Balance as at 1 January 2017	272,373	6,811	7,042	2,514	(803)	(42)	(204,703)	83,192	1,950	85,142
Total comprehensive income for the Year	-	-	-	-	1,370	47	(31,358)	(29,941)	63	(29,878)
Transactions with owners, recognised directly in equity										
Contributions by and distribution to owners										
Issuance of ordinary shares	167	-	-	-	-	-	-	167	-	167
Conversion of warrants to ordinary shares	130	-	-	(130)	-	-	-	-	-	-
Accrued perpetual securities distributions	-	-	-	-	-	-	(339)	(339)	-	(339)
Equity-settled share-based payment transaction	-	-	-	-	-	-	235	235	-	235
Total transactions with owners	297	-	-	(130)	-	-	(104)	63	-	63
Balance as at 31 December 2017	272,670	6,811	7,042	2,384	567	5	(236,165)	53,314	2,013	55,327

1(d)(i) Continued

The Group	Share Capital US\$'000	Perpetual Securities US\$'000	Redeemable Exchangeable Preference Shares US\$'000	Warrants US\$'000	Foreign Currency Translation Reserves US\$'000	Hedging Reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total Equity US\$'000
Balance as at 1 January 2016	270,718	6,811	7,042	19,394	(482)	(71)	(224,802)	78,610	-	78,610
Total comprehensive income for the Year	-	-	-	-	(321)	29	1,255	963	(21)	942
Transactions with owners, recognised directly in equity										
Contributions by and distribution to owners										
Issuance of ordinary shares	1,598	-	-	-	-	-	-	1,598	-	1,598
Issuance of warrants	-	-	-	2,571	-	-	-	2,571	-	2,571
Conversion of warrants to ordinary shares	57	-	-	(57)	-	-	-	-	-	-
Expiry of warrants	-	-	-	(19,394)	-	-	19,394	-	-	-
Accrued perpetual securities distributions	-	-	-	-	-	-	(325)	(325)	-	(325)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	1,710	1,710
Distribution on redeemable exchangeable preference shares	-	-	-	-	-	-	(368)	(368)	-	(368)
Equity-settled share-based payment transaction	-	-	-	-	-	-	143	143	-	143
Total transactions with owners	1,655	-	-	(16,880)	-	-	18,844	3,619	1,710	5,329
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	261	261
Balance as at 31 December 2016	272,373	6,811	7,042	2,514	(803)	(42)	(204,703)	83,192	1,950	85,142

1(d)(i) Continued

The Company	Share Capital US\$'000	Perpetual Securities US\$'000	Warrants US\$'000	Accumulated Losses US\$'000	Total US\$'000
Balance as at 1 January 2017	272,373	6,811	2,514	(216,532)	65,166
Total comprehensive income for the year	-	-	-	(21,441)	(21,441)
Transactions with owners, recognised directly in equity Contributions by and distribution to owners					
Issuance of ordinary shares	167	-	-	-	167
Conversion of warrants to ordinary shares	130	-	(130)	-	-
Accrued perpetual securities distributions	-	-	-	(339)	(339)
Equity-settled share-based payment transaction	-	-	-	235	235
Total transaction with owners	297	-	(130)	(104)	63
Balance as at 31 December 2017	272,670	6,811	2,384	(238,077)	43,788

The Company	Share Capital US\$'000	Perpetual Securities US\$'000	Warrants US\$'000	Accumulated Losses US\$'000	Total US\$'000
Balance as at 1 January 2016	270,718	6,811	19,394	(235,256)	61,667
Total comprehensive income for the year	-	-	-	(488)	(488)
Transactions with owners, recognised directly in equity Contributions by and distribution to owners					
Issuance of ordinary shares	1,598	-	-	-	1,598
Accrued convertible perpetual capital securities distributions	-	-	-	(325)	(325)
Expiry of warrants	-	-	(19,394)	19,394	-
Issuance of warrants	-	-	2,571	-	2,571
Conversion of warrants to ordinary shares	57	-	(57)	-	-
Equity-settled share-based payment transaction	-	-	-	143	143
Total transaction with owners	1,655	-	(16,880)	19,212	3,987
Balance as at 31 December 2016	272,373	6,811	2,514	(216,532)	65,166

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the fourth quarter of 2017, there were no allotment and issuance of new ordinary shares, as there were no warrants being exercised by the warrant holders.

As at 31 December 2017, the Company had 13,166,385,035 ordinary shares issued and 3,084,660,568 outstanding convertibles. As at 31 December 2016, the Company had 13,050,963,935 ordinary shares issued and 2,612,761,152 outstanding convertibles.

As at 31 December 2017, there were 7,299,270 redeemable exchangeable preference shares (31 December 2016: 7,299,270) in a subsidiary available for exchange to 523,620,516 ordinary shares of the Company.

The Company did not hold any treasury shares as at 31 December 2017 and 31 December 2016.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2017, the issued and paid up share capital (excluding treasury shares) of the Company comprised 13,166,385,035 (31 December 2016: 13,050,963,935) ordinary shares.

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

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

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

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed under item 5 below, the Group has consistently applied the same accounting policies and methods of computation as in the most recently audited annual financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2016, except for the adoption of new/revised financial reporting standards (FRS) applicable for the financial period beginning 1 January 2017 as follows:

Amendments to FRS 7 *Statement of Cash Flows*
 Amendments to FRS 12 *Income Taxes*
 Amendments to FRS 112 *Disclosure of Interests in Other Entities*

The adoption of these amendments to FRSs does not have any significant financial impact on the Group's financial position or performance.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

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

		Group			
		4Q 2017	4Q 2016	FY 2017	FY 2016
(a)	EPS based on weighted average number of ordinary shares in issue (in US cents)	(0.26)	(0.05)	(0.24)	0.01
	Weighted average number of ordinary shares (in million)	13,166	13,020	13,138	12,990
(b)	EPS based on fully diluted basis (in US cents)	(0.26)	(0.05)	(0.24)	0.01
	Weighted average number of ordinary shares (in million)	13,166*	13,793	13,138*	13,763
		Group			
		4Q 2017	4Q 2016	FY 2017	FY 2016
(a)	EPS based on weighted average number of ordinary shares in issue (in SGD cents)	(0.36)^	(0.07)^	(0.32)#	0.01#
	Weighted average number of ordinary shares (in million)	13,166	13,020	13,138	12,990
(b)	EPS based on fully diluted basis (in SGD cents)	(0.36)^	(0.07)^	(0.32)#	0.01#
	Weighted average number of ordinary shares (in million)	13,166*	13,793	13,138*	13,763

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

^ Conversion to SGD were based on 4Q 2017 average exchange rate of USD 1: SGD 1.3482 (4Q 2016: USD1 : SGD 1.4211).

Conversion to SGD were based on FY 2017 average exchange rate of USD 1: SGD 1.3749 (FY 2016: USD1 : SGD 1.3833).

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on (in US cents)	0.40	0.65	0.33	0.50

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on (in SGD^ cents)	0.54	0.94	0.44	0.72

^ Conversion to SGD were based on 31 December 2017 exchange rate of USD 1: SGD 1.3366 (31 December 2016: USD 1: SGD 1.4463).

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

Income Statement Review

4Q 2017

1. The Group's revenue for 4Q 2017 decreased by approximately US\$309,000 to US\$5,590,000 compared to 4Q 2016 mainly due to reduction in the charter rates of the Group's vessels, offset by project management revenue generated from the Group's joint venture in India.

Cost of sales comprised mainly depreciation and amortisation expenses. The cost of sales for 4Q 2017 decreased by approximately US\$136,000 to US\$2,167,000 as compared to 4Q 2016 due to lower depreciation on lower plant and equipment post impairment in 4Q 2016.

As a result of the above, the Group's gross profit for 4Q 2017 decreased by US\$173,000 to US\$3,423,000 as compared to 4Q 2016.

2. The increase in other operating expenses in 4Q 2017 as compared to 4Q 2016 was mainly due to the impairment of the Group's oil and gas related plant and equipment and trade receivables of US\$30,733,000 and US\$2,306,000 respectively.
3. The increase in finance costs in 4Q 2017 as compared to 4Q 2016 was mainly due to higher interest cost as a result of a loan from a related party during the period.

4. The increase in share of losses of jointly controlled entities in 4Q 2017 as compared to 4Q 2016 was mainly due to higher pre-operating costs incurred by the Group's joint venture in India.

FY 2017

1. The Group's revenue in FY 2017 decreased by US\$4,703,000 to US\$19,834,000 as compared to FY 2016 mainly due to reduction in the charter rates of the Group's vessels.

Cost of sales in FY 2017 comprised mainly depreciation and amortisation expenses. The cost of sales in FY 2017 decreased by approximately US\$552,000 to US\$8,667,000 as compared to FY 2016 due to lower depreciation on lower plant and equipment post impairment in FY 2017.

As a result of the above, the Group's gross profit for FY 2017 decreased by US\$4,151,000 to US\$11,167,000 as compared to US\$15,318,000 in FY 2016.

2. The increase in other operating expenses in FY 2017 as compared to FY 2016 was mainly due to the impairment of the Group's plant and equipment and trade receivables of US\$30,733,000 and US\$2,306,000 respectively.
3. The increase in finance costs in FY 2017 as compared to FY 2016 was mainly due higher interest cost as a result of a loan from a related party during the year.
4. The increase in share of losses of jointly controlled entities in FY 2017 as compared to FY 2016 was mainly due to higher pre-operating costs incurred by the Group's joint venture in India.

Statement of Financial Position Review

1. The decrease in property, plant and equipment was mainly due to the impairment and depreciation recognised in FY 2017 which was partially offset by capital expenditures incurred for the PV Solar plant in China.
2. The decrease in joint ventures as at 31 December 2017 as compared to 31 December 2016 was mainly due to impairment loss on an investment in another joint venture.
3. The decrease in the investment in quoted shares was due to the mark to market valuation of these shares as at 31 December 2017 as trading for those shares were suspended, the shares were revalued based on their fair value as at August 2017.
4. Intangible assets relates to the approvals and permits for the development of the solar photovoltaic power plant and sales of electricity from the power plant.
5. The increase in trade and other receivables was due to the increase in receivables relating to the lease of hydro-electric power generation equipment and advances made to suppliers for development of solar photovoltaic power plant.
6. Other reserves mainly relate to the currency translation arising from foreign operations as well as translation differences relating to financial statements of foreign operations.
7. The decrease in advanced deposits (non-refundable deposits) as at 31 December 2017 as compared to 31 December 2016 was due to offset of the non-refundable deposits against trade receivables.
8. Amount due to a related party relates to loan from a shareholder of the Group. The increase is due to additional loans obtained in 2Q 2017.
9. The increase in financial liabilities was mainly due to the drawdown of loan in Q4 2017 from a financial institution to finance the capital expenditure of the Group's PV Solar plant in China. This is partially offset by repayment of bank loans.

As at 31 December 2017, the Group was in a net current liabilities position of US\$34,447,000 and this was mainly due to the classification of the Group's term loans of US\$29,698,000 as current liabilities. The classification as current liabilities was a result of the Group not paying these term loans while the Group is currently in negotiations with the banks to refinance the said term loans for longer terms. The Group is confident that the said term loans will be refinanced for longer terms.

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

Statement of Cash Flows Review

4Q 2017

1. Net cash generated from operating activities in 4Q 2017 was approximately US\$2,987,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in 4Q 2017 was approximately US\$15,227,000. This was mainly due to the capital expenditure incurred for the PV Solar plant in China .
3. Net cash generated from financing activities in 4Q 2017 was approximately US\$12,749,000. This was mainly due to the proceeds from loan from a financial institution financing the capital expenditure of the Group's PV Solar plant, which was offset by repayment of borrowings and interest on borrowings in 4Q 2017.

FY 2017

1. The Group's net cash generated from operating activities in FY 2017 was approximately US\$5,338,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in FY 2017 was approximately US\$30,064,000. This was mainly due to the additional capital investment in a joint venture and the construction of solar photovoltaic power plant.
3. Net cash used in financing activities in FY 2017 was approximately US\$23,314,000. This was mainly due to the proceeds from loan from a related party and a new loan to finance the Group's capital expenditure incurred for the PV Solar plant in China, partially offset by repayment of principal and interest on borrowings in FY 2017.

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

The unaudited consolidated financial results of the Group for the fourth quarter and financial year ended 31 December 2017 as set out in this announcement are in line with the profit guidance announcement released by the Company on 21 February 2018.

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

After a strategic review of the Group's business activities, decision was made to focus on the renewable energy business and to exit the marine and offshore oil and gas ("O&G") business. The Group's switch to focus on renewable energy took a significant step forward, as the 140MW solar PV power plant in Rajasthan, India (47.5% shareholding) and the 20MW solar PV power plant in Hubei, China (80% shareholding) were commissioned in December 2017 and January 2018 respectively. Both plants will commence generating revenue in FY2018.

As the O&G industry remains very challenging, the Group has carried out an assessment on the impairments of its assets in this Q4 reporting. The Group has also engaged a consultant to conduct an independent financial review and is currently in discussion with lenders to refinance some of its liabilities related to the O&G business.

The performance of our mini-hydro power assets in Sri Lanka ('MHPP') suffered in the wake of the country's worst drought in 40 years (in late 2016 until early 2017). The performance of the MHPP has improved since and power generation is returning back to normal. The Group is actively looking at increasing its business activities in this business segment.

11. Use of Proceeds

Proceeds from warrants issued in 2017

Description	US\$'000
Balance of proceeds as at 1 October 2017	-
Add: Net proceeds from the issue of warrants in 4Q 2017	2,571
Add: Proceeds from the exercise of warrants in 4Q 2017	57
Less: Use of proceeds in 4Q 2017 for capital expenditure on renewable energy assets	(2,571)
Less: Use of proceeds in 4Q 2017 for administrative expenses	(57)
Balance of proceeds as at 31 December 2017	<u>-</u>

The above utilisation is in line with the intended uses of the net proceeds stated in the Company's announcement dated 30 September 2016. As at the date of this announcement, the net proceeds have been fully utilised.

12. If a decision regarding dividend has been made:

- (a) ***Whether an interim (final) ordinary dividend has been declared (recommended); and***
- None.
- (b) ***(i) Amount per share (cents)***
- Not applicable.
- (ii) Previous corresponding period (cents)***
- None.
- (c) ***Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).***
- Not applicable.
- (d) ***The date the dividend is payable.***
- Not applicable.
- (e) ***The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.***
- Not applicable.

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

No dividend has been declared or recommended for FY 2017.

14. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group had on 25 April 2017, obtained a general mandate from shareholders for interested person transactions ("IPTs").

For details, please refer to the Appendix to Annual Report 2016 dated 10 April 2017.

Particulars of IPTs for the period 1 January 2017 to 31 December 2017 are as follows:

Name of interested person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	US\$	US\$
<u>Management fee paid/payable to</u> Ezion Holdings Limited	NIL	248,474
<u>Interest paid/payable to</u> Ezion Holdings Limited	900,924	NIL

15. Confirmation of undertakings from Directors and Executive Officers

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

For the year ended 31 December 2017 and 31 December 2016, all revenue, capital expenditure, assets and liabilities were derived from one single business segment in providing power and energy services.

Geographical segments information for the Group is as follows:

	Australia		Middle East		Asia		Total operations	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	1,443	1,686	4,818	9,688	13,573	13,163	19,834	24,537
Plant and equipment	9,335	10,338	8,268	41,686	87,363	71,168	104,966	123,192

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

Please refer to paragraph 8.

18. **A breakdown of financials as follows:-**

	Group		Variance
	FY 2017 US\$'000	FY 2016 US\$'000	
Sales			
(a) first half year	9,473	12,610	(25%)
(b) second half year	10,361	11,927	(13%)
Total for the year	19,834	24,537	(19%)

	Group		Variance
	FY 2017 US\$'000	FY 2016 US\$'000	
Total profit/(loss) after tax:			
(a) first half year	2,261	5,830	(61%)
(b) second half year	(33,616)	(4,596)	n.m.
Total for the year	(31,355)	1,234	n.m.

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

Not applicable. No dividend has been declared or recommended for FY2017 and FY2016.

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

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

BY ORDER OF THE BOARD

Lee Tiong Hock
Company Secretary
23 February 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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