

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 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	1Q 2017 US\$'000	Group 1Q 2016 US\$'000	Change %
Revenue	(1)	4,732	6,571	(28%)
Cost of sales	(1)	(2,165)	(2,301)	(6%)
Gross profit	(1)	2,567	4,270	(40%)
Administrative and marketing expenses		(451)	(405)	11%
Profit from operating activities		2,116	3,865	(45%)
Finance income		76	3	n.m.
Finance costs	(2)	(667)	(662)	1%
Net finance cost		(591)	(659)	(10%)
Share of results of jointly controlled entities (net of tax)		82	(6)	n.m.
Profit before taxation		1,607	3,200	(50%)
Taxation		-	-	n.m.
Profit after income tax		1,607	3,200	(50%)
Non-controlling interests		9	-	n.m.
Profit for the period		1,616	3,200	(50%)

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

	1Q 2017 US\$'000	Group 1Q 2016 US\$'000	Change %
- Net finance cost	(591)	(659)	(10%)
- Depreciation and amortisation	(2,149)	(2,280)	(6%)
- Foreign exchange gain	23	30	(23%)

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	
		31/03/2017 US\$'000	31/12/2016 US\$'000	31/03/2017 US\$'000	31/12/2016 US\$'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	(1)	121,627	123,192	31	38
Intangible assets	(2)	1,306	1,306	-	-
Subsidiaries		-	-	76,630	75,895
Joint ventures	(3)	8,032	5,757	15,732	13,287
Investment in quoted shares	(4)	2,199	2,305	2,199	2,305
Other receivables	(5)	8,861	8,668	-	-
		142,025	141,228	94,592	91,525
CURRENT ASSETS					
Trade and other receivables	(5)	9,165	7,392	1,012	346
Amounts due from subsidiaries		-	-	1,201	1,200
Amounts due from joint ventures		345	341	-	341
Cash and cash equivalents		2,878	4,112	1,458	1,776
		12,388	11,845	3,671	3,663
TOTAL ASSETS		154,413	153,073	98,263	95,188
Share capital		272,579	272,373	272,579	272,373
Convertible perpetual capital securities		6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares		7,042	7,042	-	-
Warrants		2,430	2,514	2,430	2,514
Other reserves	(6)	(564)	(845)	(106)	-
Accumulated losses		(203,131)	(204,703)	(217,048)	(216,532)
Equity attributable to owners of the Company		85,167	83,192	64,666	65,166
Non-controlling interests		1,941	1,950	-	-
TOTAL EQUITY		87,108	85,142	64,666	65,166
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred revenue	(7)	-	1,264	-	-
Other payables		41	40	-	-
Amount due to subsidiaries		-	-	18,969	18,165
Amount due to related party	(8)	10,581	7,797	10,581	7,797
Financial liabilities	(9)	36,644	39,755	1,093	1,325
		47,266	48,856	30,643	27,287
CURRENT LIABILITIES					
Deferred revenue	(7)	-	1,059	-	-
Trade and other payables		4,488	3,738	1,716	1,478
Amount due to related party		648	593	612	558
Amount due to joint venture		-	24	-	24
Financial liabilities	(9)	14,903	13,661	626	675
		20,039	19,075	2,954	2,735
TOTAL LIABILITIES		67,305	67,931	33,597	30,022
TOTAL EQUITY AND LIABILITIES		154,413	153,073	98,263	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 31/03/2017 US\$'000	As at 31/12/2016 US\$'000
<u>Amount repayable in one year or less, or on demand:-</u>		
Secured	14,903	13,661
<u>Amount repayable after one year:-</u>		
Secured	36,644	39,755
Unsecured	10,581	7,797

Details of any collateral

All the bank loans are secured by corporate guarantees from the Company, first legal charge on the Group's assets, legal assignment of the rental proceeds from the Group's assets, assignment of insurance in respect of the Group's assets in the bank's favour and all monies standing to the credit of the Group's receiving operating accounts in respect of the Group's assets maintained by the Group with the banks.

1(b)(iii) Statement of comprehensive income for the period ended 31 March 2017

	Group		
	1Q 2017 US\$'000	1Q 2016 US\$'000	Change %
Profit for the period	1,607	3,200	(50%)
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit and loss</u>			
Net loss on fair value changes of available-for-sale financial assets	(106)	(64)	66%
Effective portion of changes in fair value of cash flow hedge	13	(75)	n.m.
Translation differences relating to financial statements of foreign operations	63	(28)	n.m.
Foreign currency translation differences due to foreign operations	311	314	(1%)
Other comprehensive income for the period	281	147	91%
Total comprehensive income for the period	1,888	3,347	(44%)
Attributable to:			
Owners of the Company	1,897	3,347	(43%)
Non-controlling interests	(9)	-	n.m.
	1,888	3,347	(44%)

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	
	1Q 2017 US\$'000	1Q 2016 US\$'000
Cash flows from operating activities		
Profit before taxation	1,607	3,200
Adjustments for:-		
Amortisation of deferred income	-	(512)
Depreciation of property, plant and equipment	2,149	2,280
Fair value gain on derivative asset	(7)	-
Interest income	(76)	(3)
Interest expense	667	662
Share of results of jointly controlled entities, net of tax	(82)	6
Equity-settled share-based payment transaction	36	22
Operating profit before working capital changes	4,294	5,655
Changes in working capital:		
Trade and other receivables	(2,739)	(1,774)
Trade and other payables	133	(1,120)
Income tax paid	-	(4)
Net cash generated from operating activities	(1) 1,688	2,757
Cash flows from investing activities		
Prepayment for land use rights	(145)	-
Loans to joint ventures	-	(8)
Investment in joint ventures	(3,781)	-
Interest income received	-	3
Net cash used in investing activities	(2) (3,926)	(5)
Cash flows from financing activities		
Loan from a related company	2,888	-
Repayment of borrowings	(1,869)	(2,880)
Proceeds from issuance of shares by the company	122	-
Interest expense paid	(293)	(636)
Net cash generated from/(used in) financing activities	(3) 848	(3,516)
Net decrease in cash and cash equivalents	(1,390)	(764)
Cash and cash equivalents at beginning of period	4,112	8,110
Effect of exchange rate fluctuations on cash held	156	122
Cash and cash equivalents at end of period	2,878	7,468

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	Fair Value Reserve US\$'000	Hedging Reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000	Non-controlling Interests US\$'000	Total Equity US\$'000
Balance as at 1 January 2017	272,373	6,811	7,042	2,514	(803)	-	(42)	(204,703)	83,192	1,950	85,142
Total comprehensive income for the period	-	-	-	-	374	(106)	13	1,616	1,897	(9)	1,888
Transactions with owners, recognized directly in equity											
Contributions by and distribution to owners											
Issuance of ordinary shares	122	-	-	-	-	-	-	-	122	-	122
Conversion of warrants to ordinary shares	84	-	-	(84)	-	-	-	-	-	-	-
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(80)	(80)	-	(80)
Equity-settled share-based payment transaction	-	-	-	-	-	-	-	36	36	-	36
Total transactions with owners	206	-	-	(84)	-	-	-	(44)	78	-	78
Balance as at 31 March 2017	272,579	6,811	7,042	2,430	(429)	(106)	(29)	(203,131)	85,167	1,941	87,108

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	Fair Value Reserve US\$'000	Hedging Reserve US\$'000	Accumulated Losses 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
Total comprehensive income for the period	-	-	-	-	286	(64)	(75)	3,200	3,347
Transactions with owners, recognized directly in equity									
Contributions by and distribution to owners									
Issuance of ordinary shares	1,541	-	-	-	-	-	-	-	1,541
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(80)	(80)
Equity-settled share-based payment transaction	-	-	-	-	-	-	-	22	22
Total transactions with owners	1,541	-	-	-	-	-	-	(58)	1,483
Balance as at 31 March 2016	272,259	6,811	7,042	19,394	(196)	(64)	(146)	(221,660)	83,440

1(d)(i) Continued

The 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 2017	272,373	6,811	2,514	-	(216,532)	65,166
Total comprehensive income for the period	-	-	-	(106)	(472)	(578)
Transactions with owners, recognised directly in equity Contributions by and distribution to owners						
Issuance of ordinary shares	122	-	-	-	-	122
Conversion of warrants to ordinary shares	84	-	(84)	-	-	-
Accrued convertible perpetual capital securities distributions	-	-	-	-	(80)	(80)
Equity-settled share-based payment transaction	-	-	-	-	36	36
Total transaction with owners	206	-	(84)	-	(44)	78
Balance as at 31 March 2017	272,579	6,811	2,430	(106)	(217,048)	64,666
Balance as at 1 January 2016	270,718	6,811	19,394	-	(235,256)	61,667
Total comprehensive income for the period	-	-	-	(64)	(218)	(282)
Transactions with owners, recognised directly in equity Contributions by and distribution to owners						
Issuance of ordinary shares	1,541	-	-	-	-	1,541
Accrued convertible perpetual capital securities distributions	-	-	-	-	(80)	(80)
Equity-settled share-based payment transaction	-	-	-	-	22	22
Total transaction with owners	1,541	-	-	-	(58)	1,483
Balance as at 31 March 2016	272,259	6,811	19,394	(64)	(235,532)	62,868

- 1(d)(ii) Details of any changes in the company's share capital arising from rights 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 the 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 first quarter of 2017, the Company allotted and issued 83,521,100 new ordinary shares pursuant to the exercise of 83,521,100 warrants by various warrant holders.

As at 31 March 2017, the Company had 13,134,485,035 ordinary shares issued and 3,052,860,568 outstanding convertibles, convertible into 3,052,860,568 shares. As at 31 March 2016, the Company had 13,010,308,855 ordinary shares issued and 1,386,700,000 outstanding convertibles, convertible into 1,386,700,000 shares.

As at 31 March 2017, there were 7,299,270 redeemable exchangeable preference shares (31 March 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 and subsidiary holdings as at 31 March 2017 and 31 March 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 March 2017, the issued and paid up share capital (excluding treasury shares) of the Company comprised 13,134,485,035 (31 December 2016: 13,050,963,935) ordinary shares.

- 1(d)(iv) A statement showing all sales, transfers, 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, 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 Group does not expect any significant financial impact on its financial position or performance from the adoption of these amendments to FRSs.

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	
		1Q 2017	1Q 2016
(a)	EPS based on weighted average number of ordinary shares in issue (in US cents)	0.01	0.02
	Weighted average number of ordinary shares (in million)	13,088	12,918
(b)	EPS based on fully diluted basis (in US cents)	0.01	0.02
	Weighted average number of ordinary shares (in million)	15,226 [#]	12,918 [*]

		Group	
		1Q 2017	1Q 2016
(a)	EPS based on weighted average number of ordinary shares in issue (in SGD^ cents)	0.02	0.03
	Weighted average number of ordinary shares (in million)	13,088	12,918
(b)	EPS based on fully diluted basis (in SGD^ cents)	0.02	0.03
	Weighted average number of ordinary shares (in million)	15,226 [#]	12,918 [*]

[#] Perpetual capital securities and redeemable exchangeable preference shares were not included in the computation of the diluted earnings per share because these potential shares were anti-dilutive for the financial period.

^{*} Share options, perpetual capital securities and warrants were not included in the computation of the diluted earnings per share because these potential shares were anti-dilutive for the financial period.

[^] Conversion to SGD were based on 1Q 2017 average exchange rate of USD1: SGD1.4071 (1Q 2016: USD1 : SGD1.3958).

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>31/03/2017</u>	<u>31/12/2016</u>	<u>31/03/2017</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)	0.66	0.65	0.49	0.50

	<u>Group</u>		<u>Company</u>	
	<u>31/03/2017</u>	<u>31/12/2016</u>	<u>31/03/2017</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)	0.92	0.94	0.68	0.72

[^] Conversion to SGD was based on the closing exchange rate of USD 1: SGD 1.3978 on 31 March 2017 (31 December 2016: USD1: 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

1. The Group's revenue recognised in 1Q 2017 decreased by approximately US\$1,839,000 to approximately US\$4,732,000 as compared to 1Q 2016 mainly due to reduction in the vessels charter rates.

Cost of sales comprised mainly depreciation and amortisation expenses. The cost of sales for 1Q 2017 decreased by approximately US\$136,000 to approximately US\$2,165,000 as compared to 1Q 2016 due to lower depreciation from existing plant and equipment.

As a result of the above, the Group's gross profit for 1Q 2017 decreased by approximately US\$1,749,000 to approximately US\$2,567,000 as compared to 1Q 2016.

2. Finance costs in 1Q 2017 as compared to 1Q 2016 remains consistent.

Statement of Financial Position Review

1. The decrease in property, plant and equipment as at 31 March 2017 as compared to 31 December 2016 was mainly due to the depreciation of the Group's plant and equipment in 1Q 2017.
2. 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.
3. The increase in joint ventures as at 31 March 2017 as compared to 31 December 2016 was due to additional capital contribution to a joint venture PV Solar project in South Asia.
4. The decrease in the investment in quoted shares was due to the revaluation of these shares as at 31 March 2017 as compared to 31 December 2016.

5. The increase in trade and other receivables as at 31 March 2017 as compared to 31 December 2016 was due to the increase in prepayments of land used rights for the ongoing construction of solar photovoltaic plant in East Asia and receivables relating to the lease of the Group's offshore support vessels, the onshore accommodation module and mini hydro power plant.

Included in the non-current other receivables is an amount of approximately US\$7.5 million due from a joint venture which is repayable in Q2 2018.

6. Other reserves was mainly due to the currency translation arising from foreign operations as well as translation differences relating to financial statements of foreign operations.
7. The decrease in deferred revenue as at 31 March 2017 as compared to 31 December 2016 was due to the recognition of the non-refundable charter deposit previously received.
8. Amount due to a related party relates to loan from a related party, which is a shareholder of the Group. Increase is due to additional loans obtained in 1Q 2017.
9. The decrease in financial liabilities was mainly due to the repayment of bank loans in 1Q 2017.

As at 31 March 2017, the Group was in a net current liabilities position. Based on its internal budget and cash flow planning, the Group is confident that it would be able to meet its short term obligations as and when they fall due.

Statement of Cash Flows Review

1. Net cash generated from operating activities in 1Q 2017 was approximately US\$1,688,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in 1Q 2017 was approximately US\$3,926,000. This was mainly due to additional capital investment in a joint venture and the construction of solar photovoltaic power plant in 1Q 2017.
3. Net cash generated from financing activities in 1Q 2017 was approximately US\$848,000. This was mainly due to proceeds from loan from a related party, partially offset by the repayment of borrowings.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

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

The Group's continued focus will be on the development, ownership and operation in the renewable energy sector.

11. **Use of Proceeds**

Proceeds from warrants issued in 2016

Description	US\$'000
Balance of proceeds as at 1 January 2017	-
Add: Proceeds from the exercise of warrants in 1Q 2017	84
Less: Use of proceeds in 1Q 2017 for administrative expenses	(84)
Balance of proceeds as at 31 March 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 1Q 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 March 2017 are as follows:

	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)
Name of interested person	US\$	US\$
Management fee paid/payable to Ezion Holdings Limited	NIL	50,561
Interest paid/payable to Ezion Holdings Limited	95,333	NIL

15. Confirmation of undertakings from Directors and Executive Officers

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

BY ORDER OF THE BOARD

Lee Tiong Hock
Company Secretary
8 May 2017

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

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Group for the period ended 31 March 2017 to be false or misleading in any material aspect.

On behalf of the Board of directors

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

.....
Wong Bheet Huan
Executive Director

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 Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.
