

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

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

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

	Note <sup>1</sup>	Group			Group		
		3Q 2016 US\$'000	3Q 2015 US\$'000	Change %	9M 2016 US\$'000	9M 2015 US\$'000	Change %
Revenue	(1)	6,028	6,257	(4%)	18,638	18,020	3%
Cost of sales	(1)	(2,309)	(2,323)	(1%)	(6,916)	(6,573)	5%
<b>Gross profit</b>	<b>(1)</b>	<b>3,719</b>	<b>3,934</b>	<b>(5%)</b>	<b>11,722</b>	<b>11,447</b>	<b>2%</b>
Other operating (expenses)/income, net	(2)	(92)	-	n.m.	58	6	n.m.
Administrative and marketing expenses	(3)	(608)	(152)	n.m.	(1,646)	(1,123)	47%
<b>Profit from operating activities</b>		<b>3,019</b>	<b>3,782</b>	<b>(20%)</b>	<b>10,134</b>	<b>10,330</b>	<b>(2%)</b>
Finance income		5	1	n.m.	9	7	29%
Finance costs	(4)	(681)	(750)	(9%)	(1,979)	(2,183)	(9%)
<b>Net finance cost</b>		<b>(676)</b>	<b>(749)</b>	<b>(10%)</b>	<b>(1,970)</b>	<b>(2,176)</b>	<b>(9%)</b>
Share of results of jointly controlled entities (net of tax)	(5)	(79)	6	n.m.	(159)	(8)	n.m.
<b>Profit before taxation</b>		<b>2,264</b>	<b>3,039</b>	<b>(26%)</b>	<b>8,005</b>	<b>8,146</b>	<b>(2%)</b>
Taxation		(2)	6	n.m.	(3)	6	n.m.
<b>Profit after income tax</b>		<b>2,262</b>	<b>3,045</b>	<b>(26%)</b>	<b>8,002</b>	<b>8,152</b>	<b>(2%)</b>
Non-controlling interests		5	-	n.m.	5	-	n.m.
<b>Profit for the period</b>		<b>2,267</b>	<b>3,045</b>	<b>(26%)</b>	<b>8,007</b>	<b>8,152</b>	<b>(2%)</b>

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

	Group			Group		
	3Q 2016 US\$'000	3Q 2015 US\$'000	Change %	9M 2016 US\$'000	9M 2015 US\$'000	Change %
- Net finance cost	(676)	(749)	(10%)	(1,970)	(2,176)	(9%)
- Depreciation and amortisation	(2,316)	(2,327)	-	(6,933)	(6,583)	5%
- Foreign exchange (loss)/gain	(87)	239	n.m.	(25)	147	n.m.

n.m. = not meaningful

<sup>1</sup> 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.**

		Group		Company	
		30/09/2016	31/12/2015	30/09/2016	31/12/2015
	Note <sup>2</sup>	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	(1)	127,889	131,961	45	55
Subsidiaries		-	-	63,230	59,684
Joint ventures	(2)	2,630	1,249	1,822	281
Investment in quoted shares	(3)	1,744	2,874	1,744	2,874
Intangible assets	(4)	1,306	-	-	-
Other receivables	(5)	921	85	-	-
		<b>134,490</b>	<b>136,169</b>	<b>66,841</b>	<b>62,894</b>
<b>CURRENT ASSETS</b>					
Trade and other receivables	(5)	6,802	6,316	699	526
Amounts due from subsidiaries		-	-	8,735	5,977
Amounts due from joint ventures		8,394	7,823	8,346	7,845
Cash and cash equivalents		5,851	8,110	1,956	5,312
		<b>21,047</b>	<b>22,249</b>	<b>19,736</b>	<b>19,660</b>
<b>TOTAL ASSETS</b>		<b>155,537</b>	<b>158,418</b>	<b>86,577</b>	<b>82,554</b>
<b>EQUITY</b>					
Share capital		272,259	270,718	272,259	270,718
Convertible perpetual capital securities		6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares		7,042	7,042	-	-
Warrants		19,394	19,394	19,394	19,394
Other reserves	(6)	(1,920)	(553)	(1,559)	-
Accumulated losses		(217,306)	(224,802)	(235,884)	(235,256)
<b>Equity attributable to owners of the Company</b>		<b>86,280</b>	<b>78,610</b>	<b>61,021</b>	<b>61,667</b>
Non-controlling interests		1,071	-	-	-
<b>TOTAL EQUITY</b>		<b>87,351</b>	<b>78,610</b>	<b>61,021</b>	<b>61,667</b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Deferred revenue	(7)	2,600	8,362	-	-
Other payables		152	71	-	-
Amounts due to subsidiaries		-	-	10,214	9,610
Amounts due to related parties	(8)	4,336	-	4,336	-
Financial liabilities	(9)	43,373	53,138	1,602	2,575
		<b>50,461</b>	<b>61,571</b>	<b>16,152</b>	<b>12,185</b>
<b>CURRENT LIABILITIES</b>					
Deferred revenue	(7)	1,314	2,286	-	-
Trade and other payables		2,536	2,191	912	604
Amounts due to subsidiaries		-	-	7,257	6,945
Amounts due to related parties	(8)	496	441	496	276
Amounts due to joint venture		14	-	14	-
Financial liabilities	(9)	13,365	13,309	725	877
Provision for tax		-	10	-	-
		<b>17,725</b>	<b>18,237</b>	<b>9,404</b>	<b>8,702</b>
<b>TOTAL LIABILITIES</b>		<b>68,186</b>	<b>79,808</b>	<b>25,556</b>	<b>20,887</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>155,537</b>	<b>158,418</b>	<b>86,577</b>	<b>82,554</b>

<sup>2</sup> 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 30/09/2016 US\$'000	As at 31/12/2015 US\$'000
<b><u>Amount repayable in one year or less, or on demand:-</u></b>		
Secured	13,365	13,309
<b><u>Amount repayable after one year:-</u></b>		
Secured	43,373	53,138
Unsecured	4,331	-

**Details of any collateral**

Secured borrowings as at 30 September 2016 and 31 December 2015 were secured by mortgages on the respective hydro-electric power generation equipment, offshore support vessels and onshore accommodation module.

**1(b)(iii) Statement of comprehensive income for the period ended 30 September 2016**

	Group					
	3Q 2016 US\$'000	3Q 2015 US\$'000	Change %	9M 2016 US\$'000	9M 2015 US\$'000	Change %
<b>Profit for the period</b>	<b>2,262</b>	<b>3,045</b>	<b>(26%)</b>	<b>8,002</b>	<b>8,152</b>	<b>(2%)</b>
Other comprehensive income:						
<b><u>Items that may be reclassified subsequently to profit and loss</u></b>						
Net loss on fair value changes of available- for-sale financial assets	(1,253)	(2,265)	(45%)	(1,559)	(2,844)	(45%)
Effective portion of changes in fair value of cash flow hedge	21	-	n.m.	(79)	-	n.m.
Translation differences relating to financial statements of foreign operations	(21)	-	n.m.	(37)	-	n.m.
Foreign currency translation differences due to foreign operations	188	(838)	n.m.	308	(851)	n.m.
<b>Other comprehensive income for the period</b>	<b>(1,065)</b>	<b>(3,103)</b>	<b>(66%)</b>	<b>(1,367)</b>	<b>(3,695)</b>	<b>(63%)</b>
<b>Total comprehensive income for the period</b>	<b>1,197</b>	<b>(58)</b>	<b>n.m.</b>	<b>6,635</b>	<b>4,457</b>	<b>49%</b>
<b>Attributable to:</b>						
Owners of the Company	1,202	(58)	n.m.	6,640	4,457	49%
Non-controlling interests	(5)	-	n.m.	(5)	-	n.m.
	<b>1,197</b>	<b>(58)</b>	<b>n.m.</b>	<b>6,635</b>	<b>4,457</b>	<b>49%</b>

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.**

Note <sup>3</sup>	Group			
	3Q 2016 US\$'000	3Q 2015 US\$'000	9M 2016 US\$'000	9M 2015 US\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	2,264	3,039	8,005	8,146
<b>Adjustments for:-</b>				
Amortisation of deferred income	(328)	(576)	(1,219)	(1,686)
Depreciation of property, plant and equipment	2,316	2,327	6,933	6,583
Fair value loss/(gain) on derivative assets	92	-	(58)	-
Interest income	(5)	(1)	(9)	(7)
Interest expense	681	750	1,979	2,183
Equity-settled share-based payment transaction	51	30	103	40
Share of results of jointly controlled entities, net of tax	79	(6)	159	8
<b>Operating profit before working capital changes</b>	<b>5,150</b>	<b>5,563</b>	<b>15,893</b>	<b>15,267</b>
<b>Changes in working capital:</b>				
Trade and other receivables	(1,336)	63	(5,829)	6,760
Trade and other payables	(514)	637	(511)	(2,270)
Deferred revenue	-	-	-	12,000
Income tax paid	-	-	(10)	(5)
<b>Net cash generated from operating activities</b>	<b>(1) 3,300</b>	<b>6,263</b>	<b>9,543</b>	<b>31,752</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(2,328)	-	(2,328)	(43,617)
Prepayment for land use rights	(748)	-	(748)	-
Advances to suppliers	(749)	-	(749)	-
Acquisition of subsidiary, net of cash acquired	-	-	(1,045)	(11,714)
Loans to joint ventures	(72)	(1,528)	(81)	(7,831)
Investment in quoted shares	(429)	-	(429)	-
Interest income received	4	1	8	7
<b>Net cash used in investing activities</b>	<b>(2) (4,322)</b>	<b>(1,527)</b>	<b>(5,372)</b>	<b>(63,155)</b>
<b>Cash flows from financing activities</b>				
Capital contribution by non-controlling interests of subsidiary	511	-	815	-
Loans from related party	4,331	-	4,331	-
Proceeds from borrowings	-	-	-	40,690
Repayment of borrowings	(3,462)	(11,564)	(9,708)	(24,076)
Proceeds from issuance of shares by the company	-	26	-	412
Distribution on redeemable exchangeable preference shares	(124)	-	(124)	-
Net proceeds from issuance of redeemable exchangeable preference shares	-	7,051	-	7,051
Interest expense paid	(619)	(779)	(1,881)	(2,184)
<b>Net cash generated from/(used in) financing activities</b>	<b>(3) 637</b>	<b>(5,266)</b>	<b>(6,567)</b>	<b>21,893</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(385)</b>	<b>(530)</b>	<b>(2,396)</b>	<b>(9,510)</b>
Cash and cash equivalents at beginning of period	6,229	4,940	8,110	13,920
Effect of exchange rate fluctuations on cash held	7	-	137	-
<b>Cash and cash equivalents at end of period</b>	<b>5,851</b>	<b>4,410</b>	<b>5,851</b>	<b>4,410</b>

<sup>3</sup> 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 2016	270,718	6,811	7,042	19,394	(482)	-	(71)	(224,802)	78,610	-	78,610
Total comprehensive income for the period	-	-	-	-	271	(1,559)	(79)	8,007	6,640	(5)	6,635
Transactions with owners, recognised directly in equity											
Contributions by and distribution to owners											
Issuance of ordinary shares	1,541	-	-	-	-	-	-	-	1,541	-	1,541
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(246)	(246)	-	(246)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	815	815
Distribution on redeemable exchangeable preference shares	-	-	-	-	-	-	-	(368)	(368)	-	(368)
Equity-settled share-based payment transaction	-	-	-	-	-	-	-	103	103	-	103
Total transactions with owners	1,541	-	-	-	-	-	-	(511)	1030	815	1,845
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	261	261
Balance as at 30 September 2016	272,259	6,811	7,042	19,394	(211)	(1,559)	(150)	(217,306)	86,280	1,071	87,351

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	Accumulated Losses US\$'000	Total Equity US\$'000
<b>Balance as at 1 January 2015</b>	266,103	6,811	-	19,394	(10)	1,093	(233,572)	59,819
<b>Total comprehensive income for the period</b>	-	-	-	-	(851)	(2,844)	8,152	4,457
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distribution to owners</b>								
Issuance of ordinary shares	412	-	-	-	-	-	-	412
Issuance of redeemable exchangeable preference shares, net of issuance expenses	-	-	7,051	-	-	-	-	7,051
Accrued perpetual securities distributions	-	-	-	-	-	-	(241)	(241)
Equity-settled share-based payment transaction	-	-	-	-	-	-	40	40
<b>Total transactions with owners</b>	412	-	7,051	-	-	-	(201)	7,262
<b>Balance as at 30 September 2015</b>	<b>266,515</b>	<b>6,811</b>	<b>7,051</b>	<b>19,394</b>	<b>(861)</b>	<b>(1,751)</b>	<b>(225,621)</b>	<b>71,538</b>

**1(d)(i) Continued**

<b>The Company</b>	<b>Share Capital US\$'000</b>	<b>Perpetual Securities US\$'000</b>	<b>Warrants US\$'000</b>	<b>Fair value Reserve US\$'000</b>	<b>Accumulated Losses US\$'000</b>	<b>Total US\$'000</b>
<b>Balance as at 1 January 2016</b>	<b>270,718</b>	<b>6,811</b>	<b>19,394</b>	<b>-</b>	<b>(235,256)</b>	<b>61,667</b>
Total comprehensive income for the period	-	-	-	(1,559)	(485)	(2,044)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distribution to owners</b>						
Issuance of ordinary shares	1,541	-	-	-	-	1,541
Accrued convertible perpetual capital securities distributions	-	-	-	-	(246)	(246)
Equity-settled share-based payment transaction	-	-	-	-	103	103
Total transaction with owners	1,541	-	-	-	(143)	1,398
<b>Balance as at 30 September 2016</b>	<b>272,259</b>	<b>6,811</b>	<b>19,394</b>	<b>(1,559)</b>	<b>(235,884)</b>	<b>61,021</b>
<b>Balance as at 1 January 2015</b>	<b>266,103</b>	<b>6,811</b>	<b>19,394</b>	<b>1,093</b>	<b>(237,539)</b>	<b>55,862</b>
Total comprehensive income for the period	-	-	-	(2,844)	(645)	(3,489)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distribution to owners</b>						
Issuance of ordinary shares	412	-	-	-	-	412
Accrued convertible perpetual capital securities distributions	-	-	-	-	(241)	(241)
Equity-settled share-based payment transaction	-	-	-	-	40	40
Total transaction with owners	412	-	-	-	(201)	211
<b>Balance as at 30 September 2015</b>	<b>266,515</b>	<b>6,811</b>	<b>19,394</b>	<b>(1,751)</b>	<b>(238,385)</b>	<b>52,584</b>

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There were no changes in the issued share capital of the Company since 30 June 2016 to 30 September 2016.

As at 30 September 2016, the Company had 13,010,308,855 ordinary shares issued and 1,425,700,000 outstanding convertibles. As at 30 September 2015, the Company had 10,611,365,710 ordinary shares issued and 3,387,068,000 outstanding convertibles.

As at 30 September 2016, there were 7,299,270 redeemable exchangeable preference shares (30 September 2015: 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 30 September 2016 and 30 September 2015.

- 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 30 September 2016, the issued and paid up share capital (excluding treasury shares) of the Company comprised 13,010,308,855 (31 December 2015: 12,838,433,710) 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.

- 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 2015.



**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 2015, except for the adoption of new/revised financial reporting standards (FRS) applicable for the financial period beginning 1 January 2016 as follows:

FRS 114 *Regulatory Deferral Accounts*

Amendments to FRS 1 *Disclosure Initiatives*

Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to FRS 27 *Equity Methods in Separate Financial Statements*

Amendments to FRS 110 & FRS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*

Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*

Improvements to FRSs (November 2014)

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			
		3Q 2016	3Q 2015	9M 2016	9M 2015
(a)	<b>EPS based on weighted average number of ordinary shares in issue (in US cents)</b>	0.02	0.03	0.06	0.08
	Weighted average number of ordinary shares (in million)	13,010	10,458	12,980	10,457
(b)	<b>EPS based on fully diluted basis (in US cents)</b>	0.02	0.02	0.06	0.06
	Weighted average number of ordinary shares (in million)	13,010*	13,845	12,980*	13,844
		Group			
		3Q 2016	3Q 2015	9M 2016	9M 2015
(a)	<b>EPS based on weighted average number of ordinary shares in issue (in SGD cents)</b>	0.03 <sup>^</sup>	0.04 <sup>^</sup>	0.08 <sup>#</sup>	0.11 <sup>#</sup>
	Weighted average number of ordinary shares (in million)	13,010	10,458	12,980	10,457
(b)	<b>EPS based on fully diluted basis (in SGD cents)</b>	0.03 <sup>^</sup>	0.03 <sup>^</sup>	0.08 <sup>#</sup>	0.08 <sup>#</sup>
	Weighted average number of ordinary shares (in million)	13,010*	13,845	12,980*	13,844

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

<sup>^</sup> Conversion to SGD were based on 3Q 2016 average exchange rate of USD 1 : SGD 1.3587 (3Q 2015: USD 1 : SGD 1.4039).

<sup>#</sup> Conversion to SGD were based on 9M 2016 average exchange rate of USD 1 : SGD 1.3707 (9M 2015: USD 1 : SGD 1.3786).

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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2016</b>	<b>31/12/2015</b>	<b>30/09/2016</b>	<b>31/12/2015</b>
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on <b>(in US cents)</b>	0.67	0.61	0.47	0.48

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on <b>(in SGD^ cents)</b>	0.91	0.87	0.64	0.68

^ Conversion to SGD were based on 30 September 2016 exchange rate of USD 1: SGD 1.3656 (31 December 2015: USD 1: SGD 1.4139).

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**

#### **3Q 2016**

- The Group's revenue recognised in 3Q 2016 decreased by US\$0.2 million to US\$6.0 million compared to 3Q 2015 due to reduction in amortisation of deferred revenue.  
  
Cost of sales comprised mainly depreciation and amortisation expenses. The cost of sales remain constant as compared to 3Q 2015.  
  
As a result of the above, the Group's gross profit for 3Q 2016 decreased by US\$0.2 million to US\$3.7 million as compared to 3Q 2015.
- The decrease in other operating income in 3Q 2016 as compared to 3Q 2015 was due to fair value loss on derivative assets in 3Q 2016.
- The increase in administrative and marketing expenses in 3Q 2016 were mainly due to the absence of foreign exchange gain as compared to 3Q 2015.
- The decrease in finance costs in 3Q 2016 as compared to 3Q 2015 was mainly due to the reduced interest cost as a result of lower financial liabilities.
- The decrease in share of results of jointly controlled entities in 3Q 2016 as compared to 3Q 2015 was mainly due to contribution from the Group's joint venture.

## **9M 2016**

1. The Group's revenue recognised in 9M 2016 increased by US\$0.6 million to US\$18.6 million compared to 9M 2015 mainly due to lease income from the leasing of an onshore accommodation module for a full nine months in 9M 2016 as compared to four months in 9M 2015.

Cost of sales in 9M 2016 comprised mainly depreciation and amortisation expenses. The cost of sales in 9M 2016 increased by US\$0.3 million to US\$6.9 million as compared to 9M 2015 due to depreciation from newly acquired plant and equipment.

As a result of the above, the Group's gross profit for 9M 2016 improved by US\$0.3 million to US\$11.7 million as compared to US\$11.4 million in 9M 2015.

2. The increase in other operating income in 9M 2016 as compared to 9M 2015 was due to fair value gain on derivative assets in 9M 2016.
3. The increase in administrative and marketing expenses in 9M 2016 were mainly due to the absence of foreign exchange gain as compared to 9M 2015.
4. The decrease in finance costs in 9M 2016 as compared to 9M 2015 was mainly due to the reduced interest cost as a result of lower financial liabilities.
5. The decrease in share of results of jointly controlled entities in 9M 2016 as compared to 9M 2015 was mainly due to contribution from the Group's joint venture.

## **Statement of Financial Position Review**

1. The decrease in property, plant and equipment was mainly due to the depreciation of the Group's plant and equipment in 9M 2016.
2. The increase in joint ventures was due to the acquisition of 50% of the issued and paid up share capital of Grenzone Pte Ltd completed on 19 February 2016 and share of joint ventures' results in 9M 2016.
3. The decrease in the investment in quoted shares was due to the revaluation of these shares as at 30 September 2016 as compared to 31 December 2015.
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 mainly due to advances made to suppliers for development of solar photovoltaic power plant.
6. Other reserves mainly relate to the revaluation of investment in quoted shares and currency translation arising from foreign operations.
7. The decrease in deferred revenue was due to the recognition of the non-refundable charter deposit previously received.
8. Amounts due to related parties mainly relate to loan from a related party.
9. The decrease in financial liabilities was mainly due to the repayment of bank loans.

## **Statement of Cash Flows Review**

### **3Q 2016**

1. Net cash generated from operating activities in 3Q 2016 was approximately US\$3,300,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in 3Q 2016 was approximately US\$4,322,000. This was mainly due to the construction of solar photovoltaic power plant.
3. Net cash generated from financing activities in 3Q 2016 was approximately US\$637,000. This was mainly due to the proceeds from loan from a related party, which was offset by repayment of borrowings and interest on borrowings in 3Q 2016.

### **9M 2016**

1. The Group's net cash generated from operating activities in 9M 2016 was approximately US\$9,543,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in 9M 2016 was approximately US\$5,372,000. This was mainly due to the acquisition of 80% equity interest of a subsidiary in China and construction of solar photovoltaic power plant.
3. Net cash used in financing activities in 9M 2016 was approximately US\$6,567,000. This was mainly due to repayment of bank loans and interest on borrowings in 9M 2016 partially offset by a loan from a related party.

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**

**(a) Proceeds from share options issued in 2012**

Description	US\$'000
<b>Balance of proceeds as at 1 July 2016</b>	1,488
Less: Use of proceeds in 3Q 2016 for capital expenditure on renewable energy assets	(1,488)
<b>Balance of proceeds as at 30 September 2016</b>	<u>-</u>

The above utilisation is in line with the intended uses of the net proceeds stated in the Company's announcement dated 25 October 2012.

**(b) Proceeds from share placement in 2015**

Description	US\$'000
<b>Balance of proceeds as at 1 July 2016</b>	1,621
Less: Use of proceeds in 3Q 2016 for capital expenditure on renewable energy assets	(374)
<b>Balance of proceeds as at 30 September 2016</b>	<u>1,247</u>

The above utilisation is in line with the intended uses of the net proceeds stated in the Company's announcement dated 8 December 2015.

**(c) Proceeds from warrants issued in 2013**

There were no proceeds raised from the exercise of warrants issued in 2013.

**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 3Q 2016.

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 26 April 2016, obtained a general mandate from shareholders for interested person transactions ("IPTs").

For details, please refer to the Appendix to Annual Report 2015 dated 11 April 2016.

Particulars of IPTs for the period 1 January 2016 to 30 September 2016 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\$
<b><u>Management fee paid/payable to</u></b> Ezion Holdings Limited	NIL	202,283

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 November 2016**

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

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Group for the period ended 30 September 2016 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**

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

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

*The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*