

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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

| | Group | | | | | |
|--|----------------|----------------|-------------|----------------|----------------|-------------|
| | 2Q 2019 | 2Q 2018 | Change | 1H 2019 | 1H 2018 | Change |
| | US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % |
| Revenue | 2,536 | 5,816 | (56) | 5,571 | 9,894 | (44) |
| Cost of sales | (1,737) | (2,466) | (30) | (3,488) | (4,150) | (16) |
| Gross profit | 799 | 3,350 | (76) | 2,083 | 5,744 | (64) |
| Other operating income/(expenses), net | 312 | (6) | n.m. | 303 | (11) | n.m. |
| Administrative and marketing expenses | (760) | (1,232) | (38) | (1,625) | (1,748) | (7) |
| Profit from operating activities | 351 | 2,112 | (83) | 761 | 3,985 | (81) |
| Finance income | 45 | 37 | 22 | 87 | 115 | (24) |
| Finance costs | (1,850) | (1,536) | 20 | (3,664) | (2,869) | 28 |
| Net finance cost | (1,805) | (1,499) | 20 | (3,577) | (2,754) | 30 |
| Share of results of jointly controlled entities (net of tax) | 142 | 397 | (64) | 46 | 537 | (91) |
| (Loss)/Profit before taxation | (1,312) | 1,010 | n.m. | (2,770) | 1,768 | n.m. |
| Taxation | (106) | (399) | (73) | (483) | (399) | 21 |
| (Loss)/Profit after income tax | (1,418) | 611 | n.m. | (3,253) | 1,369 | n.m. |
| Non-controlling interests | (74) | (257) | (71) | (71) | (270) | (74) |
| (Loss)/Profit for the period | (1,492) | 354 | n.m. | (3,324) | 1,099 | n.m. |

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

| | Group | | | | | |
|---|----------|----------|--------|----------|----------|--------|
| | 2Q 2019 | 2Q 2018 | Change | 1H 2019 | 1H 2018 | Change |
| | US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % |
| - Net finance cost | (1,805) | (1,499) | 20 | (3,577) | (2,754) | 30 |
| - Depreciation and amortisation | (1,072) | (1,943) | (45) | (2,295) | (3,591) | (36) |
| - Net foreign exchange gains | 11 | 51 | (78) | 61 | 195 | (69) |
| - Impairment of available-for-sale financial assets/trade receivables | (69) | - | n.m. | (108) | - | n.m. |

n.m. = not meaningful

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

| | Group | | Company | |
|---|----------------|----------------|---------------|---------------|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 68,639 | 70,305 | 1 | 4 |
| Intangible assets | 3,550 | 3,611 | - | - |
| Subsidiaries | - | - | 56,713 | 56,082 |
| Joint ventures | 5,459 | 5,413 | 14,160 | 14,153 |
| Other investments | 4,738 | 292 | 270 | 292 |
| Other receivables | 7,785 | 7,818 | 6,991 | 6,991 |
| | 90,171 | 87,439 | 78,135 | 77,522 |
| CURRENT ASSETS | | | | |
| Inventories | 489 | 448 | - | - |
| Assets held for sale | - | 4,468 | - | - |
| Trade and other receivables | 8,146 | 7,558 | 976 | 2,620 |
| Amounts due from subsidiaries | - | - | 3,019 | 3,201 |
| Amounts due from joint ventures | 1,793 | 1,796 | 1,477 | 1,489 |
| Cash and cash equivalents | 7,173 | 5,862 | 1,186 | 2,847 |
| | 17,601 | 20,132 | 6,658 | 10,157 |
| TOTAL ASSETS | 107,772 | 107,571 | 84,793 | 87,679 |
| EQUITY | | | | |
| Share capital | 272,670 | 272,670 | 272,670 | 272,670 |
| Convertible perpetual capital securities | 6,811 | 6,811 | 6,811 | 6,811 |
| Redeemable exchangeable preference shares | 7,042 | 7,042 | - | - |
| Warrants | 2,384 | 2,384 | 2,384 | 2,384 |
| Other reserves | (2,257) | (3,271) | (1,006) | (984) |
| Accumulated losses | (282,706) | (279,270) | (274,500) | (271,881) |
| Equity attributable to owners of the Company | 3,944 | 6,366 | 6,359 | 9,000 |
| Non-controlling interests | 2,287 | 2,226 | - | - |
| TOTAL EQUITY | 6,231 | 8,592 | 6,359 | 9,000 |
| LIABILITIES | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Other payables | 146 | 91 | - | - |
| Amounts due to subsidiaries | - | - | 20,919 | 22,859 |
| Amounts due to related parties | 22,400 | 22,400 | 22,400 | 22,400 |
| Financial liabilities | 16,108 | 16,221 | 71 | 71 |
| Deferred tax liabilities | 1,328 | 1,238 | - | - |
| | 39,982 | 39,950 | 43,390 | 45,330 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 14,402 | 12,438 | 9,227 | 6,795 |
| Amounts due to joint venture | 94 | 76 | 92 | 76 |
| Amounts due to related parties | 1,805 | 1,929 | 1,140 | 1,893 |
| Financial liabilities | 44,665 | 44,120 | 24,585 | 24,585 |
| Provision for tax | 593 | 466 | - | - |
| | 61,559 | 59,029 | 35,044 | 33,349 |
| TOTAL LIABILITIES | 101,541 | 98,979 | 78,434 | 78,679 |
| TOTAL EQUITY AND LIABILITIES | 107,772 | 107,571 | 84,793 | 87,679 |

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

| | Group | |
|--|---------------------|---------------------|
| | As at 30/06/2019 | As at 31/12/2018 |
| | US\$'000 | US\$'000 |
| <u>Amount repayable in one year or less, or on demand:-</u> | | |
| Secured | 44,665 | 44,120 |
| Unsecured | 1,805 | 1,929 |
| Total | 46,470 | 46,049 |
| <u>Amount repayable after one year:-</u> | | |
| Secured | 16,108 | 16,221 |
| Unsecured | 22,400 | 22,400 |
| Total | 38,508 | 38,621 |

Details of any collateral

Secured borrowings as at 30 June 2019 and 31 December 2018 were secured by mortgages on the respective hydro-electric power generation equipment, solar photovoltaic power plant, offshore support vessels and onshore accommodation module.

Included in cash and cash equivalents an amount of US\$6,662,000 (31 December 2018: US\$5,018,000) being restricted or earmarked by the banks for various facilities granted.

1(b)(iii) Statement of comprehensive income for the period ended 30 June 2019

| | 2Q 2019 | 2Q 2018 | Change | 1H 2019 | 1H 2018 | Change |
|---|----------------|----------------|-------------|----------------|----------------|-------------|
| | US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % |
| (Loss)/Profit for the period | (1,418) | 611 | n.m. | (3,253) | 1,369 | n.m. |
| Other comprehensive income: | | | | | | |
| <u>Items that may be reclassified subsequently to profit and loss</u> | | | | | | |
| Effective portion of changes in fair value of cash flow hedge | (9) | 8 | n.m. | (24) | 22 | n.m. |
| Exchange differences on monetary items forming part of net investment in foreign operations | 56 | (1,194) | n.m. | 3 | (320) | n.m. |
| Foreign currency translation differences relating to financial statements of foreign operations | (104) | 131 | n.m. | 1,086 | (378) | n.m. |
| | (57) | (1,055) | (95) | 1,065 | (676) | n.m. |
| <u>Item that is not be reclassified to profit and loss</u> | | | | | | |
| Net change in fair value of available-for-sale financial assets | (12) | (24) | n.m. | (29) | - | n.m. |
| Net change in fair value of financial assets at fair value through other comprehensive income (FVOCI) | - | (577) | n.m. | - | (577) | n.m. |
| Net change in fair value of actuarial gain or loss | 1 | - | n.m. | (32) | - | n.m. |
| Other comprehensive income for the period | (68) | (1,656) | (96) | 1,004 | (1,253) | n.m. |
| Total comprehensive (loss)/income for the period | (1,486) | (1,045) | n.m. | (2,249) | 116 | n.m. |
| Attributable to: | | | | | | |
| Owners of the Company | (1,504) | (1,203) | n.m. | (2,310) | (117) | n.m. |
| Non-controlling interests | 18 | 158 | (89) | 61 | 233 | (74) |
| | (1,486) | (1,045) | n.m. | (2,249) | 116 | 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 | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2Q 2019 US\$'000 | 2Q 2018 US\$'000 | 1H 2019 US\$'000 | 1H 2018 US\$'000 |
| Cash flows from operating activities | | | | |
| (Loss)/Profit before taxation | (1,312) | 1,010 | (2,770) | 1,768 |
| Adjustments for:- | | | | |
| Depreciation of property, plant and equipment | 1,072 | 1,943 | 2,295 | 3,591 |
| Net fair value loss on derivative assets | - | - | - | (1) |
| Interest income | (45) | (37) | (87) | (115) |
| Interest expense | 1,850 | 1,536 | 3,664 | 2,869 |
| Equity-settled share-based payment transaction | 13 | 48 | 45 | 116 |
| Share of results of jointly controlled entities, net of tax | (142) | (397) | (46) | (537) |
| Net foreign exchange gains | (11) | (51) | (61) | (195) |
| Impairment of available-for-sale financial assets | 5 | 577 | 22 | 577 |
| Impairment of financial assets | 18 | (1) | 18 | 21 |
| Impairment of trade receivables | 46 | (5) | 68 | 30 |
| Operating profit before working capital changes | 1,494 | 4,623 | 3,148 | 8,124 |
| Changes in working capital: | | | | |
| Trade and other receivables | 1,028 | (3,091) | (622) | (5,735) |
| Trade and other payables | (550) | 183 | 97 | 196 |
| Income tax paid | (98) | (375) | (123) | (375) |
| Net cash generated from operating activities | 1,874 | 1,340 | 2,500 | 2,210 |
| Cash flows from investing activities | | | | |
| Purchase of plant and equipment | (151) | (89) | (232) | (151) |
| Net cash inflow from acquisition of subsidiary | - | 40 | - | 40 |
| Interest income received | 45 | 37 | 87 | 115 |
| Net cash (used in)/generated from investing activities | (106) | (12) | (145) | 4 |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | - | - | 186 | - |
| Repayment of borrowings | (655) | (220) | (901) | (1,299) |
| Interest expense paid | (157) | (698) | (279) | (706) |
| Net cash used in financing activities | (812) | (918) | (994) | (2,005) |
| Net increase in cash and cash equivalents | 956 | 410 | 1,361 | 209 |
| Cash and cash equivalents at beginning of period | 6,271 | 2,766 | 5,862 | 2,974 |
| Effect of exchange rate fluctuations on cash held | (54) | (297) | (50) | (304) |
| Cash and cash equivalents at end of period | 7,173 | 2,879 | 7,173 | 2,879 |

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 | Perpetual securities | Redeemable exchangeable preference shares | Warrants | Foreign currency translation reserves | Fair value reserve | Hedging reserve | Accumulated losses | Total | Non-controlling interests | Total |
|---|---------------|----------------------|---|----------|---------------------------------------|--------------------|-----------------|--------------------|----------|---------------------------|----------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance as at 1 April 2019 | 272,670 | 6,811 | 7,042 | 2,384 | (1,238) | (1,008) | 1 | (281,173) | 5,489 | 2,269 | 7,758 |
| Total comprehensive income for the period | - | - | - | - | 8 | (11) | (9) | (1,492) | (1,504) | 18 | (1,486) |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | |
| Contributions by and distribution to owners | | | | | | | | | | | |
| Accrued perpetual securities distributions | - | - | - | - | - | - | - | (54) | (54) | - | (54) |
| Equity-settled share-based payment transaction | - | - | - | - | - | - | - | 13 | 13 | - | 13 |
| Total transactions with owners | - | - | - | - | - | - | - | (41) | (41) | - | (41) |
| Balance as at 30 June 2019 | 272,670 | 6,811 | 7,042 | 2,384 | (1,230) | (1,019) | (8) | (282,706) | 3,944 | 2,287 | 6,231 |

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. (Continued)

Statements of Changes in Equity

| The Group | Share capital | Perpetual securities | Redeemable exchangeable preference shares | Warrants | Foreign currency translation reserves | Fair value reserve | Hedging reserve | Accumulated losses | Total | Non-controlling interests | Total |
|---|---------------|----------------------|---|----------|---------------------------------------|--------------------|-----------------|--------------------|----------|---------------------------|----------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1 April 2018 | 272,670 | 6,811 | 7,042 | 2,384 | 870 | 24 | 19 | (236,326) | 53,494 | 2,088 | 55,582 |
| Total comprehensive income for the period | - | - | - | - | (964) | (601) | 8 | 354 | (1,203) | 158 | (1,045) |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | |
| Contributions by and distribution to owners | | | | | | | | | | | |
| Accrued perpetual securities distributions | - | - | - | - | - | - | - | (80) | (80) | - | (80) |
| Distribution on redeemable exchangeable preference shares | - | - | - | - | - | - | - | (266) | (266) | - | (266) |
| Equity-settled share-based payment transaction | - | - | - | - | - | - | - | 48 | 48 | - | 48 |
| Total transactions with owners | - | - | - | - | - | - | - | (298) | (298) | - | (298) |
| Balance as at 30 June 2018 | 272,670 | 6,811 | 7,042 | 2,384 | (94) | (577) | 27 | (236,270) | 51,993 | 2,246 | 54,239 |

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. (Continued)

Statements of Changes in Equity

| The Company | Share capital | Perpetual securities | Warrants | Fair value reserves | Accumulated losses | Total |
|--|----------------------|-----------------------------|-----------------|----------------------------|---------------------------|-----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance as at 1 April 2019 | 272,670 | 6,811 | 2,384 | (1,002) | (270,985) | 9,878 |
| Total comprehensive income for the period | - | - | - | (4) | (3,474) | (3,478) |
| Transactions with owners, recognised directly in equity | | | | | | |
| Contributions by and distribution to owners | | | | | | |
| Accrued convertible perpetual capital securities distributions | - | - | - | - | (54) | (54) |
| Equity-settled share-based payment transaction | - | - | - | - | 13 | 244 |
| Total transaction with owners | - | - | - | - | (41) | (41) |
| Balance as at 30 June 2019 | 272,670 | 6,811 | 2,384 | (1,006) | (274,500) | 6,359 |
| The Company | Share capital | Perpetual securities | Warrants | Fair value reserves | Accumulated losses | Total |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1 April 2018 | 272,670 | 6,811 | 2,384 | 24 | (239,639) | 42,250 |
| Total comprehensive income for the period | - | - | - | (24) | (1,210) | (1,234) |
| Transactions with owners, recognised directly in equity | | | | | | |
| Contributions by and distribution to owners | | | | | | |
| Accrued convertible perpetual capital securities distributions | - | - | - | - | (80) | (80) |
| Distribution on redeemable exchangeable preference shares | - | - | - | - | (266) | (266) |
| Equity-settled share-based payment transaction | - | - | - | - | 48 | 48 |
| Total transaction with owners | - | - | - | - | (298) | (298) |
| Balance as at 30 June 2018 | 272,670 | 6,811 | 2,384 | - | (241,147) | 40,718 |

- 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 second quarter of 2019, there was no allotment and issuance of new ordinary shares.

As at 30 June 2019 and 30 June 2018, the Company had 13,166,385,035 ordinary shares issued and 3,084,660,568 outstanding convertibles into one ordinary shares each.

Out of the above-said, as at 30 June 2019 and 30 June 2018, there were 7,299,270 redeemable exchangeable preference shares in a subsidiary available for exchange into 523,620,516 ordinary shares of the Company.

Save as disclosed, the Company did not hold any treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

- 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 June 2019 and 31 December 2018, the issued and paid up share capital of the Company comprised 13,166,385,035 ordinary shares (excluding treasury 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 as the Company did not hold subsidiary holdings 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 2018.

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 2018, except for the adoption of new/revised financial reporting standards (FRS) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) INT 23 Uncertainty over Income Tax Treatments

Long-term Interests in Associates and Joint Ventures (Amendments to SFRS(I) 1-28)

Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)

Previously Held Interest in a Joint Operation (Amendments to SFRS(I) 3 and 11)

Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to SFRS(I) 1-12)

Borrowing Costs Eligible for Capitalisation (Amendments to SFRS(I)1-23)

Plan Amendment, Curtailment or Settlement (Amendments to SFRS(I)1-19)

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases – Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of accumulated profits at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group and the Company as Lessee

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments increment or inflation are included in the measurement of lease liabilities as at date of initial application. The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

The Group as Lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

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.

Loss per share ("LPS")/Earning per share ("EPS") after deducting any provisions for preference dividends:

| | | Group | | | |
|------------|--|----------------|----------------|----------------|----------------|
| | | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| (a) | Weighted average number of ordinary shares (in million) | 13,166 | 13,166 | 13,166 | 13,166 |
| | - LPS/EPS based on weighted average number of ordinary shares in issue (in US cents) | (0.01) | 0.01 | (0.03) | 0.01 |
| | - LPS/EPS based on weighted average number of ordinary shares in issue (in SGD cents) [^] | (0.02) | 0.01 | (0.03) | 0.01 |

| | | Group | | | |
|------------|--|----------------|----------------|----------------|----------------|
| | | 2Q 2019 | 2Q 2018 | 1H 2019 | 1H 2018 |
| (b) | Weighted average number of ordinary shares (in million)* | 13,166 | 13,166 | 13,166 | 13,166 |
| | - LPS/EPS based on fully diluted basis (in USD cents) | (0.01) | 0.01 | (0.03) | 0.01 |
| | - LPS/EPS based on fully diluted basis (in SGD cents) [^] | (0.02) | 0.01 | (0.03) | 0.01 |

* 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 for the respective financial periods.

[^] Conversion to SGD were based on the average exchange rate for 2Q 2019 of USD 1: SGD 1.3733 (2Q 2018: USD1 : SGD 1.3423).

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.

| | Group | | Company | |
|---|------------------|-------------------|------------------|-------------------|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| 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) | 0.03 | 0.05 | 0.05 | 0.07 |
| - (in SGD cents) [^] | 0.04 | 0.07 | 0.07 | 0.09 |

[^] Conversion to SGD on 30 June 2019 were based on the exchange rate of USD 1: SGD 1.3789 (30 June 2018: USD 1: SGD 1.3650).

- 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

2Q 2019 vs 2Q 2018

The Group's revenue for the three months ended 30 June 2019 ("2Q19") decreased by US\$3,280,000 to US\$2,536,000 as compared to the corresponding three months ended 30 June 2018 ("2Q18") due to cessation of recognition of revenue from accommodation module disposed in February 2019 and lower revenue contribution from mini-hydro power assets ("MHPPs") in Sri Lanka.

The Group's cost of sales for 2Q19 decreased by US\$729,000 to US\$1,737,000 as compared to 2Q18. The decrease in cost of sales is largely due to the lower depreciation from existing plant and equipment which was impaired in 4Q18.

As a result of the above, the Group's gross profit for 2Q19 decreased by US\$2,551,000 to US\$799,000 as compared to 2Q18.

Other income relates to reversal of expenses upon final settlement of account with a creditor.

Administrative and marketing expenses, and other operating expenses in 2Q19 decreased due to lower operating costs from operations of MHPPs.

Higher finance costs was largely due to the increase in financing costs from operations from MHPPs.

Share of profit of jointly controlled entities in 2Q19 relates to the Group's joint venture in India due to higher administrative expenses incurred.

1H 2019 vs 1H 2018

The Group's revenue for the six months ended 30 June 2019 ("1H19") decreased by US\$4,323,000 to US\$5,571,000 as compared to the corresponding six months ended 30 June 2018 ("1H18") due to cessation of recognition of revenue from accommodation module disposed in February 2019 and lower revenue contribution from mini-hydro power assets ("MHPPs") in Sri Lanka.

The Group's cost of sales for 1H19 decreased by US\$662,000 to US\$3,488,000 as compared to 1H18. The decrease in cost of sales is largely due to the lower depreciation from existing plant and equipment which was impaired in 4Q18.

As a result of the above, the Group's gross profit for 1H19 decreased by US\$3,661,000 to US\$2,083,000 as compared to 1H18.

Other income relates to reversal of expenses upon final settlement of account with a creditor.

Administrative and marketing expenses, and other operating expenses in 1H19 decreased due to lower operating costs and the exchange loss that were incurred in 1H18 as compared to 1H19.

Higher finance costs was largely due to the increase in financing costs from operations from MHPPs.

Share of profit of jointly controlled entities in 1H19 relates to the Group's joint venture in India due to higher administrative expenses incurred.

Statement of Financial Position Review

Non-current Assets

The Group's Non-current Assets amounted to US\$90,171,000 as of 30 June 2019. The increase was mainly due to the reclassification from Assets held for sale under Current Asset to Other investments under Non-current Assets, subsequent to the completion of disposal of Mustang Operations Center 1, LLC in April 2019.

Current Assets

The Group's Current Assets amounted to US\$17,601,000 as of 30 June 2019. The decrease was mainly due to reclassification from asset held for sale to available-for-sale financial assets, partially offset by the increase in cash balance largely generated from MHPPs and the increase in trade and other receivables due to slower collection of receivables.

Total Liabilities

The Group's Total Liabilities amounted to US\$101,541,000 as of 30 June 2019 with an increase of US\$2,562,000 as compared to 31 December 2018, mainly due to accrual on interest payable.

Reclassification of borrowings to current liabilities

As at 30 June 2019, the Group was in a net current liabilities position of US\$43,985,000. This was mainly due to the classification of the Group's term loans of US\$10,282,000 as current liabilities. The classification as current liabilities was a result of the Group ceasing the scheduled loan repayments. The Group is still in negotiations with the banks to refinance the said term loans.

Statement of Cash Flows Review

Cash Flow from Operating Activities

The Group's net cash generated from operating activities in 2Q 2019 was US\$1,874,000. This was mainly due to cash generated from the operations of the Group.

Cash Flow from Investing Activities

The Group's net cash used in operating activities in 2Q 2019 was US\$106,000. This was mainly due to purchase of property, plant and equipment for MHPPs.

Cash Flow from Financing Activities

The Group's net cash used in financing activities in 2Q 2019 was US\$812,000. This was mainly due to the net repayment of borrowings and interest expenses.

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 is in discussions with various stakeholders on its financing and capitalisation plans, of which the completion of the above-said exercise is contingent upon the continual support from the lenders. The Group will also continue to focus on the development in the renewable energy sector and look into opportunities to maximise the return of capital to the shareholders.

We will keep the shareholders updated on significant developments in relation to the Group's refinancing discussion.

11 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.

(b)(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.

12 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 2Q 2019, no dividend has been declared or recommended for the financial period.

13 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 30 April 2019, obtained a general mandate from shareholders for interested person transactions ("IPTs").

For details, please refer to the Appendix to Annual Report 2018 dated 15 April 2019.

Particulars of IPTs for the period 1 April 2019 to 30 June 2019 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) |
|--|---|---|
| <u>Management fee paid/payable to Ezion Holdings Limited</u> (Note) | NIL | 85,350 |
| <u>Interest paid/payable to Ezion Holdings Limited</u> (Note) | 304,563 | NIL |

Note: Ezion Holdings Limited is a controlling shareholder of the Company.

14 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

Tan Wee Sin
Company Secretary
14 August 2019

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 June 2019 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") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).