

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

FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 ¹	4Q 2016 US\$'000	Group 4Q 2015 US\$'000	Change %	FY 2016 US\$'000	Group FY 2015 US\$'000	Change %
Revenue	(1)	5,899	6,270	(6%)	24,537	24,290	1%
Cost of sales	(1)	(2,303)	(2,336)	(1%)	(9,219)	(8,909)	3%
Gross profit	(1)	3,596	3,934	(9%)	15,318	15,381	-
Administrative and marketing expenses	(2)	(1,051)	(681)	54%	(2,697)	(1,804)	50%
Other operating expenses, net	(3)	(7,976)	(1,679)	n.m.	(7,918)	(1,673)	n.m.
(Loss)/Profit from operating activities		(5,431)	1,574	n.m.	4,703	11,904	(60%)
Finance income		-	2	n.m.	9	9	-
Finance costs	(4)	(1,052)	(663)	59%	(3,031)	(2,846)	7%
Net finance cost		(1,052)	(661)	59%	(3,022)	(2,837)	7%
Share of results of jointly controlled entities (net of tax)	(5)	(284)	(22)	n.m.	(443)	(30)	n.m.
(Loss)/Profit before taxation		(6,767)	891	n.m.	1,238	9,037	(86%)
Taxation		(1)	(2)	(50%)	(4)	4	n.m.
(Loss)/Profit after income tax		(6,768)	889	n.m.	1,234	9,041	(86%)
Non-controlling interests		16	-	n.m.	21	-	n.m.
(Loss)/Profit for the period/year		(6,752)	889	n.m.	1,255	9,041	(86%)

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

	4Q 2016 US\$'000	Group 4Q 2015 US\$'000	Change %	FY 2016 US\$'000	Group FY 2015 US\$'000	Change %
- Net finance cost	(1,052)	(661)	59%	(3,022)	(2,837)	7%
- Depreciation and amortisation	(2,214)	(2,333)	(5%)	(9,147)	(8,916)	3%
- Foreign exchange loss	(136)	(77)	77%	(161)	(121)	33%
- Impairment of available-for-sale financial assets	(998)	(1,679)	(41%)	(998)	(1,679)	(41%)
- Impairment of plant and equipment	(7,000)	-	n.m.	(7,000)	-	n.m.

n.m. = not meaningful

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

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

		Group		Company	
	Note ²	31/12/2016 US\$'000	31/12/2015 US\$'000	31/12/2016 US\$'000	31/12/2015 US\$'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	(1)	123,192	131,961	38	55
Subsidiaries		-	-	75,895	59,684
Joint ventures	(2)	13,287	1,249	13,287	281
Investment in quoted shares	(3)	2,305	2,874	2,305	2,874
Intangible assets	(4)	1,306	-	-	-
Other receivables	(5)	1,138	85	-	-
		141,228	136,169	91,525	62,894
CURRENT ASSETS					
Trade and other receivables	(5)	7,392	6,316	346	526
Amounts due from subsidiaries		-	-	1,200	5,977
Amounts due from joint ventures	(2)	341	7,823	341	7,845
Cash and cash equivalents		4,112	8,110	1,776	5,312
		11,845	22,249	3,663	19,660
TOTAL ASSETS		153,073	158,418	95,188	82,554
EQUITY					
Share capital		272,373	270,718	272,373	270,718
Convertible perpetual capital securities		6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares		7,042	7,042	-	-
Warrants	(6)	2,514	19,394	2,514	19,394
Other reserves	(7)	(845)	(553)	-	-
Accumulated losses		(204,703)	(224,802)	(216,532)	(235,256)
Equity attributable to owners of the Company		83,192	78,610	65,166	61,667
Non-controlling interests		1,950	-	-	-
TOTAL EQUITY		85,142	78,610	65,166	61,667
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred revenue	(8)	1,264	8,362	-	-
Other payables		40	71	-	-
Amounts due to subsidiaries		-	-	18,165	9,610
Amount due to a related party	(9)	7,797	-	7,797	-
Financial liabilities	(10)	39,755	53,138	1,325	2,575
		48,856	61,571	27,287	12,185
CURRENT LIABILITIES					
Deferred revenue	(8)	1,059	2,286	-	-
Trade and other payables		3,738	2,191	1,478	604
Amounts due to subsidiaries		-	-	-	6,945
Amounts due to related parties	(9)	593	441	558	276
Amounts due to joint venture		24	-	24	-
Financial liabilities	(10)	13,661	13,309	675	877
Provision for tax		-	10	-	-
		19,075	18,237	2,735	8,702
TOTAL LIABILITIES		67,931	79,808	30,022	20,887
TOTAL EQUITY AND LIABILITIES		153,073	158,418	95,188	82,554

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

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

	Group	
	As at 31/12/2016 US\$'000	As at 31/12/2015 US\$'000
<u>Amount repayable in one year or less, or on demand:-</u>		
Secured	13,661	13,309
<u>Amount repayable after one year:-</u>		
Secured	39,755	53,138
Unsecured	7,797	-

Details of any collateral

Secured borrowings as at 31 December 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/year ended 31 December 2016

	Group					
	4Q 2016 US\$'000	4Q 2015 US\$'000	Change %	FY 2016 US\$'000	FY 2015 US\$'000	Change %
(Loss)/Profit for the period/year	(6,768)	889	n.m.	1,234	9,041	(86%)
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit and loss</u>						
Net reversal of/(loss) on fair value changes of available-for-sale financial assets	1,559	1,751	(11%)	-	(1,093)	(100%)
Effective portion of changes in fair value of cash flow hedge	108	(71)	n.m.	29	(71)	n.m.
Translation differences relating to financial statements of foreign operations	(200)	(97)	n.m.	(237)	43	n.m.
Foreign currency translation differences due to foreign operations	(392)	476	n.m.	(84)	(515)	(84%)
Other comprehensive income for the period/year	1,075	2,059	(48%)	(292)	(1,636)	(82%)
Total comprehensive income for the period/year	(5,693)	2,948	n.m.	942	7,405	(87%)
Attributable to:						
Owners of the Company	(5,677)	2,948	n.m.	963	7,405	(87%)
Non-controlling interests	(16)	-	n.m.	(21)	-	n.m.
	(5,693)	2,948	n.m.	942	7,405	(87%)

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 ³	Group			
	4Q 2016 US\$'000	4Q 2015 US\$'000	FY 2016 US\$'000	FY 2015 US\$'000
Cash flows from operating activities				
(Loss)/Profit before taxation	(6,767)	891	1,238	9,037
Adjustments for:-				
Amortisation of deferred income	(270)	(576)	(1,489)	(2,262)
Depreciation of property, plant and equipment	2,214	2,333	9,147	8,916
Net fair value loss/(gain) on derivative assets	(23)	-	(81)	-
Interest income	-	(2)	(9)	(9)
Interest expense	1,052	663	3,031	2,846
Equity-settled share-based payment transaction	40	10	143	50
Share of results of jointly controlled entities, net of tax	284	22	443	30
Impairment of available-for-sale financial assets	998	1,679	998	1,679
Impairment of plant and equipment	7,000	-	7,000	-
Operating profit before working capital changes	4,528	5,020	20,421	20,287
Changes in working capital:				
Trade and other receivables	(1,682)	(1,820)	(8,260)	4,940
Trade and other payables	1,157	(172)	646	(2,442)
Deferred revenue	-	-	-	12,000
Income tax paid	-	-	(10)	(5)
Net cash generated from operating activities	(1) 4,003	3,028	12,797	34,780
Cash flows from investing activities				
Purchase of plant and equipment	(5,112)	-	(7,440)	(43,617)
Prepayment for land use rights	-	-	(748)	-
Acquisition of subsidiary, net of cash acquired	-	-	(1,045)	(11,714)
Loans to joint ventures	-	-	(81)	(7,831)
Investment in quoted shares	-	-	(429)	-
Investment in joint ventures	(3,713)	-	(3,713)	-
Interest income received	1	2	9	9
Net cash (used in)/generated from investing activities	(2) (8,824)	2	(13,447)	(63,153)
Cash flows from financing activities				
Capital contribution by non-controlling interests of subsidiary	895	-	1,710	-
Loan from a related party	3,466	-	7,797	-
Proceeds from borrowings	-	-	-	40,690
Repayment of borrowings	(3,322)	(2,889)	(13,030)	(26,965)
Proceeds from issuance of shares by the company	57	4,203	57	4,615
Proceeds from issuance of warrants by the company	2,571	-	2,571	-
Distribution on redeemable exchangeable preference shares	-	-	(124)	-
Net proceeds from issuance of redeemable exchangeable preference shares	-	(9)	-	7,042
Interest expense paid	(439)	(635)	(2,320)	(2,819)
Net cash generated from/(used in) financing activities	(3) 3,228	670	(3,339)	22,563
Net (decrease)/increase in cash and cash equivalents	(1,593)	3,700	(3,989)	(5,810)
Cash and cash equivalents at beginning of period/year	5,851	4,410	8,110	13,920
Effect of exchange rate fluctuations on cash held	(146)	-	(9)	-
Cash and cash equivalents at end of period/year	4,112	8,110	4,112	8,110

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

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

Statements of Changes in Equity

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

1(d)(i) Continued

The 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 2015	266,103	6,811	-	19,394	(10)	1,093	-	(233,572)	59,819
Total comprehensive income for the Year	-	-	-	-	(472)	(1,093)	(71)	9,041	7,405
Transactions with owners, recognised directly in equity									
Contributions by and distribution to owners									
Issuance of ordinary shares	4,615	-	-	-	-	-	-	-	4,615
Issuance of redeemable exchangeable preference shares, net of issuance expenses	-	-	7,042	-	-	-	-	-	7,042
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(321)	(321)
Equity-settled share-based payment transaction	-	-	-	-	-	-	-	50	50
Total transactions with owners	4,615	-	7,042	-	-	-	-	(271)	11,386
Balance as at 31 December 2015	270,718	6,811	7,042	19,394	(482)	-	(71)	(224,802)	78,610

1(d)(i) Continued

The Company	Share Capital US\$'000	Perpetual Securities US\$'000	Fair value Reserve US\$'000	Warrants US\$'000	Accumulated Losses US\$'000	Total US\$'000
Balance as at 1 January 2016	270,718	6,811	-	19,394	(235,256)	61,667
Total comprehensive income for the year	-	-	-	-	(488)	(488)
Transactions with owners, recognised directly in equity Contributions by and distribution to owners						
Issuance of ordinary shares	1,598	-	-	-	-	1,598
Accrued convertible perpetual capital securities distributions	-	-	-	-	(325)	(325)
Expiry of warrants	-	-	-	(19,394)	19,394	-
Issuance of warrants	-	-	-	2,571	-	2,571
Conversion of warrants to ordinary shares	57	-	-	(57)	-	-
Equity-settled share-based payment transaction	-	-	-	-	143	143
Total transaction with owners	1,655	-	-	(16,880)	19,212	3,987
Balance as at 31 December 2016	272,373	6,811	-	2,514	(216,532)	65,166
Balance as at 1 January 2015	266,103	6,811	1,093	19,394	(237,539)	55,862
Total comprehensive income for the year	-	-	(1,093)	-	2,554	1,461
Transactions with owners, recognised directly in equity Contributions by and distribution to owners						
Issuance of ordinary shares	4,615	-	-	-	-	4,615
Accrued convertible perpetual capital securities distributions	-	-	-	-	(321)	(321)
Equity-settled share-based payment transaction	-	-	-	-	50	50
Total transaction with owners	4,615	-	-	-	(271)	4,344
Balance as at 31 December 2015	270,718	6,811	-	19,394	(235,256)	61,667

- 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.

During the first quarter of 2016, the Company allotted and issued 171,875,145 new ordinary shares as purchase consideration for the acquisition of 50% of the issued and paid up capital of Grenzone Pte Ltd.

During the fourth quarter of 2016, the Company allotted and issued 40,655,080 new ordinary shares pursuant to the exercise of 40,655,080 warrants by various warrant holders.

As at 31 December 2016, the Company had 13,050,963,935 ordinary shares issued and 2,612,761,152 outstanding convertibles. As at 31 December 2015, the Company had 12,838,433,710 ordinary shares issued and 1,360,000,000 outstanding convertibles.

As at 31 December 2016, there were 7,299,270 redeemable exchangeable preference shares (31 December 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 31 December 2016 and 31 December 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 31 December 2016, the issued and paid up share capital (excluding treasury shares) of the Company comprised 13,050,963,935 (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			
		4Q 2016	4Q 2015	FY 2016	FY 2015
(a)	EPS based on weighted average number of ordinary shares in issue (in US cents)	(0.05)	0.01	0.01	0.09
	Weighted average number of ordinary shares (in million)	13,020	10,723	12,990	10,608
(b)	EPS based on fully diluted basis (in US cents)	(0.05)	0.01	0.01	0.08
	Weighted average number of ordinary shares (in million)	13,793*	12,083	13,763*	11,968
		Group			
		4Q 2016	4Q 2015	FY 2016	FY 2015
(a)	EPS based on weighted average number of ordinary shares in issue (in SGD cents)	(0.07) [^]	0.01 [^]	0.01 [#]	0.12 [#]
	Weighted average number of ordinary shares (in million)	13,020	10,723	12,990	10,608
(b)	EPS based on fully diluted basis (in SGD cents)	(0.07) [^]	0.01 [^]	0.01 [#]	0.10 [#]
	Weighted average number of ordinary shares (in million)	13,793*	12,083	13,763*	11,968

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

[^] Conversion to SGD were based on 4Q 2016 average exchange rate of USD 1: SGD 1.4211 (4Q 2015: USD1 : SGD 1.4096).

[#] Conversion to SGD were based on FY 2016 average exchange rate of USD 1: SGD 1.3833 (FY 2015: USD1 : 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.

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
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)	0.65	0.61	0.50	0.48

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
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)	0.94	0.87	0.72	0.68

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

4Q 2016

1. The Group's revenue recognised in 4Q 2016 decreased by US\$0.4 million to US\$5.9 million compared to 4Q 2015 mainly 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 4Q 2015.

As a result of the above, the Group's gross profit for 4Q 2016 decreased by US\$0.3 million to US\$3.6 million as compared to 4Q 2015.

2. The increase in administrative and marketing expenses in 4Q 2016 were mainly due to higher legal and professional fees and staff cost incurred in 4Q 2016 as compared to 4Q 2015.
3. The increase in other operating expenses in 4Q 2016 as compared to 4Q 2015 was mainly due to an impairment of the Group's oil and gas industry related plant and equipment arising from the difficult and uncertain market conditions of the global oil and gas industry. The increase was partially offset by a lower impairment of available-for-sale financial asset.
4. The increase in finance costs in 4Q 2016 as compared to 4Q 2015 was mainly due to finance cost arising from discounting of a non-current amount due from a joint venture and higher interest cost as a result of a loan from a related party.

5. The decrease in share of results of jointly controlled entities in 4Q 2016 as compared to 4Q 2015 was mainly due to share of loss from the Group's joint venture, Grenzone Pte Ltd.

FY 2016

1. The Group's revenue recognised in FY 2016 increased by US\$0.2 million to US\$24.5 million compared to FY 2015 due to the following:
 - (i) lease income of US\$1.7 million from the leasing of an onshore accommodation module in FY 2016 (FY 2015: US\$1.2 million);
 - (ii) income from trading of oil and gas products; and
 - (iii) offset against reduction in amortisation of deferred revenue.

Cost of sales in FY 2016 comprised mainly depreciation and amortisation expenses. The cost of sales in FY 2016 increased by US\$0.3 million to US\$9.2 million as compared to FY 2015 due to depreciation from newly acquired plant and equipment.

As a result of the above, the Group's gross profit for FY 2016 remained constant as compared to FY 2015.

2. The increase in administrative and marketing expenses in FY 2016 were mainly due to higher legal and professional fees and staff cost.
3. The increase in other operating expenses in FY 2016 as compared to FY 2015 was mainly due to an impairment of the Group's plant and equipment as mentioned above which was partially offset by a lower impairment of available-for-sale financial asset.
4. The increase in finance costs in FY 2016 as compared to FY 2015 was mainly due to the finance cost arising from discounting of a non-current amount due from a joint venture and interest cost as a result of a loan from a related party, partially offset by lower interest cost as a result of lower financial liabilities.
5. The decrease in share of results of jointly controlled entities in FY 2016 as compared to FY 2015 was mainly due to share of loss from the Group's joint venture, Grenzone Pte Ltd.

Statement of Financial Position Review

1. The decrease in property, plant and equipment was mainly due to the impairment and depreciation of the Group's plant and equipment in FY 2016 and partially offset by the ongoing construction of solar photovoltaic power plant.
2. The increase in joint ventures was due to additional capital paid up in Rising Sun Energy Pvt. Ltd. and the acquisition of 50% of the issued and paid up share capital of Grenzone Pte Ltd completed on 19 February 2016. Included in the non-current asset is an amount of US\$7.5 million due from a joint venture which is repayable in Q2 2018.
3. The decrease in the investment in quoted shares was due to the revaluation of these shares as at 31 December 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 due to the increase in receivables relating to the lease of offshore support vessels, onshore accommodation module and prepayment for land use rights for development of solar photovoltaic power plant.

6. The decrease in warrant reserves was due to the expiry of the warrants issued in 2013 offset by the issuance of warrants in 2016.
7. Other reserves mainly relate to currency translation arising from foreign operations as well as translation differences relating to financial statements of foreign operations.
8. The decrease in deferred revenue was due to the recognition of the non-refundable charter deposit previously received.
9. Amount due to a related party relates to loan from a related party.
10. The decrease in financial liabilities was mainly due to the repayment of bank loans.

As at 31 December 2016, 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

4Q 2016

1. Net cash generated from operating activities in 4Q 2016 was approximately US\$4,003,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in 4Q 2016 was approximately US\$8,824,000. This was mainly due to investment in a joint venture and the construction of solar photovoltaic power plant.
3. Net cash generated from financing activities in 4Q 2016 was approximately US\$3,228,000. This was mainly due to the proceeds from loan from a related party and issuance of warrants, which was offset by repayment of borrowings and interest on borrowings in 4Q 2016.

FY 2016

1. The Group's net cash generated from operating activities in FY 2016 was approximately US\$12,797,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in FY 2016 was approximately US\$13,447,000. This was mainly due to investment in a joint venture and the construction of solar photovoltaic power plant.
3. Net cash used in financing activities in FY 2016 was approximately US\$3,339,000. This was mainly due to repayment of bank loans and interest on borrowings in FY 2016 partially offset by a loan from a related party and proceeds from issuance of warrants

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 placement in 2015

Description	US\$'000
Balance of proceeds as at 1 October 2016	1,247
Less: Use of proceeds in 4Q 2016 for capital expenditure on renewable energy assets	(1,247)
Balance of proceeds as at 31 December 2016	-

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

(b) Proceeds from warrants issued in 2013

There were no proceeds raised from the exercise of warrants issued in 2013. The warrants issued in 2013 had expired on 3 November 2016.

(c) Proceeds from warrants issued in 2016

Description	US\$'000
Balance of proceeds as at 1 October 2016	-
Add: Net proceeds from the issue of warrants in 4Q 2016	2,571
Add: Proceeds from the exercise of warrants in 4Q 2016	57
Less: Use of proceeds in 4Q 2016 for capital expenditure on renewable energy assets	(2,571)
Less: Use of proceeds in 4Q 2016 for administrative expenses	(57)
Balance of proceeds as at 31 December 2016	-

The above utilisation is in line with the intended uses of the net proceeds stated in the Company's announcement dated 30 September 2016.

12. If a decision regarding dividend has been made:

(a) *Whether an interim (final) ordinary dividend has been declared (recommended); and*

None.

(b) (i) *Amount per share (cents)*

Not applicable.

(ii) *Previous corresponding period (cents)*

None.

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).*

Not applicable.

(d) *The date the dividend is payable.*

Not applicable.

- (e) *The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.*

Not applicable.

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

No dividend has been declared or recommended for FY 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 31 December 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\$
<u>Management fee paid/payable to</u> Ezion Holdings Limited	NIL	260,540
<u>Interest paid/payable to</u> Ezion Holdings Limited	160,618	NIL

15. Confirmation of undertakings from Directors and Executive Officers

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

For the year ended 31 December 2016 and 31 December 2015, all revenue, capital expenditure, assets and liabilities were derived from one single business segment in providing power and energy services.

Geographical segments information for the Group is as follows:

	Australia		Middle East		Asia		Total operations	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	1,686	1,180	9,688	10,354	13,163	12,756	24,537	24,290
Plant and equipment	10,338	12,363	41,686	51,688	71,168	67,910	123,192	131,961

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

Please refer to paragraph 8.

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

	Group		
	FY 2016	FY 2015	
	US\$'000	US\$'000	Variance
Sales			
(a) first half year	12,610	11,763	7%
(b) second half year	11,927	12,527	(5%)
Total for the year	24,537	24,290	1%

	Group		
	FY 2016	FY 2015	
	US\$'000	US\$'000	Variance
Total profit after tax:			
(a) first half year	5,830	5,107	14%
(b) second half year	(4,596)	3,934	n.m.
Total for the year	1,234	9,041	(86%)

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

Not applicable. No dividend has been declared or recommended for FY2016 and FY2015.

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

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

BY ORDER OF THE BOARD

Lee Tiong Hock
Company Secretary
22 February 2017

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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.