

CHARISMA ENERGY SERVICES LIMITED
(“The Company” or Formerly known as YHM Group Limited)
(Company Registration No. 199706776D)

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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

	Note	Group		
		1Q 2014 S\$'000	1Q 2013 S\$'000	Change %
Revenue	(1)	1,960	758	159%
Cost of sales		(1,365)	(368)	271%
Gross profit	(2)	595	390	53%
Other operating income	(3)	27	3	800%
Administrative and marketing expenses	(4)	(690)	(561)	23%
Loss from operating activities		(68)	(168)	(60%)
Finance income	(5)	50	0	n.m
Finance costs		(15)	(12)	25%
Loss before taxation		(33)	(180)	(82%)
Taxation		-	-	
Loss for the period		(33)	(180)	(82%)
Loss for the period attributable to:				
Equity holders of the Company		(15)	(184)	(92%)
Non-controlling interest		(18)	4	(550%)
Loss for the period		(33)	(180)	(82%)

n.m. = not meaningful

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

	Group		Change %
	1Q 2014 S\$'000	1Q 2013 S\$'000	
Interest on borrowing	(15)	(12)	25%
Depreciation and amortisation	(147)	(52)	183%
Interest income	50	0	n.m.

n.m. = not meaningful

Notes to Income Statement

1. The 159% increase in 1QFY2014 revenue was mainly due to contribution from new business such as the sales of equipment and the leasing of hydro-electric power generation equipment.
2. The 53% increase in gross profit in 1QFY2014 was due to the increase in revenue. However, gross profit margin of Yew Hock Marine Engineering Pte Ltd (“Yew Hock”) continues to drop as its scaffolding business remains challenging and competitive.
3. The increase in other operating income in 1QFY2014 was mainly due to the profit from disposal of an asset by Yew Hock.
4. The increase in administrative and marketing expenses in 1QFY2014 was mainly due to an increase in manpower cost.
5. The increase in finance income in 1QFY2014 was due to the interest income generated from bank fixed deposits.

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

	Note	Group		Company	
		31/03/2014 S\$'000	31/12/2013 S\$'000	31/03/2014 S\$'000	31/12/2013 S\$'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	(1)	8,394	1,420	9	3
Investment in quoted shares	(2)	11,988	12,321	11,988	12,321
		20,382	13,741	11,997	12,324
CURRENT ASSETS					
Trade and other receivables	(3)	31,890	2,103	30,459	191
Cash and cash equivalents	(3,4)	24,162	55,822	24,154	55,814
		56,052	57,925	54,613	56,005
TOTAL ASSETS		76,434	71,666	66,610	68,329
LIABILITIES					
NON-CURRENT LIABILITIES					
Share capital	(4)	313,898	313,433	313,898	313,433
Fair Value Reserve	(2)	6,228	6,561	6,228	6,561
Convertible perpetual capital securities		29,716	29,716	29,716	29,716
Other reserves		24,540	24,540	24,540	24,540
Accumulated losses		(307,400)	(306,995)	(307,846)	(307,335)
		66,982	67,255	66,536	66,915
Non-controlling interest		316	334	-	-
TOTAL EQUITY		67,298	67,589	66,536	66,915
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities		19	19	-	-
		19	19	-	-
CURRENT LIABILITIES					
Trade and other payables	(5)	8,842	3,159	74	1,414
Borrowings	(6)	275	899	-	-
		9,117	4,058	74	1,414
TOTAL LIABILITIES		9,136	4,077	74	1,414
TOTAL EQUITY AND LIABILITIES		76,434	71,666	66,610	68,329

Notes to Statements of Financial Position

1. The increase in property, plant and equipment was mainly due to the purchase of hydro-electric power generation equipment that has been leased out.
2. The investment in quoted shares comprises 5,550,024 ordinary shares in the capital of Ezion Holdings Limited ("Ezion"). The decrease in value and fair value reserve was due to the investment revaluation based on the closing price of Ezion shares.
3. The increase in trade and other receivables was mainly due to the deposit placed for a rig which the Group has ordered and delivered to a customer in April 2014. The Group has made an announcement about securing the rig sales contract on the 31 March 2014 and the sales will be recognized in 2QFY2014 result.

4. The increase in the equity was primarily due to the allotment and issuance of 258,532,000 new ordinary shares in the capital of the Company pursuant to the exercise of 258,532,000 options by various option holders in 1QFY2014. The net proceed from this issuance was S\$465,000.
5. The increase in trade and other payables was mainly due to the payables for the purchase of hydro-electric power generation equipment.
6. The decrease in borrowings was due to lower utilisation of overdraft facilities by Yew Hock.

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

Amount repayable in one year or less, or on demand

As at 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
275	-	899	-

Amount repayable after one year

As at 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

Factoring of trade receivables were secured by the trade receivables amounting to approximately S\$275,000 (31/12/2013: S\$899,000).

1(b)(iii) Statement of comprehensive income for the period ended 31 March 2014

	Group		
	1Q 2014	1Q 2013	Change
	S\$'000	S\$'000	%
Loss for the period	(33)	(180)	(82%)
Other comprehensive (loss)/income:			
<u>Items that may be reclassified subsequently to profit and loss</u>			
Net (loss)/profit on fair value changes of available-for-sale financial assets	(333)	2,220	(115%)
Other comprehensive (loss)/income for the period	<u>(333)</u>	<u>2,220</u>	(115%)
Total comprehensive (loss)/income for the period	<u>(366)</u>	<u>2,040</u>	(118%)
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company	(1) (348)	2,036	(117%)
Non-controlling interest	(2) (18)	4	(550%)
Total comprehensive (loss)/income for the period	<u>(366)</u>	<u>2,040</u>	(118%)

1. Total comprehensive loss in 1QFY2014 attributable to equity holders of the Company of approximately S\$348,000 was derived by taking the Group's total comprehensive loss for the period i.e. approximately S\$366,000 less non-controlling interest's share of loss.
2. Non-controlling interest was computed as the minority interest i.e. 49% multiplied by Yew Hock's net loss for the period of approximately S\$35,000

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	Group	
		1Q 2014 S\$'000	1Q 2013 S\$'000
Cash flows from operating activities			
Profit/ (loss) before taxation, total		(33)	(180)
Adjustments for:-			
Depreciation of property, plant and equipment (PPE)		147	52
Interest expense		15	12
Interest income		(50)	-
Operating profit/(loss) before working capital changes		79	(116)
Changes in working capital:			
Trade and other receivables		(29,787)	676
Trade and other payables		5,292	(731)
Net cash used in operating activities	(1)	(24,416)	(171)
Cash flows from investing activities			
Purchase of plant and equipment		(7,121)	(528)
Interest income received		50	-
Net cash used in investing activities	(2)	(7,071)	(528)
Cash flows from financing activities			
Proceeds from issuance of shares by the company		465	1,489
Interest expense paid		(15)	(12)
Share issuance expenses		-	(184)
Proceeds from convertible perpetual capital securities, net of transaction costs		-	29,737
Repayments of third party loan		-	(96)
Repayment of short-term borrowings		(1,834)	(731)
Net proceeds from short-term borrowings		1,211	1,142
Net cash (used in)/generated from financing activities	(3)	(173)	31,345
Net (decrease)/increase in cash and cash equivalents		(31,660)	30,646
Cash and cash equivalents at beginning of period		55,822	1,173
Cash and cash equivalents at end of period		24,162	31,819

Notes to Statement of Cash flows for 1QFY2014

- (1) Net cash used in operating activities in 1QFY2014 was approximately S\$24,416,000 mainly due to the deposit paid for the rig as mentioned in Note 3 of Page 3.
- (2) Net cash used in investing activities in 1QFY2014 was approximately S\$7,071,000 mainly due to purchase of hydro-electric power generation equipment.
- (3) Net cash used in financing activities in 1QFY2014 was approximately S\$173,000 mainly due to lower utilisation of overdraft facilities by Yew Hock.

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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.

Unaudited Statements of Changes in Equity

	Share Capital	Perpetual Securities	Fair value reserve	Other Reserves	Accumulated Losses	Total	Non- controlling Interest	Total equity
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	313,433	29,716	6,561	24,540	(306,995)	67,255	334	67,589
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	(15)	(15)	(18)	(33)
Total comprehensive loss								
Net loss on fair value changes of available-for-sale financial assets	-	-	(333)	-	-	(333)	-	(333)
Total comprehensive loss for the period	-	-	(333)	-	(15)	(348)	(18)	(366)
Transactions with owners, recognized directly in equity								
Contributions by and distribution to owners								
Issue of ordinary shares	465	-	-	-	-	465	-	465
Issue of perpetual securities	-	-	-	-	-	-	-	-
Accrued perpetual securities distributions	-	-	-	-	(390)	(390)	-	(390)
Issue of warrants	-	-	-	-	-	-	-	-
Total transactions with owners	465	-	-	-	(390)	75	-	75
Balance as at 31 March 2014	313,898	29,716	6,228	24,540	(307,400)	66,982	316	67,298

1(d)(i) Continued

	Share Capital	Perpetual Securities	Fair value reserve	Accumulated Losses	Total	Non- controlling Interest	Total equity
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2013	311,805	-	2,056	(305,443)	8,418	322	8,740
Total comprehensive income for the period							
Loss for the period	-	-	-	(184)	(184)	4	(180)
Total comprehensive income							
Net gain on fair value changes of available-for-sale financial assets	-	-	2,220	-	2,220	-	2,220
Total comprehensive income for the period	-	-	2,220	(184)	2,036	4	2,040
Transactions with owners, recognized directly in equity							
Contributions by and distribution to owners							
Issue of ordinary shares	1,489	-	-	-	1,489	-	1,489
Share issuance expenses	(184)	-	-	-	(184)	-	(184)
Issue of perpetual securities	-	29,737	-	-	29,737	-	29,737
Total transactions with owners	1,305	29,737	-	-	31,042	-	31,042
Balance as at 31 March 2013	313,110	29,737	4,276	(305,627)	41,496	326	41,822

1(d)(i) Continued

The Company	Share Capital S\$'000	Perpetual Securities S\$'000	Fair value reserve S\$'000	Other Reserves S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance as at 1 January 2014	313,433	29,716	6,561	24,540	(307,335)	66,915
Issue of ordinary shares	465	-	-	-	-	465
Accrued convertible perpetual capital securities distributions	-	-	-	-	(390)	(390)
Loss for the period	-	-	-	-	(121)	(121)
Other comprehensive loss						
Net loss on fair value changes of available-for-sale financial assets	-	-	(333)	-	-	(333)
Total comprehensive loss for the period	-	-	(333)	-	(121)	(454)
Balance as at 31 March 2014	313,898	29,716	6,228	24,540	(307,846)	66,536

The Company	Share Capital S\$'000	Perpetual Securities S\$'000	Fair value reserve S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance as at 1 January 2013	311,805	-	2,056	(305,282)	8,579
Issue of ordinary shares	1,489	-	-	-	1,489
Share issuance expenses	(184)	-	-	-	(184)
Convertible perpetual capital securities	-	30,000	-	-	30,000
Fund raising expenses	-	(263)	-	-	(263)
Profit/ (loss) for the period	-	-	-	(189)	(189)
Other comprehensive income					
Net gain on fair value changes of available-for-sale financial assets	-	-	2,220	-	2,220
Total comprehensive income for the period	-	-	2,220	(189)	2,031
Balance as at 31 March 2013	313,110	29,737	4,276	(305,471)	41,652

- 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.**

For the period of 1 January 2014 to 31 March 2014, the Company allotted and issued 258,532,000 new ordinary shares pursuant to the exercise of 258,532,000 options by various option holders.

As at 31 March 2014, the Company has 8,523,765,710 ordinary shares issued and 5,474,668,000 outstanding convertibles. As at 31 March 2013, the Company has 8,075,833,710 ordinary shares issued and 4,914,600,000 outstanding convertibles.

The Company did not hold any treasury shares as at 31 March 2014 and 31 March 2013.

- 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.**

	No. of ordinary shares
At 1 January 2014	8,265,233,710
Exercise of 258,532,000 options for the period	<u>258,532,000</u>
At 31 March 2014	<u>8,523,765,710</u>

- 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 in the current and previous financial period.

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.**

There have been no changes in the accounting policies and methods of computation since last financial year end 31 December 2013 except for new and revised FRSs and Interpretation of FRS (INT FRS) that are effective for annual periods beginning 1 January 2014. The adoption of these new/revised FRS and INT FRSs did not have material effect on the financial performance or position of the Group.

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 after deducting any provisions for preference dividends:

	Group	
	1Q 2014	1Q 2013
(a) EPS based on weighted average number of ordinary shares in issue (in cents)	(0.00)	(0.00)
Weighted average number of ordinary shares (in million)	8,416	7,379
(b) EPS based on fully diluted basis* (in cents)	(0.00)	(0.00)
Weighted average number of ordinary shares (in million)	8,416	7,379

* As the Group is in a loss position, share options, perpetual capital securities and warrants were not included in the computation of the diluted earnings per share because these potential ordinary shares were anti-dilutive.

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	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Net asset value per ordinary share (in cents)	0.79	0.81	0.78	0.81

The computations above are based on 8,523,765,710 shares as at 31 March 2014 and 8,265,233,710 shares as at 31 December 2013.

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.**

For the period ended 31 March 2014, the Group posted a lower net loss of S\$33,000. This was primarily due to profit contribution from the Group's new business such as sales of oil and gas related equipment and the leasing of hydro-electric power generation equipment which was offset by the loss incurred by Yew Hock. Should the Group exclude the loss incurred by Yew Hock, the Group would have made a slight profit of about S\$3,000.

Working capital/cash flow

In 1QFY2014, the Company allotted and issued a total of 258,532,000 new ordinary shares pursuant to the exercise of 258,532,000 options by various option holders at the exercise price of S\$0.0018 per option raising S\$465,000 of capital.

As of 31 March 2014, the Group's bank balance was about S\$24.2 million as deposit was placed for a rig which the Group has ordered as announced on 31 March 2014. In April 2014, the Group has sold the rig and received full payment from the customer.

For more details, please refer to the notes to financial statements in the same announcement.

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

The current results are in line with the Company's discussion presented in Note 10 of the unaudited results announcement dated 18 February 2014.

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.**

Profit contributions from new business such as the sales of oil and gas related equipment and the commencement of leasing of hydro-electric power generation equipment was offset by loss incurred by Yew Hock. Yew Hock continued to operate in a very competitive environment as its gross profit margin continue to decline in 1QFY2014. Should the Group exclude the loss of Yew Hock, the Group would have booked a profit of about S\$3,000 in 1QFY2014. Moving forward, such profit, excluding the contribution from Yew Hock, would improve given the commencement of new business.

In April 2014, the Group has received full payment for the sales of a rig. As per the 31 March 2014 announcement, an estimated profit of USD7 million from sales of this rig will be recognized in 2QFY2014. To strengthen its current recurring lease income, the Group is working on the USD180 million contract to lease eleven sets of hydro-electric power generation equipment for power supply to a national utility board in South Asia for a 15 year period. The Group is working towards the lease commencement in 2QFY2014 as announced on 31 March 2014.

11. **Use of Proceeds**

(a) **Proceeds from share options**

Description	S\$'000
Balance of proceeds as at 1 January 2014	1,226
Add: Proceeds from exercise of options for 1QFY2014	465
Less: Use of proceeds for expenses for 1QFY2014	
Administrative expenses	-
Operating expenses	-
New Business	1,691
Balance of proceeds as at 31 March 2014	-

There are 3,274,668,000 outstanding share options as at 31 March 2014.

(b) **Proceeds from convertible perpetual capital securities**

On 28 March 2013, the Company completed the placement of S\$30,000,000 in principal amount of the Convertible perpetual capital securities, the net proceeds amounting to S\$29,716,000.

Description	S\$'000
Balance of proceeds as at 1 January 2014	29,716
Less: Use of proceeds for expenses for 1QFY2014	
Operating expenses	80
Administrative expenses	375
New Business	26,745
Balance of proceeds as at 31 March 2014	2,516

The holders of perpetual capital securities can convert its principal amount into new shares at S\$0.025 per share at any time from 29 March 2014 onwards.

(c) Proceeds from 1,000,000,000 warrants placement

On 4 November 2013, the Company completed the placement of 1,000,000,000 warrants at S\$0.025 per warrant, the net proceeds amounting to S\$24,540,000 have been utilised in the following manner:

Description	S\$'000
Balance of proceeds as at 1 January 2014	24,540
Less: Use of proceeds for expenses for 1QFY2014	
Administrative expenses	-
Operating expenses	-
Financing costs	617
New Business	2,516
Balance of proceeds as at 31 March 2014	<u>21,407</u>

12. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

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 has on 21 April 2014, obtained a general mandate from shareholders for IPTs. For details, please refer to the circular dated 4 April 2014.

There is no IPTs for 1QFY2014 requiring disclosure pursuant to Rule 920

BY ORDER OF THE BOARD

Lim Ka Bee
Company Secretary
6 May 2014

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

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Group for the period ended 31 March 2014 to be false or misleading in any material aspect.

On behalf of the Board of directors

.....
Woo Peng Kong
Executive Director / CEO

.....
Tan Ser Ko
Executive Director

This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in 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 correctness of any of the statements or opinions made or reports contained in this announcement.

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