

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

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

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

	Note <sup>1</sup>	Group			Group		
		2Q 2016 US\$'000	2Q 2015 US\$'000	Change %	1H 2016 US\$'000	1H 2015 US\$'000	Change %
Revenue	(1)	6,039	6,105	(1%)	12,610	11,763	7%
Cost of sales	(1)	(2,306)	(2,205)	5%	(4,607)	(4,250)	8%
<b>Gross profit</b>	<b>(1)</b>	<b>3,733</b>	<b>3,900</b>	<b>(4%)</b>	<b>8,003</b>	<b>7,513</b>	<b>7%</b>
Other operating income, net	(2)	150	6	n.m.	150	6	n.m.
Administrative and marketing expenses		(543)	(526)	3%	(948)	(971)	(2%)
<b>Profit from operating activities</b>		<b>3,340</b>	<b>3,380</b>	<b>(1%)</b>	<b>7,205</b>	<b>6,548</b>	<b>10%</b>
Finance income		1	1	-	4	6	(33%)
Finance costs	(3)	(636)	(701)	(9%)	(1,298)	(1,433)	(9%)
<b>Net finance cost</b>		<b>(635)</b>	<b>(700)</b>	<b>(9%)</b>	<b>(1,294)</b>	<b>(1,427)</b>	<b>(9%)</b>
Share of results of jointly controlled entities (net of tax)	(4)	(74)	(12)	n.m.	(80)	(14)	n.m.
<b>Profit before taxation</b>		<b>2,631</b>	<b>2,668</b>	<b>(1%)</b>	<b>5,831</b>	<b>5,107</b>	<b>14%</b>
Taxation		(1)	-	n.m.	(1)	-	n.m.
<b>Profit after income tax</b>		<b>2,630</b>	<b>2,668</b>	<b>(1%)</b>	<b>5,830</b>	<b>5,107</b>	<b>14%</b>
Non-controlling interests		-*	-	n.m.	-	-	-
<b>Profit for the period</b>		<b>2,630</b>	<b>2,668</b>	<b>(1%)</b>	<b>5,830</b>	<b>5,107</b>	<b>14%</b>

\*Amount less than US\$1,000

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

	Group			Group		
	2Q 2016 US\$'000	2Q 2015 US\$'000	Change %	1H 2016 US\$'000	1H 2015 US\$'000	Change %
- Net finance cost	(635)	(700)	(9%)	(1,294)	(1,427)	(9%)
- Depreciation and amortisation	(2,244)	(2,208)	2%	(4,524)	(4,256)	6%
- Foreign exchange gain/(loss)	30	(132)	n.m.	60	(92)	n.m.

n.m. = not meaningful

<sup>1</sup> Please refer to Paragraph 8 for review of Income Statement.

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

	Note <sup>2</sup>	Group		Company	
		30/06/2016 US\$'000	31/12/2015 US\$'000	30/06/2016 US\$'000	31/12/2015 US\$'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	(1)	127,604	131,961	52	55
Subsidiaries		-	-	62,511	59,684
Joint ventures	(2)	2,700	1,249	1,822	281
Investment in quoted shares	(3)	2,568	2,874	2,568	2,874
Intangible assets	(4)	1,306	-	-	-
Other receivables		57	85	-	-
		<b>134,235</b>	<b>136,169</b>	<b>66,953</b>	<b>62,894</b>
<b>CURRENT ASSETS</b>					
Trade and other receivables	(5)	6,911	6,316	1,060	526
Amounts due from subsidiaries		-	-	6,565	5,977
Amounts due from joint ventures		7,842	7,823	7,854	7,845
Cash and cash equivalents		6,229	8,110	2,393	5,312
		<b>20,982</b>	<b>22,249</b>	<b>17,872</b>	<b>19,660</b>
<b>TOTAL ASSETS</b>		<b>155,217</b>	<b>158,418</b>	<b>84,825</b>	<b>82,554</b>
<b>EQUITY</b>					
Share capital		272,259	270,718	272,259	270,718
Convertible perpetual capital securities		6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares		7,042	7,042	-	-
Warrants		19,394	19,394	19,394	19,394
Other reserves	(6)	(855)	(553)	(306)	-
Accumulated losses		(219,171)	(224,802)	(235,381)	(235,256)
<b>Equity attributable to owners of the Company</b>		<b>85,480</b>	<b>78,610</b>	<b>62,777</b>	<b>61,667</b>
Non-controlling interests		565	-	-	-
<b>TOTAL EQUITY</b>		<b>86,045</b>	<b>78,610</b>	<b>62,777</b>	<b>61,667</b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Deferred revenue	(7)	4,223	8,362	-	-
Other payables	(8)	172	71	-	-
Amounts due to subsidiaries		-	-	10,403	9,610
Financial liabilities	(9)	46,882	53,138	1,903	2,575
		<b>51,277</b>	<b>61,571</b>	<b>12,306</b>	<b>12,185</b>
<b>CURRENT LIABILITIES</b>					
Deferred revenue	(7)	1,607	2,286	-	-
Trade and other payables	(8)	2,961	2,632	1,893	880
Amounts due to subsidiaries		-	-	7,073	6,945
Amounts due to joint venture		8	-	-	-
Financial liabilities	(9)	13,319	13,309	776	877
Provision for tax		-	10	-	-
		<b>17,895</b>	<b>18,237</b>	<b>9,742</b>	<b>8,702</b>
<b>TOTAL LIABILITIES</b>		<b>69,172</b>	<b>79,808</b>	<b>22,048</b>	<b>20,887</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>155,217</b>	<b>158,418</b>	<b>84,825</b>	<b>82,554</b>

<sup>2</sup> Please refer to Paragraph 8 for review of Statement of Financial Position.

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

	Group	
	As at 30/06/2016 US\$'000	As at 31/12/2015 US\$'000
<b><u>Amount repayable in one year or less, or on demand:-</u></b>		
Secured	13,319	13,309
<b><u>Amount repayable after one year:-</u></b>		
Secured	46,882	53,138

As at 30 June 2016 and 31 December 2015, the Group has no unsecured borrowings and debt securities.

**Details of any collateral**

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

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

	Group					
	2Q 2016 US\$'000	2Q 2015 US\$'000	Change %	1H 2016 US\$'000	1H 2015 US\$'000	Change %
<b>Profit for the period</b>	2,630	2,668	(1%)	5,830	5,107	14%
Other comprehensive income:						
<b><u>Items that may be reclassified subsequently to profit and loss</u></b>						
Net loss on fair value changes of available-for-sale financial assets	(242)	(135)	79%	(306)	(579)	(47%)
Effective portion of changes in fair value of cash flow hedge	(25)	-	n.m	(100)	-	n.m.
Translation differences relating to financial statements of foreign operations	12	-	n.m	(16)	-	n.m.
Foreign currency translation differences due to foreign operations	(194)	(6)	n.m	120	(13)	n.m.
<b>Other comprehensive income for the period</b>	<b>(449)</b>	<b>(141)</b>	n.m	<b>(302)</b>	<b>(592)</b>	<b>(49%)</b>
<b>Total comprehensive income for the period</b>	<b>2,181</b>	<b>2,527</b>	<b>(14%)</b>	<b>5,528</b>	<b>4,515</b>	<b>22%</b>
<b>Attributable to:</b>						
Owners of the Company	2,181	2,527	(14%)	5,528	4,515	22%
Non-controlling interests	-*	-	n.m	-*	-	-
	<b>2,181</b>	<b>2,527</b>	<b>(14%)</b>	<b>5,528</b>	<b>4,515</b>	<b>22%</b>

\*Amount less than US\$1,000  
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 2016 US\$'000	2Q 2015 US\$'000	1H 2016 US\$'000	1H 2015 US\$'000
Note <sup>3</sup>				
<b>Cash flows from operating activities</b>				
Profit before taxation	2,631	2,668	5,831	5,107
<b>Adjustments for:-</b>				
Amortisation of deferred income	(379)	(569)	(891)	(1,110)
Depreciation of property, plant and equipment	2,244	2,208	4,524	4,256
Fair value gain on derivative assets	(150)	-	(150)	-
Interest income	(1)	(1)	(4)	(6)
Interest expense	636	701	1,298	1,433
Equity-settled share-based payment transaction	(60)	10	(38)	10
Share of results of jointly controlled entities, net of tax	74	12	80	14
<b>Operating profit before working capital changes</b>	<b>4,995</b>	<b>5,029</b>	<b>10,650</b>	<b>9,704</b>
<b>Changes in working capital:</b>				
Trade and other receivables	(2,719)	1,276	(4,493)	6,711
Trade and other payables	1,216	(485)	96	(2,907)
Deferred revenue	-	-	-	12,000
Income tax paid	(6)	-	(10)	(5)
<b>Net cash generated from operating activities</b>	<b>(1) 3,486</b>	<b>5,820</b>	<b>6,243</b>	<b>25,503</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	-	(1,596)	-	(43,617)
Acquisition of subsidiary, net of cash acquired	(1,045)	(11,714)	(1,045)	(11,714)
Loans to joint ventures	(1)	(3,103)	(9)	(6,303)
Investment in joint ventures	-	(12)	-	(14)
Interest income received	1	1	4	6
<b>Net cash used in investing activities</b>	<b>(2) (1,045)</b>	<b>(16,424)</b>	<b>(1,050)</b>	<b>(61,642)</b>
<b>Cash flows from financing activities</b>				
Capital contribution by non-controlling interests of subsidiary	304	-	304	-
Proceeds from borrowings	-	7,790	-	40,690
Repayment of borrowings	(3,366)	(3,876)	(6,246)	(12,512)
Proceeds from issuance of shares by the company	-	386	-	386
Interest expense paid	(626)	(743)	(1,262)	(1,405)
<b>Net cash (used in)/generated from financing activities</b>	<b>(3) (3,688)</b>	<b>3,557</b>	<b>(7,204)</b>	<b>27,159</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,247)</b>	<b>(7,047)</b>	<b>(2,011)</b>	<b>(8,980)</b>
Cash and cash equivalents at beginning of period	7,468	11,987	8,110	13,920
Effect of exchange rate fluctuations on cash held	8	-	130	-
<b>Cash and cash equivalents at end of period</b>	<b>6,229</b>	<b>4,940</b>	<b>6,229</b>	<b>4,940</b>

<sup>3</sup> Please refer to Paragraph 8 for review of Statement of Cash Flows.

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

### Statements of Changes in Equity

The Group	Share Capital US\$'000	Perpetual Securities US\$'000	Redeemable Exchangeable Preference Shares US\$'000	Warrants US\$'000	Foreign Currency Translation Reserves US\$'000	Fair Value Reserve US\$'000	Hedging Reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total Equity US\$'000
Balance as at 1 January 2016	270,718	6,811	7,042	19,394	(482)	-	(71)	(224,802)	78,610	-	78,610
Total comprehensive income for the period	-	-	-	-	104	(306)	(100)	5,830	5,528	-*	5,528
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distribution to owners</b>											
Issuance of ordinary shares	1,541	-	-	-	-	-	-	-	1,541	-	1,541
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(161)	(161)	-	(161)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	304	304
Equity-settled share-based payment transaction	-	-	-	-	-	-	-	(38)	(38)	-	(38)
Total transactions with owners	1,541	-	-	-	-	-	-	(199)	1,342	304	1,646
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	261	261
<b>Balance as at 30 June 2016</b>	<b>272,259</b>	<b>6,811</b>	<b>7,042</b>	<b>19,394</b>	<b>(378)</b>	<b>(306)</b>	<b>(171)</b>	<b>(219,171)</b>	<b>85,480</b>	<b>565</b>	<b>86,045</b>

\*Amount less than US\$1,000

1(d)(i) Continued

The Group	Share Capital US\$'000	Perpetual Securities US\$'000	Warrants US\$'000	Foreign Currency Translation Reserves US\$'000	Fair Value 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 period	-	-	-	(13)	(579)	5,107	4,515
Transactions with owners, recognised directly in equity							
Contributions by and distribution to owners							
Issuance of ordinary shares	386	-	-	-	-	-	386
Accrued perpetual securities distributions	-	-	-	-	-	(165)	(165)
Equity-settled share-based payment transaction	-	-	-	-	-	10	10
Total transactions with owners	386	-	-	-	-	(155)	231
<b>Balance as at 30 June 2015</b>	<b>266,489</b>	<b>6,811</b>	<b>19,394</b>	<b>(23)</b>	<b>514</b>	<b>(228,620)</b>	<b>64,565</b>

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
<b>Balance as at 1 January 2016</b>	<b>270,718</b>	<b>6,811</b>	<b>-</b>	<b>19,394</b>	<b>(235,256)</b>	<b>61,667</b>
Total comprehensive income for the period	-	-	(306)	-	74	(232)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distribution to owners</b>						
Issuance of ordinary shares	1,541	-	-	-	-	1,541
Accrued convertible perpetual capital securities distributions	-	-	-	-	(161)	(161)
Equity-settled share-based payment transaction	-	-	-	-	(38)	(38)
Total transaction with owners	1,541	-	-	-	(199)	1,342
<b>Balance as at 30 June 2016</b>	<b>272,259</b>	<b>6,811</b>	<b>(306)</b>	<b>19,394</b>	<b>(235,381)</b>	<b>62,777</b>
<b>Balance as at 1 January 2015</b>	<b>266,103</b>	<b>6,811</b>	<b>1,093</b>	<b>19,394</b>	<b>(237,539)</b>	<b>55,862</b>
Total comprehensive income for the period	-	-	(579)	-	(803)	(1,382)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distribution to owners</b>						
Issuance of ordinary shares	386	-	-	-	-	386
Accrued convertible perpetual capital securities distributions	-	-	-	-	(165)	(165)
Equity-settled share-based payment transaction	-	-	-	-	10	10
Total transaction with owners	386	-	-	-	(155)	(231)
<b>Balance as at 30 June 2015</b>	<b>266,489</b>	<b>6,811</b>	<b>514</b>	<b>19,394</b>	<b>(238,497)</b>	<b>54,711</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

**State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the issued share capital of the Company since 31 March 2016 to 30 June 2016.

As at 30 June 2016, the Company had 13,010,308,855 ordinary shares issued and 1,425,700,000 outstanding convertibles. As at 30 June 2015, the Company had 10,591,365,710 ordinary shares issued and 3,407,068,000 outstanding convertibles.

As at 30 June 2016, there were 7,299,270 redeemable exchangeable preference shares (30 June 2015: nil) in a subsidiary available for exchange to 523,620,516 ordinary shares of the Company.

The Company did not hold any treasury shares as at 30 June 2016 and 30 June 2015.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

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

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as the Company did not hold any treasury shares as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed under item 5 below, the Group has consistently applied the same accounting policies and methods of computation as in the most recently audited annual financial statements for the financial year ended 31 December 2015.



5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2015, except for the adoption of new/revised financial reporting standards (FRS) applicable for the financial period beginning 1 January 2016 as follows:

FRS 114 *Regulatory Deferral Accounts*

Amendments to FRS 1 *Disclosure Initiatives*

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

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

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

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

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

Improvements to FRSs (November 2014)

The Group does not expect any significant financial impact on its financial position or performance from the adoption of these amendments to FRSs.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per share ("EPS") after deducting any provisions for preference dividends:

	Group			
	2Q 2016	2Q 2015	1H 2016	1H 2015
(a) <b>EPS based on weighted average number of ordinary shares in issue (in US cents)</b>	0.02	0.03	0.04	0.05
Weighted average number of ordinary shares (in million)	13,010	10,451	12,964	10,379
(b) <b>EPS based on fully diluted basis (in US cents)</b>	0.02	0.02	0.04	0.04
Weighted average number of ordinary shares (in million)	13,048*	13,858	12,983*	13,786
	Group			
	2Q 2016	2Q 2015	1H 2016	1H 2015
(a) <b>EPS based on weighted average number of ordinary shares in issue (in SGD cents)</b>	0.03 <sup>^</sup>	0.03 <sup>^</sup>	0.06 <sup>#</sup>	0.07 <sup>#</sup>
Weighted average number of ordinary shares (in million)	13,010	10,451	12,964	10,379
(b) <b>EPS based on fully diluted basis (in SGD cents)</b>	0.03 <sup>^</sup>	0.03 <sup>^</sup>	0.06 <sup>#</sup>	0.05 <sup>#</sup>
Weighted average number of ordinary shares (in million)	13,048*	13,858	12,983*	13,786

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

<sup>^</sup> Conversion to SGD were based on 2Q 2016 average exchange rate of USD 1: SGD 1.3577 (2Q 2015: USD1 : SGD 1.3393).

<sup>#</sup> Conversion to SGD were based on 1H 2016 average exchange rate of USD 1: SGD 1.3767 (1H 2015: USD1 : SGD 1.3504).

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2016</u>	<u>31/12/2015</u>	<u>30/06/2016</u>	<u>31/12/2015</u>
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on (in US cents)	0.66	0.61	0.48	0.48

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2016</u>	<u>31/12/2015</u>	<u>30/06/2016</u>	<u>31/12/2015</u>
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on (in SGD^ cents)	0.89	0.87	0.65	0.68

^ Conversion to SGD were based on 30 June 2016 exchange rate of USD 1: SGD 1.3490 (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**

#### **2Q 2016**

1. The Group's revenue recognised in 2Q 2016 decreased by US\$0.1 million to US\$6.0 million compared to 2Q 2015 due to reduction in amortisation of deferred revenue, which was partially offset by 3 months' lease of accommodation module recognised in 2Q 2016 (2Q 2015: 2 months).

Cost of sales comprised mainly depreciation and amortisation expenses. The cost of sales for 2Q 2016 increased by US\$0.1 million to US\$2.3 million as compared to 2Q 2015 due to depreciation from newly acquired plant and equipment.

As a result of the above, the Group's gross profit for 2Q 2016 decreased by US\$0.2 million to US\$3.7 million as compared to 2Q 2015.

2. The increase in other operating income in 2Q 2016 as compared to 2Q 2015 was due to fair value gain on derivative assets.
3. The decrease in finance costs in 2Q 2016 as compared to 2Q 2015 was due to reduced interest cost as a result of lower financial liabilities.
4. The decrease in share of results of jointly controlled entities in 2Q 2016 as compared to 2Q 2015 is due to contribution from the Group's joint venture, Grenzone Pte Ltd.

## **1H 2016**

1. The Group's revenue recognised in 1H 2016 increased by US\$0.8 million to US\$12.6 million compared to 1H 2015 due to the following:
  - (i) charter income of US\$0.9 million from the leasing of an onshore accommodation module in 1H 2016 (1H 2015: US\$0.3 million);
  - (ii) income from trading of oil and gas products; and
  - (iii) offset against reduction in amortisation of deferred revenue.

Cost of sales in 1H 2016 comprised mainly depreciation and amortisation expenses. The cost of sales in 1H 2016 increased by US\$0.3 million to US\$4.6 million as compared to 1H 2015 due to depreciation from newly acquired plant and equipment.

As a result of the above, the Group's gross profit for 1H 2016 improved by US\$0.5 million to US\$8.0 million as compared to US\$7.5 million in 1H 2015.

2. The increase in other operating income in 1H 2016 as compared to 1H 2015 was due to fair value gain on derivative assets.
3. The decrease in finance costs in 1H 2016 as compared to 1H 2015 was due to reduced interest cost as a result of lower financial liabilities.
4. The decrease in share of results of jointly controlled entities in 1H 2016 as compared to 1H 2015 is due to contribution 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 depreciation of the Group's plant and equipment in 1H 2016.
2. The increase in joint ventures was due to the acquisition of 50% of the issued and paid up share capital of Grenzone Pte Ltd completed on 19 February 2016 and share of joint ventures' results in 1H 2016.
3. The decrease in the investment in quoted shares was due to the revaluation of these shares as at 30 June 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 trading activities of energy related products.
6. Other reserves mainly relate to the currency translation arising from foreign operations.
7. The decrease in deferred revenue was due to the recognition of the non-refundable charter deposit previously received.
8. The increase in trade and other payables was due to accrual for amounts payable for acquisition of a subsidiary in China.
9. The decrease in financial liabilities was mainly due to the repayment of bank loans.

## **Statement of Cash Flows Review**

### **2Q 2016**

1. Net cash generated from operating activities in 2Q 2016 was approximately US\$3,486,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in 2Q 2016 was approximately US\$1,045,000. This was mainly due to the acquisition of 80% equity interest of a subsidiary in China.
3. Net cash used in financing activities in 2Q 2016 was approximately US\$3,688,000. This was mainly due to the repayment of borrowings and interest on borrowings in 2Q 2016.

### **1H 2016**

1. The Group's net cash generated from operating activities in 1H 2016 was approximately US\$6,243,000. This was mainly due to cash generated from the operations of the Group.
2. Net cash used in investing activities in 1H 2016 was approximately US\$1,050,000. This was mainly due to the acquisition of 80% equity interest of a subsidiary in China.
3. Net cash used in financing activities in 1H 2016 was approximately US\$7,204,000. This was mainly due to repayment of bank loans and interest on borrowings in 1H 2016.

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

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

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

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

**11. Use of Proceeds**

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

Description	US\$'000
<b>Balance of proceeds as at 1 April 2016</b>	2,994
Less: Use of proceeds in 2Q 2016 for capital expenditure on renewable energy assets	(1,506)
<b>Balance of proceeds as at 30 June 2016</b>	<u>1,488</u>

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

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

The balance of US\$1,621,000 from the proceeds from share placement in 2015 remained unutilised as at 30 June 2016.

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

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

**12. If a decision regarding dividend has been made:**

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

None.

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

Not applicable.

**(ii) Previous corresponding period (cents)**

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for 2Q 2016.

**14. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

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

Particulars of IPTs for the period 1 January 2016 to 30 June 2016 are as follows:

	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Name of interested person	US\$	US\$
<b><u>Management fee paid/payable to</u></b> Ezion Holdings Limited	NIL	151,150

**15. Confirmation of undertakings from Directors and Executive Officers**

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

**BY ORDER OF THE BOARD**

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**Lee Tiong Hock**  
Company Secretary  
3 August 2016

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

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Group for the period ended 30 June 2016 to be false or misleading in any material aspect.

On behalf of the Board of directors

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

.....  
Wong Bheet Huan  
Executive Director

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

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

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