



GSS ENERGY LIMITED
RCB No: 201432529C

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR AND TWELVE MONTHS ENDED 31 DECEMBER 2022

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

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2H2022 ¹ (S\$'000)	2H2021 ² (S\$'000)	Group Change in %	12M2022 ³ (S\$'000)	12M2021 ⁴ (S\$'000)	Change in %
Revenue	63,073	58,943	7.01%	130,083	117,488	10.72%
Cost of Sales	(57,055)	(49,938)	14.25%	(114,222)	(99,204)	15.14%
Gross Profit	6,018	9,005	(33.18)%	15,861	18,284	(13.26)%
Other items of income						
Other income	108	1,397	(97.78)%	788	1,774	(59.92)%
Interest income	11	118	(90.68)%	23	174	(86.78)%
Other items of expenses						
Selling and distribution expenses	(6,596)	(4,740)	39.16%	(12,053)	(9,916)	21.55%
Administrative expenses	(2,536)	(2,041)	24.25%	(5,008)	(4,002)	25.14%
Other expenses	(190)	(17)	>100.00%	(190)	(17)	>100.00%
(Loss)/Profit from operations	(3,185)	3,722	NM ⁵	(579)	6,297	NM
Finance costs	(1,027)	(268)	>100.00%	(1,558)	(466)	>100.00%
Impairment expenses	(12,576) ⁶	-	NM	(12,576) ⁶	-	NM
Share of results of associate (net of tax)	(39)	(10)	>100.00%	(39)	(10)	>100.00%
(Loss)/Profit before income tax	(16,827)	3,444	NM	(14,752)	5,821	NM
Income tax expense	373	(78)	NM	(399)	(772)	(51.04)%
(Loss)/Profit for the financial period/year	(16,454)	3,366	NM	(15,151)	5,049	NM
Other comprehensive income:						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of defined benefit pension scheme	(556)	(95)	(100.00)%	(556)	(95)	(100.00)%
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translation of foreign operations	(2,298)	412	NM	(1,531)	1,353	NM
Other comprehensive income for the financial period/year, net of tax	(2,854)	317	NM	(2,087)	1,258	NM
Total comprehensive income for the financial period/year	(19,308)	3,683	NM	(17,238)	6,307	NM
(Loss)/Profit attributable to:-						
Owners of the parent	(16,303)	3,367	NM	(14,962)	5,166	NM
Non-controlling interests	(151)	(56)	>100.00%	(189)	(117)	61.54%
	(16,454)	3,311	NM	(15,151)	5,049	NM
Total comprehensive income attributable to:-						
Owners of the parent	(19,199)	3,669	NM	(17,084)	6,411	NM
Non-controlling interests	(109)	(41)	>100.00%	(154)	(104)	48.08%
	(19,308)	3,628	NM	(17,238)	6,307	NM

Notes:

¹ "2H2022": Period from 1 July 2022 to 31 December 2022

² "2H2021": Period from 1 July 2021 to 31 December 2021

³ "12M2022": Period from 1 January 2022 to 31 December 2022

⁴ "12M2021": Period from 1 January 2021 to 31 December 2021

⁵ "NM": Not Meaningful

⁶ The difference in this amount recorded here and the impairment amount previously disclosed as S\$12,615,000 (being the investment in the associate of S\$2,753,000 and the amount due from the associate of S\$9,862,000) in the announcement dated 28 December 2022 is due to recording of the share of loss from the associate and reducing the investment cost before providing for the impairment.

1 (a) (ii) Other information

	Group					
	2H2022 ¹ (S\$'000)	2H2021 ² (S\$'000)	Change in %	12M2022 ³ (S\$'000)	12M2021 ⁴ (S\$'000)	Change in %
Interest income	11	118	(90.68)%	23	174	(86.78)%
Finance costs	(1,027)	(268)	>100.00%	(1,558)	(466)	>100.00%
Amortisation of intangible assets	(3)	(3)	0.00%	(5)	(5)	0.00%
Amortisation of land use rights	(28)	(30)	(6.67)%	(57)	(57)	0.00%
Amortisation of right-of-use assets	(1,685)	(868)	94.12%	(2,604)	(1,529)	70.31%
Allowance for inventory	(348)	(51)	>100.00%	(350)	(51)	>100.00%
Allowance for doubtful trade receivables	(169)	-	NM	(169)	-	NM
Depreciation of property, plant and equipment	(1,505)	(1,277)	17.85%	(2,837)	(2,616)	8.45%
Foreign exchange loss, net	(360)	(72)	>100.00%	(190)	(17)	>100.00%
Gain on disposal of property, plant and equipment	12	444	(97.30)%	12	459	(97.39)%
Government incentive	20	411	(95.13)%	440	411	7.06%
Share option expenses	(47)	-	NM	(78)	-	NM

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

Condensed Interim Statements of Financial Position

	Group As at			Company As at		
	31.12.2022 S\$ '000	31.12.2021 S\$ '000	Change in %	31.12.2022 S\$ '000	31.12.2021 S\$ '000	Change in %
ASSETS						
Non-current assets						
Property, plant and equipment	23,473	23,485	(0.05)%	2	3	(3.33)%
Intangible assets	1,447	8	>100.00%	-	-	NM
Land use rights	1,209	1,382	(12.52)%	-	-	NM
Right-of-use assets	14,624	5,733	>100.00%	-	-	NM
Investment in subsidiaries	-	-	NM	16,340	16,263	0.47%
Investment in an associate	-	2,753	(100.00)%	-	2,791	(100.00)%
Goodwill	6,507	112	>100.00%	-	-	NM
Deferred tax assets	563	37	>100.00%	-	-	NM
Due from an associate	-	9,862	(100.00)%	-	9,862	(100.00)%
	<u>47,823</u>	<u>43,372</u>	10.26%	<u>16,342</u>	<u>28,919</u>	(43.49)%
Current assets						
Inventories	29,985	33,907	(11.57)%	-	-	NM
Trade receivables	11,099	26,535	(58.17)%	-	-	NM
Other receivables and deposits	3,529	6,492	(45.64)%	5	4	25.00%
Prepayment	513	236	>100.00%	12	10	20.00%
Due from a subsidiary	-	-	NM	6,260	2,408	>100.00%
Amount due from a related party	276	282	(2.13)%	-	-	NM
Cash and cash equivalents	15,192	15,737	(3.46)%	88	768	(88.54)%
	<u>60,594</u>	<u>83,189</u>	(27.16)%	<u>6,365</u>	<u>3,190</u>	(99.53)%
Total assets	<u>108,417</u>	<u>126,561</u>	(14.34)%	<u>22,707</u>	<u>32,109</u>	(29.28)%
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	16,943	26,356	(35.71)%	-	-	NM
Other payables and accruals	8,206	8,478	(3.21)%	200	241	-17.01%
Due to a subsidiary	-	-	NM	1,354	405	>100.00%
Income tax payable	515	871	(40.87)%	-	-	NM
Lease liabilities	5,641	1,487	>100.00%	-	-	NM
Loan and borrowings	16,102	14,524	(10.86)%	-	-	NM
	<u>47,407</u>	<u>51,716</u>	(6.92)%	<u>1,554</u>	<u>646</u>	>100.00%
Net current assets	<u>13,187</u>	<u>31,473</u>	(57.77)%	<u>4,811</u>	<u>2,544</u>	89.11%
Non-current liabilities						
Lease liabilities	5,486	3,638	50.80%	-	-	NM
Other payables and accruals	45	511	(91.19)%	-	-	NM
Loan and borrowings	2,448	3,970	(38.34)%	-	-	NM
Retirement benefit obligations	1,495	1,493	0.13%	-	-	NM
Deferred tax liability	321	108	>100.00%	-	-	NM
	<u>9,795</u>	<u>9,720</u>	0.77%	<u>-</u>	<u>-</u>	NM
Total liabilities	<u>57,202</u>	<u>61,436</u>	(5.70)%	<u>1,554</u>	<u>646</u>	>100.00%
Net assets	<u>51,215</u>	<u>65,125</u>	(21.20)%	<u>21,153</u>	<u>31,463</u>	(32.77)%
Equity attributable to owners of the parent						
Share capital	66,666	63,416	5.12%	66,666	63,416	5.12%
Accumulated losses	(18,878)	(3,360)	>100.00%	(49,315)	(35,677)	38.23%
Other reserves	4,793	6,291	(23.81)%	3,802	3,724	NM
	<u>52,581</u>	<u>66,347</u>	(20.75)%	<u>21,153</u>	<u>31,463</u>	(32.77)%
Non-controlling interests	<u>(1,366)</u>	<u>(1,222)</u>	11.78%	<u>-</u>	<u>-</u>	NM
Total equity	<u>51,215</u>	<u>65,125</u>	(21.36)%	<u>21,153</u>	<u>31,463</u>	(32.77)%
Total equity and liabilities	<u>108,417</u>	<u>126,561</u>	(13.68)%	<u>22,707</u>	<u>32,109</u>	(29.28)%

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

Amount repayable in one year or less, or on demand

As at 31.12.2022		As at 31.12.2021	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
-	16,102	-	14,524

Amount repayable after one year

As at 31.12.2022		As at 31.12.2021	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
-	2,448	-	3,970

Note:

Details of any collateral

(i) The bank loans and invoice financing of subsidiaries are secured by corporate guarantees of the Company.

1 (c) A consolidated statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed Interim Consolidated Statements of Cash Flows

	Group			
	2H2022 ¹ (S\$'000)	2H2021 ² (S\$'000)	12M2022 ³ (S\$'000)	12M2021 ⁴ (S\$'000)
Operating activities				
(Loss)/Profit before income tax	(16,827)	3,389	(14,752)	5,821
Adjustments for:				
Allowance for inventory	348	51	350	51
Allowance for doubtful trade receivables	169	-	169	-
Amortisation of intangible assets	3	3	5	5
Amortisation of land use rights	28	30	57	57
Amortisation of right-of-use assets	1,685	868	2,604	1,529
Depreciation of property, plant and equipment	1,505	1,277	2,837	2,616
Finance costs	1,027	268	1,558	466
Gain on disposal of property, plant and equipment	-	(444)	-	(459)
Impairment allowance for investment in an associate	2,714	-	2,714	-
Impairment allowance for amount due from an associate	9,862	-	9,862	-
Overprovision of retirement benefits obligation in prior year	-	(531)	-	(531)
Unrealised exchange difference	(426)	(132)	(426)	(132)
Interest income	(11)	(118)	(23)	(174)
Share of loss of associate	39	10	39	10
Share option expenses	47	-	78	-
Operating cash flows before working capital changes	163	4,671	5,072	9,259
Working capital changes				
Inventories	4,642	(11,020)	4,296	(18,959)
Trade receivables	18,793	8,505	15,339	12,222
Other receivables and deposits	5,612	(3,245)	3,002	(3,346)
Prepayments	(221)	20	(277)	(35)
Due from an associate	-	(9)	-	(9)
Trade payables	(10,201)	4,323	(9,530)	5,167
Other payables and accruals	(1,539)	(453)	(1,702)	(2,037)
Deferred income tax	(559)	-	(559)	-
Provisions for retirement benefit obligations	-	115	-	115
Cash generated from operations	16,690	2,907	15,641	2,377
Interest received	11	118	23	174
Tax refund	131	-	131	-
Income tax paid	(619)	(579)	(1,435)	(1,062)
Net cash generated from operating activities	16,213	2,446	14,360	1,489
Investing activities				
Payment for intangible assets	(491)	-	(491)	-
Purchase of property, plant and equipment	(2,511)	137	(3,534)	(865)
Proceeds from disposal of property, plant and equipment	-	451	-	472
Acquisition of short-term investments	(110)	(9,478)	(4,214)	(14,435)
Proceed from disposal of short-term investments	1,881	11,971	4,214	15,059
Loan to an associate	-	(461)	-	(461)
Acquisition of a subsidiary, net of cash acquired	(1,500)	-	(2,871)	-
Net cash (used in)/generated from investing activities	(2,731)	2,620	(6,896)	(230)
Financing activities				
Proceeds from bank loans	38,894	38,033	89,345	65,803
Proceeds from issue of share capital	-	4,825	-	4,825
Initial payment of obligation under leases	(1,720)	(557)	(3,108)	(557)
Repayment of obligations under leases liabilities	(1,370)	(926)	(2,388)	(1,560)
Repayment of interest of lease liabilities	(183)	(125)	(320)	(125)
Repayment of bank loans	(45,311)	(36,630)	(89,656)	(60,677)
Interest paid	(845)	(170)	(1,238)	(341)
Net cash (used in)/generated from financing activities	(10,535)	4,450	(7,365)	7,368
<i>Net increase/(decrease) in cash and cash equivalents</i>	<i>2,947</i>	<i>9,516</i>	<i>99</i>	<i>8,627</i>
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	<i>(693)</i>	<i>(128)</i>	<i>(644)</i>	<i>46</i>
<i>Cash and cash equivalents at beginning of period</i>	<i>12,938</i>	<i>6,349</i>	<i>15,737</i>	<i>7,064</i>
Cash and cash equivalents at end of the period	15,192	15,737	15,192	15,737

Notes

¹ "2H2022": Period from 1 July 2022 to 31 December 2022

² "2H2021": Period from 1 July 2021 to 31 December 2021

³ "12M2022": Period from 1 January 2022 to 31 December 2022

⁴ "12M2021": Period from 1 January 2021 to 31 December 2021

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

Condensed Interim Statements of Changes in Equity

	Share capital	Statutory reserve fund	Foreign currency translation reserves	Share options reserves	Accumulated losses	Equity Non-controlling interests	Total attributable to owners of the parent	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group									
Balance at 1 January 2022	63,416	1,473	962	3,724	(3,360)	132	66,347	(1,222)	65,125
Net profit/(loss) for the financial year	-	-	-	-	(14,962)	-	(14,962)	(189)	(15,151)
Other comprehensive income for the financial year									
Remeasurement of defined benefit scheme	-	-	-	-	(556)	-	(556)	-	(556)
Exchange differences arising from translation of foreign operations	-	-	(1,566)	-	-	-	(1,566)	35	(1,531)
Total comprehensive income for the financial year	-	-	(1,566)	-	(15,518)	-	(17,084)	(154)	(17,238)
Total transactions with owners, recognised directly in equity									
Issue of ordinary shares	3,250	-	-	-	-	-	3,250	-	3,250
Share option expenses	-	-	-	78	-	-	78	-	78
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	(10)	(10)	10	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
	3,250	-	-	78	-	(10)	3,318	10	3,328
Balance at 31 December 2022	66,666	1,473	(604)	3,802	(18,878)	122	52,581	(1,366)	51,215
	Share capital	Statutory reserve fund	Foreign currency translation reserves	Share options reserves	Accumulated losses	Equity Non-controlling interests	Total attributable to owners of the parent	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group									
Balance at 1 January 2021	58,591	1,352	(378)	3,724	(8,310)	132	55,111	(1,118)	53,993
Net profit/(loss) for the financial year	-	-	-	-	5,166	-	5,166	(117)	5,049
Other comprehensive income for the financial year									
Remeasurement of defined benefit scheme	-	-	-	-	(95)	-	(95)	-	(95)
Exchange differences arising from translation of foreign operations	-	-	1,340	-	-	-	1,340	13	1,353
Total comprehensive income for the financial year	-	-	1,340	-	5,071	-	6,411	(104)	6,307
Total transactions with owners, recognised directly in equity									
Issuance of share capital	4,825	-	-	-	-	-	4,825	-	4,825
Transfer to statutory reserve	-	121	-	-	(121)	-	-	-	-
	4,825	121	-	-	(121)	-	4,825	-	4,825
Balance at 31 December 2021	63,416	1,473	962	3,724	(3,360)	132	66,347	(1,222)	65,125

Condensed Interim Statement of Changes in Equity (cont'd)

	Share capital	Share option reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 1 January 2022	63,416	3,724	(35,677)	31,463
Loss for the financial year, representing total comprehensive income for the financial year	-	-	(13,638)	(13,638)
Issuance of share capital	3,250	-	-	3,250
Share option expenses	-	78	-	78
Balance at 31 December 2022	<u>66,666</u>	<u>3,802</u>	<u>(49,315)</u>	<u>21,153</u>
Balance at 1 January 2021	58,591	3,724	(34,928)	27,387
Loss for the financial year, representing total comprehensive income for the financial year	-	-	(749)	(749)
Issuance of share capital	4,825	-	-	4,825
Share option expenses	-	-	-	-
Balance at 31 December 2021	<u>63,416</u>	<u>3,724</u>	<u>(35,677)</u>	<u>31,463</u>

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate Information

GSS Energy Limited (the "Company" or "GSS") is a public company limited by shares incorporated and domiciled in Singapore. The Company has been listed on the Catalist board of Singapore Exchange Securities Trading Limited (the "SGX-ST") since 12 February 2015. The Company's registration number is 201432529C. Its registered office is at 1 Harbour Avenue, Keppel Bay Tower, #14-07, Singapore 098632 and its principal place of business is at the Blk 4012 Ang Mo Kio Ave 10, #05-01 Techplace 1, Singapore 569628.

The principal activities of the Group are:

- (a) manufacture and sale of microshafts and other precision parts;
- (b) assembly of mechanisms used in computers and a range of electronic products;
- (c) sale and distribution of consumer electronics and other products;
- (d) manufacture and distribution of motor bike;
- (e) holding investments in the electric vehicle mobility ("EV") sector, and engaging in the marketing and promotion of total solutions in the EV sector, including the provision of advisory or other solutions in relation to the development, manufacture, production assembly and distribution of electric motorcycles and other electric vehicles and swapping and charging stations for electric motorcycles and other electric vehicles and software development for electric motorcycles and other electric vehicles; and
- (f) investing in oil and gas exploration through associated company.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

2.1 New and amended standards adopted by the Group

On 1 January 2022, the Group adopted new and amended SFRS(I) and interpretations to SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial period. The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in material changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial period.

2.2 Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical accounting estimates in applying the Group's accounting policies in the condensed interim financial statements for the year ended 31 December 2022:

(a) Impairment of investment in an associate and allowance for amount due from an associate

One of the principal activities of the Group is investing in oil and gas exploration through an associated company PT Sarana GSS Trembul ("PT SGT"). The impairment assessment of the investment in the PT SGT depends on the validity of the exploration permits, the progress of the exploration project including but not limited to the future plans for the evaluation and exploration project. During 12M2022, PT SGT received a letter from PT Pertamina terminating the Co-operative Agreement for the Trembul Operating Area, with effect from 26 September 2022. As at 31 December 2022, PT SGT was still in the midst of appealing against this termination and to extend the deadline for the fulfilment of the work programme of the Trembul Operating Area, but was unable to obtain the appeal by 31 December 2022. Accordingly, the Company has concluded it would be prudent to impair the investment in the associate of S\$2,714,000 and the amount due from the associate of S\$9,862,000. An appeal letter was sent by PT SGT to PT Pertamina in early February 2023 and a reply from PT Pertamina is still pending.

(b) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill of subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of a CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(c) Defined benefit plan

The expenses, assets and liabilities of the defined benefit plan managed by the Group are determined using methods relying on actuarial estimates and assumptions. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the consolidated statement of financial position.

(c) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

(d) Loss allowance for trade receivables

Management establishes the loss allowance for trade receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised the trade debtors based on their historical loss pattern, historical payment profile and adjusted for the forward looking information such as industry performance. Additionally, management also evaluates expected credit loss for customer in financial difficulties separately (credit-impaired).

3. Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer ("CEO") and Group's Chief Financial Officer ("CFO") review internal management reports at least on a half yearly basis.

The Group has two reportable segments, being Mechanisms and Microshafts, both of which are part of the PE business.

Notes to the Condensed Interim Consolidated Financial Statements

4.1 Reportable segments

	Unallocated				
	Mechanisms	Microshafts	segment ¹	Eliminations	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2H2022					
Revenue					
External customers	54,639	8,434	-	-	63,073
Intersegment revenues	(1,973)	927	-	1,046	-
	<u>52,666</u>	<u>9,361</u>	<u>-</u>	<u>1,046</u>	<u>63,073</u>
Results					
Operating profit/(loss)	(2,523)	(252)	(421)	-	(3,196)
Interest income					11
Finance costs					(1,027)
Non-operating income					-
Impairment expenses					(12,576)
Income tax expenses					373
Non-controlling interests					151
Share of losses of associate					(39)
Net loss to owners of the parent					<u>(16,303)</u>
Other segment information					
Capital expenditure	(994)	(348)	-	-	(1,342)
Depreciation and amortisation	(2,704)	(516)	(1)	-	(3,221)
Allowance for inventory	-	-	(348)	-	(348)
Foreign exchange (loss)/gain, net	(317)	253	(296)	-	(360)

	Unallocated				
	Mechanisms	Microshafts	segment ¹	Eliminations	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2H2021					
Revenue					
External customers	46,952	11,991	-	-	58,943
Intersegment revenues	9,942	985	-	(10,927)	-
	<u>56,894</u>	<u>12,976</u>	<u>-</u>	<u>(10,927)</u>	<u>58,943</u>
Results					
Operating profit/(loss)	3,716	1,282	(325)	(979)	3,694
Interest income					118
Finance costs					(268)
Income tax expenses					(78)
Non-controlling interests					56
Share of losses of associate					(10)
Net profit to owners of the parent					<u>3,512</u>
Other segment information					
Capital expenditure	(460)	(128)	(3)	-	(591)
Depreciation and amortisation	(1,533)	(645)	-	-	(2,178)
Inventories written off	-	(51)	-	-	(51)
Foreign exchange (loss)/gain, net	(81)	9	-	-	(72)

Note

¹ Unallocated segment comprised primarily corporate office expenses which cannot be attributed meaningfully to any particular segment.

Notes to the Condensed Interim Consolidated Financial Statements

4.1 Reportable segments (cont'd)

	Mechanisms S\$'000	Microshafts S\$'000	Unallocated segment ¹ S\$'000	Eliminations S\$'000	Group S\$'000
12M2022					
Revenue					
External customers	110,089	19,994	-	-	130,083
Intersegment revenues	16,099	1,814	-	(17,913)	-
	<u>126,188</u>	<u>21,808</u>	<u>-</u>	<u>(17,913)</u>	<u>130,083</u>

Results

Operating profit/(loss)	(26)	369	(946)	-	(603)
Interest income					23
Finance costs					(1,558)
Impairment expenses					(12,576)
Income tax expenses					(398)
Non-controlling interests					189
Share of losses of associate					(39)
Net loss to owners of the parent					<u>(14,962)</u>

Other segment information

Capital expenditure	(6,375)	(543)	-	-	(6,918)
Depreciation and amortisation	(4,300)	(1,202)	(1)	-	(5,503)
Allowance for inventory	(350)	-	-	-	(350)
Foreign exchange (loss)/gain, net	(100)	206	(296)	-	(190)

31.12.2022

Segment assets and liabilities

Segment assets	63,020	22,690	22,707	-	108,417
Segment liabilities	50,198	5,450	1,554	-	57,202

	Mechanisms S\$'000	Microshafts S\$'000	Unallocated segment ¹ S\$'000	Eliminations S\$'000	Group S\$'000
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12M2021

Revenue

External customers	93,787	23,701	-	-	117,488
Intersegment revenues	21,143	1,977	180	(23,300)	-
	<u>114,930</u>	<u>25,678</u>	<u>180</u>	<u>(23,300)</u>	<u>117,488</u>

Results

Operating profit/(loss)	4,277	2,883	(1,037)	-	6,123
Interest income					174
Finance costs					(466)
Income tax expenses					(772)
Non-controlling interests					117
Share of losses of associate					(10)
Net profit to owners of the parent					<u>5,166</u>

Other segment information

Capital expenditure	(695)	(205)	(50)	-	(950)
Depreciation and amortisation	(3,071)	(1,131)	(5)	-	(4,207)
Inventories written off	-	(51)	-	-	(51)
Foreign exchange gain/(loss), net	21	(38)	-	-	(17)

31.12.2021

Segment assets and liabilities

Segment assets	89,644	21,680	15,237	-	126,561
Segment liabilities	54,006	7,142	288	-	61,436

Geographical Segments

	Non-current assets		Group expenditure	
	31.12.2022 S\$'000	31.12.2021 S\$'000	31.12.2022 S\$'000	31.12.2021 S\$'000
Singapore	7,877	5,134	105	1,914
Indonesia	25,053	20,965	6,375	678
China	6,340	7,125	438	178
Other Countries	1,483	249	-	-
	<u>40,753</u>	<u>33,473</u>	<u>6,918</u>	<u>2,770</u>

Note

¹ Unallocated segment comprised primarily corporate office expenses which cannot be attributed meaningfully to any particular segment.

Notes to the Condensed Interim Consolidated Financial Statements

4.2 Disaggregation of revenue

Set out below is an overview of the revenue of the Group for the six months and full year ended 31 December 2021:

Segments	Mechanisms		Microshafts		Total	
	2H2022	2H2021	2H2022	2H2021	2H2022	2H2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Primary geographical markets</i>						
Singapore	8,791	6,686	1,051	(181)	9,842	6,505
Indonesia	43,068	37,806	354	548	43,422	38,354
Germany	35	3	716	801	751	804
China	605	1,703	2,897	5,631	3,502	7,334
Thailand	-	-	351	225	351	225
Malaysia	16	(28)	597	655	613	627
Japan	611	485	18	72	629	557
Others	1,513	297	2,450	4,240	3,963	4,537
	<u>54,639</u>	<u>46,952</u>	<u>8,434</u>	<u>11,991</u>	<u>63,073</u>	<u>58,943</u>
<i>Type of good or services</i>						
Sale of goods	52,700	42,996	8,434	11,991	61,134	54,987
Services rendered	1,939	3,956	-	-	1,939	3,956
	<u>54,639</u>	<u>46,952</u>	<u>8,434</u>	<u>11,991</u>	<u>63,073</u>	<u>58,943</u>
<i>Timing of transfer of goods and services</i>						
Point in time	<u>54,639</u>	<u>46,952</u>	<u>8,434</u>	<u>11,991</u>	<u>63,073</u>	<u>58,943</u>

	Mechanisms		Microshafts		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Primary geographical markets</i>						
Singapore	14,974	12,972	2,193	1,314	17,167	14,286
Indonesia	90,747	74,123	896	1,036	91,643	75,159
Germany	72	17	1,591	1,780	1,663	1,797
China	1,096	5,346	5,606	9,334	6,702	14,680
Thailand	-	-	604	746	604	746
Malaysia	43	19	1,236	1,126	1,279	1,145
Japan	1,152	886	60	228	1,212	1,114
Others	2,005	555	7,808	8,006	9,813	8,561
	<u>110,089</u>	<u>93,918</u>	<u>19,994</u>	<u>23,570</u>	<u>130,083</u>	<u>117,488</u>
<i>Type of good or services</i>						
Sale of goods	103,203	85,771	19,994	23,570	123,197	109,341
Services rendered	6,886	8,147	-	-	6,886	8,147
	<u>110,089</u>	<u>93,918</u>	<u>19,994</u>	<u>23,570</u>	<u>130,083</u>	<u>117,488</u>
<i>Timing of transfer of goods and services</i>						
Point in time	<u>110,089</u>	<u>93,918</u>	<u>19,994</u>	<u>23,570</u>	<u>130,083</u>	<u>117,488</u>

5. Financial assets and financial liabilities

An overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021 is set out below:

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets measured at amortised cost	29,011	53,156	6,353	13,042
Short-term Investments	-	-	-	-
	<u>29,011</u>	<u>53,156</u>	<u>6,353</u>	<u>13,042</u>
Financial liabilities				
Financial liabilities measured at amortised cost	53,793	58,195	1,554	646

6. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group		Group	
	2H2022	2H2021	12M2022	12M2021
	S\$'000	S\$'000	S\$'000	S\$'000
Taxation charge for the financial period comprises;				
Current income tax				
-current financial year	655	199	1,455	1,000
-over provision in respect of prior financial years	(1,029)	(121)	(1,057)	(282)
-withholding tax	-	-	-	52
Deferred income tax expense relating to origination and reversal of temporary differences	-	-	-	2
	<u>(374)</u>	<u>78</u>	<u>398</u>	<u>772</u>

Notes to the Condensed Interim Consolidated Financial Statements

7. Property, plant and equipment

During 2H2022, the Group acquired assets amounting to S\$2,511,000 (2H2021: S\$137,000) and disposed of/wrote off assets with net book value amounting to S\$nil (2H2021: S\$6,000).

During 12M2022, the Group acquired assets amounting to S\$3,534,000 (12M2021: S\$865,000) and disposed of/wrote off assets with net book value amounting to S\$nil (12M2021: S\$12,000).

8 Share Capital

	Group and Company			
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Number of ordinary shares			
	'000	'000	S\$'000	S\$'000
Issued and paid-up:				
At the beginning of interim period	580,192	496,859	63,416	58,591
-Issue of ordinary shares	50,000	83,333	3,250	4,825
At the end of interim period	<u>630,192</u>	<u>580,192</u>	<u>66,666</u>	<u>63,416</u>

There were also no treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

9 Subsequent events

On 2 February 2023, the Company announced it has entered into a non-binding memorandum of understanding (the "**MOU**") with MECOM Power and Construction Limited ("**MECOM**") and, together with its subsidiaries, the "**MECOM Group**", a company listed on the Main Board of The Stock Exchange of Hong Kong Limited to set out the understanding of MECOM and the Company with respect to the strategic cooperation between the MECOM Group and the GSS Energy Group in relation to the development of the electric vehicle business in Southeast Asia. Please refer to the Company's announcement dated 2 February 2023 for further information.

Other Information Required Under Listing Rule Appendix 7C

- 1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy backs, exercise of share options or warrants, conversion of other issue of equity securities, issues 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, if any, against the 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 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.

In 1H2022, the Company issued 40,500,000 warrants following the completion of acquisition of Edison Motors Co., Ltd. ("Edison Motors"). During 2H2022, no warrants (2H2021: Nil) were exercised. As at 31 December 2022, the number of shares that may be issued on exercise of all the outstanding warrants was 40,500,000 (31 December 2021: Nil) which represented approximately 6.43% (31 December 2021: Nil) of the total issued shares excluding treasury shares and subsidiary holdings.

The GSS Energy Limited Executives' Share Option Scheme (the "GEL Scheme") and GSS Energy Limited 2018 Executives' Share Option Scheme (the "GEL 2018 Scheme") were approved by the shareholders at the annual general meeting on 22 April 2016 and 23 April 2018, respectively. During 2H2022, no share options (2H2021: Nil) were granted or exercised under the GEL Scheme and GEL 2018 Scheme. As at 31 December 2022, the number of shares that may be issued on conversion of all the outstanding share options was 20,123,000 (31 December 2021: 25,323,000) which represented approximately 3.19% (31 December 2021: 4.36%) of the total issued shares excluding treasury shares and subsidiary holdings.

Number of outstanding convertibles								
Date of grant	Exercise price	Balance as at 01.07.2022	Granted during the current financial period	Exercised during the current financial period	Cancelled / lapsed during the current financial period	Balance as at 31.12.2022	Balance as at 31.12.2021	Exercise period
<u>Warrants</u>								
30.03.2022 ⁽¹⁾	S\$0.07054	40,500,000	-	-	-	40,500,000	-	(a) In respect of 13,500,000 warrants, they can be exercised commencing on the first (1st) anniversary, 30.03.2023 to 29.03.2027; (b) In respect of 13,500,000 warrants, they can be exercised commencing on the second (2nd) anniversary, 30.03.2024 to 29.03.2027; and (c) In respect of 13,500,000 warrants, they can be exercised commencing on the third (3rd) anniversary, 30.03.2025 to 29.03.2027.
<u>Share options</u>								
27.02.2017	S\$0.09856	-	-	-	-	-	10,200,000	28.02.2019 to 27.02.2022
23.02.2018	S\$0.12512	15,123,000	-	-	-	15,123,000	15,123,000	23.02.2020 to 22.02.2023
09.03.2022 ⁽²⁾	S\$0.05664	5,000,000	-	-	-	5,000,000	-	09.03.2024 to 08.03.2027

Save as disclosed above, there were no other convertibles as at 31 December 2022 and 31 December 2021. As at 31 December 2022, the number of shares that may be issued on conversion of all of the outstanding convertibles was 60,623,000 (31 December 2021: 25,323,000), which represented approximately 9.62% (31 December 2021: 4.36%) of the total issued shares excluding treasury shares and subsidiary holdings.

There were no treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

Notes:

- (1) Announcement in relation of the issue of warrants upon completion of the acquisition of Edison Motors, dated 30 March 2022 can be found at URL: https://links.sgx.com/FileOpen/SGX-GSSEL-ANNOUNCEMENT_COMPLETION.aspx?App=Announcement&FileID=709092.
- (2) Announcement in relation of the grant of share options, dated 10 March 2022 can be found at URL: https://links.sgx.com/FileOpen/SGX-GSSEL_Share_Options_Grant_20220310.aspx?App=Announcement&FileID=706794. The Company had on 10 March 2022, announced the grant of 6,000,000 employee share options to eligible persons under the GEL Scheme. Eventually, there were only 5,000,000 employee share options which were granted.

- 1 (d) (iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.

	Company	
	31.12.2022	31.12.2021
Total number of issued shares (excluding treasury shares)	630,191,957	580,191,957

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

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during and as at the current financial period reported on.

- 1 (d) (v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of subsidiary holdings during and as at the current financial period reported on.

- 2 Whether are the figures have been audited, or reviewed and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagement to review Financial Statement), or an equivalent standard.

The figures have not been audited or reviewed by the external auditors of the Company.

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

Not applicable.

- 3 A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) updates on the efforts taken to resolve each outstanding audit issue.
(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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.

Refer to Note 2 (Basis of Preparation) of the condensed interim consolidated financial statements.

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 effects of, the change.

Refer to Note 2 (Basis of Preparation) of the condensed interim consolidated financial statements

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

	Group			
	2H2022 S'pore cents	2H2021 S'pore cents	12M2022 S'pore cents	12M2021 S'pore cents
Earnings per ordinary share for the period:				
a) Based on weighted average number of shares in issue	(2.59)	0.61	(2.42)	0.99
Weighted average number of ordinary shares	630,191,957	549,681,951	618,137,162	523,342,665
b) On a fully diluted basis	(2.59)	0.61	(2.42)	0.99
Adjusted weighted average number of ordinary shares	630,191,957	549,681,951	618,137,162	523,342,665

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital (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	
	31.12.2022 S'pore cents	31.12.2021 S'pore cents	31.12.2022 S'pore cents	31.12.2021 S'pore cents
Net assets value per ordinary share	8.34	11.22	3.36	5.42
Net tangible assets value per ordinary share	6.89	10.97	3.36	5.42

Item 7: The net assets/net tangible assets value per share for the period ended 31 December 2022 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 630,191,957 ordinary shares (31 December 2021: 580,191,957 ordinary shares).

**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 effected 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.**

General

- (i) The Group is engaged in the precision engineering business ("PE") and electronic vehicles ("EV") and retains a remaining non-operational interest in oil and gas services business ("O&G"). During 12M2022, the PE business contributed 100% of the revenue and earnings. For costs, the PE business contributed 96%, with the remaining 4% from the EV business and nil from the O&G business. The Group did not face any material seasonal or cyclical fluctuations during 12M2022.

Consolidated Income Statement

- (ii) The turnover for 12M2022 was S\$130.08 million. This was entirely contributed by the PE business and increased by 10.72% from 12M2021, albeit with a slow down of growth in 2H2022, compared to 1H2022. The growth in turnover was driven by increasing demand for consumer electronic products in the Group's customers end markets. However, this increase in demand slowed down in 2H2022 mainly due to economic uncertainties resulting from the interest rate hikes which were implemented across many countries, including the United States of America.
- (iii) The Group achieved a gross margin of 12.19% for 12M2022 as compared to 15.56% for 12M2021, due to the increase in cost of sales for 12M2022 compared to 12M2021 by 15.14%. Cost of electronic components increased as demand for such components remains high across the globe, notwithstanding an improvement in the supply of such components. Other notable factors contributing to the increased costs of sales include higher operating costs in relation to manpower, electricity and water, and rental rates continuing to rise in the locations where the factories of the Group are operating.
- (iv) Gross profit for 12M2022 decreased by 13.26% from 12M2021 primarily due to the higher increase in costs of sales as compared to the increase in revenue in 12M2021.
- (v) The Group recorded other income of S\$0.79 million in 12M2022 as compared to S\$1.77 million in 12M2021. This is lesser than that recorded in 12M2021 as there was a recognition of a gain on disposal of property, plant and equipment at S\$0.46 million arising from a disposal of property by its wholly-owned subsidiary in China in 2H2021 and writing back for overprovision of retirement benefits obligation in 2H2021.
- (vi) Interest income for 12M2022 was S\$0.02 million, compared to S\$0.17 million in 12M2021. The decrease in interest income was due to utilising internal funds to pay for the initial deposit to purchase 5 new surface mounting technology lines deployed in the Group's factory in Indonesia.
- (vii) The selling and distribution expenses for 12M2022 was S\$12.05 million, compared to S\$9.92 million in 12M2021. The increase in selling and distribution expenses was mainly due to expensing of S\$0.93 million in relation to prototypes and other development cost for EV, S\$0.35 million for providing allowance for inventories for items with lower realisable value, increases in manpower costs, sample costs, freight and handling costs, and increased costs for the insurance coverage for higher inventory and property, plant and equipment.
- (viii) The administrative expenses for 12M2022 was S\$5.01 million, compared to S\$4.00 million in 12M2021. This was mainly due to expenses incurred for the acquisition of Edison Motors and the valuation exercise conducted in relation thereto and the engagement of professionals for compliance with listing requirements for the corporate actions undertaken during 12M2022.
- (ix) Other expenses comprise a net foreign exchange loss of S\$0.19 million in 12M2022 as compared to S\$0.02 million in 12M2021. This is mainly due to the weakening of the United States Dollars exchange rate against Indonesia Rupiah and Singapore Dollars in 2H2022, resulting in a net loss recorded for 12M2022.
- (x) Finance costs for 12M2022 was S\$1.56 million, compared to S\$0.47 million in 12M2021. The increase was due to higher lease liabilities interest arising from right-of-use assets, rising interest rates and incurred invoice discounting cost for earlier trade payments arranged with existing customers.
- (xi) Impairment expenses for 12M2022 was S\$12.58 million. The Company impaired its investment in an associate, PT Sarana GSS Trembul ("PT SGT"), and amount due from an associate in 2H2022. This was due to PT Pertamina terminating the Co-operative Agreement (the "KSO Agreement") for the Trembul Operating Area with PT SGT in 2022. Please refer to the Company's announcement dated 28 December 2022 for further information on the termination of the KSO Agreement and the announcement dated 30 January 2023 for further information profit guidance for the Group's unaudited full year financial results for the financial year ended 31 December 2022.
- (xii) Income tax expense recorded as S\$0.40 million for 12M2022, compared to S\$0.77 million in 12M2021. The decrease was due to over provision of taxation in 12M2021 that was offset with tax provision for 12M2022.
- (xiii) Remeasurement of defined benefit pension scheme was S\$0.56 million in 12M2022, compared to S\$0.10 million in 12M2021. In 12M2021, a new manpower regulation was issued in Indonesia reducing employee pension benefit value from about 32 months to about 25 months. Our subsidiary in Indonesia wrote back excess provision in 12M2021, which resulted in the lower figure reflected in 12M2021.
- (xiv) Exchange differences arising from translation of foreign operations was a loss of S\$1.53 million for 12M2022, compared to a gain of S\$1.35 million in 12M2021. This swing from translation gain to translation loss was mainly attributable to translating the functional currency of the Group's China operations from Chinese Renminbi to the presentation currency of Singapore Dollars.
- (xv) Amortisation of right-of-use assets for 12M2022 was S\$2.60 million, compared to S\$1.53 million in 12M2021. Higher amortisation in 12M2022 was due to addition of right-of-use assets.
- (xvi) Allowance for inventory for 12M2022 was S\$0.35 million, compared to S\$0.05 million in 12M2021. The increase was due to write down of inventory value for items with lower realisable value.
- (xvii) Allowance for doubtful trade receivables for 12M2022 was S\$0.17 million. This was due to providing allowance for non-payment receivables.
- (xviii) Depreciation of property, plant and equipment for 12M2022 was S\$2.84 million, compared to S\$2.62 million in 12M2021. The increase was mainly due to depreciation for machinery and equipment acquired by the Group's factories in China and Indonesia during 12M2022.
- (xix) Gain on disposal of property, plant and equipment for 12M2022 was S\$0.01 million, compared to S\$0.46 million in 12M2022. The decrease was due to disposal of one unit of residential property owned by a wholly-owned subsidiary company in China in 12M2021.
- (xx) Share option expenses for 12M2022 was \$0.08 million. The increase was due to the grant of 5,000,000 employee share options to eligible persons under the GEL Scheme on 9 March 2022 and the share option expense is amortised over the vesting period. Please refer to paragraph 1(d)(ii) of this announcement for further information.

Consolidated Statement of Financial Position

- 8 (xxi) Property, plant and equipment as at 31 December 2022 was S\$23.47 million. This was a marginal decrease of S\$0.02 million from 31 December 2021 after accounting for S\$0.91 million for tooling in progress for EV business, S\$1.68 million for acquisition of machineries and equipment to cope with customers' increased orders and to replace aged machines used in production, and S\$0.11 million for purchase of truck for delivery purposes. This was partially offset by depreciation for the year.
- (xxii) Intangible assets comprise computer software, licensing and design, development cost and patent. The increase from S\$0.01 million as at 31 December 2021 to S\$1.45 million as at 31 December 2022 resulted mainly from the acquisition of Edison Motors and is partially offset with amortisation in accordance with accounting policy.
- (xxiii) Land use rights as at 31 December 2022 was S\$1.21 million. The marginal decrease of S\$0.17 million from 31 December 2021 was due to amortisation of land use rights.
- (xxiv) Right-of-use assets as at 31 December 2022 was S\$14.62 million. This is an increase of S\$8.89 million from 31 December 2021. The increase was due to addition of 5 new surface mounting technology lines deployed in the Group's factory in Indonesia and partially offset by amortisation for the year.
- (xxv) The Company impaired its investment in an associate, PT SGT, and amount due from such associate in 2H2022. Please refer to paragraph 8(xi) of this announcement for further information.
- (xxvi) The Group engaged an independent valuer to prepare the purchase price allocation ("PPA") valuation exercise on acquisition of Edison Motors in accordance with SFRS (I) - 3 Business Combinations and it was completed in the reporting period. The goodwill arising from the acquisition was finalised at S\$6.40 million, and the carrying amount of intangible, deferred tax liability and amortisation of the intangibles were also determined and adjusted accordingly upon finalisation of the PPA valuation.
- (xxvii) Deferred tax assets as at 31 December 2022 was S\$0.56 million. The increase was due to recognition of losses arising from the Group's China subsidiary to the extent of the existing taxable temporary difference.
- (xxviii) Inventories as at 31 December 2022 was S\$29.99 million, a decrease of S\$3.92 million from 31 December 2021. The decrease was due to the utilisation of inventories which were previously built up due to instructions from customers and cutting down of inventory holdings in response to the slowing down of orders in the last quarter of 2022. This in turn reduced purchase and trade payables from S\$26.36 million as at 31 December 2021 to S\$16.94 million as at 31 December 2022.
- (xxix) Trade receivables as at 31 December 2022 was S\$11.10 million, a decrease of S\$15.44 million from 31 December 2021. The Group had negotiated with an existing customer to settle outstanding trade payments more quickly so as to allow the Group to procure electronic components used in the customer's products amidst the challenges faced in sourcing for such components.
- (xxx) Other receivables and deposits at 31 December 2022 were S\$3.53 million. This was a decrease of S\$2.96 million from 31 December 2021, mainly attributable to a reduction of S\$1.27 million in advances paid and expensing off S\$0.93 million of deposit paid for EV development.
- (xxxi) Prepayment as at 31 December 2022 was S\$0.51 million. This was an increase of S\$0.28 million from 31 December 2021, due mainly to additional prepaid expenses made for operational purposes during 12M2022.
- (xxxii) Other payables and accruals (both current and non-current liabilities) as at 31 December 2022 was S\$8.25 million, a decrease of S\$0.74 million from 31 December 2021. This is mainly due to payments made for the factory construction which was in progress in Indonesia in 12M2022. Subsequent to 31 December 2022, titles to the factory and land have been transferred to the PT Giken Precision Indonesia, a subsidiary of the Company.
- (xxxiii) Income tax payable as at 31 December 2022 was S\$0.52 million. This was a decrease of S\$0.36 million from 31 December 2021 due to overprovision in the 12M2022 and a lower profitability recorded for the Group in 12M2022.
- (xxxiv) Lease liabilities (both current and non-current liabilities) as at 31 December 2022 was S\$11.13 million, an increase of S\$6.00 million from 31 December 2021. The increase included S\$8.90 million for purchase of new machines, and partially offset by repayment of lease liabilities and initial payment of obligation under leases.
- (xxxv) Deferred tax liability as at 31 December 2022 was S\$0.32 million, an increase of S\$0.21 million from 31 December 2021. The increase was mainly due to recording S\$0.21 million of deferred tax liabilities upon completion of PPA valuation for acquisition of Edison Motors. Please refer to paragraph 8(xxvi) of this announcement for further information.
- (xxxvi) Other reserves as at 31 December 2022 was S\$4.79 million, a decrease of S\$1.50 million from 31 December 2021. The decrease was mainly due to exchange losses arising from translation of foreign operations as at end of the reporting period.
- (xxxvii) The net assets of the Group as at 31 December 2022 was S\$51.22 million. Net assets per share as at 31 December 2022 was S\$0.081.

Consolidated Statement of Cash Flows

- (xxxviii) The Group generated a net operating cash of S\$15.35 million during 12M2022. This is mainly due to the Group negotiating with an existing customer to settle outstanding trade payments more quickly.
- (xxxix) Net cash used in investing activities during the year was S\$6.90 million. This includes S\$3.53 million for acquiring machines and equipment, S\$0.49 million for acquiring intangible assets and net cash outflows of S\$2.87 million for the acquisition of a subsidiary in Thailand (Edison Motors) to drive its EV development.
- (xxxx) Net cash used in financing activities during the year was S\$7.37 million. This included proceeds of S\$89.35 million from bank borrowings, and was offset by S\$89.66 million for repayment of bank borrowings, initial payment of S\$2.39 million for obligations under leases, S\$2.39 million for repayment of obligations under lease liabilities arising from right-of use assets, and S\$1.23 million for interest on loan and borrowings, lease liabilities and invoice discounting for earlier trade payments arranged with an existing customer.
- (xxxvii) Net cash and cash equivalents as at 31 December 2022 stood at S\$15.19 million, a decrease of S\$0.55 million from 31 December 2021.

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

The Group did not make any forecast or prospect statement for the current period 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 continues to operate in the PE, EV and O&G sectors.

In the PE business, the Group continues to receive orders from existing customers and remains in active engagement with potential customers to broaden its customer base.

In the EV business, we have homologated our current model in Thailand and are in the process of obtaining certification in Malaysia and Hong Kong. We are currently in discussion with potential distributors, particularly in the Southeast Asia territories. We have started manufacturing work of the electric bikes and the first batch of bikes is expected to roll out in the latter part of 2nd quarter of 2023. The EV business is expected to generate revenue for the Group from the 2nd half of 2023.

In the O&G business, the Group's associate, PT SGT, received a letter from PT Pertamina terminating the Co-operative Agreement for the Trembul Operating Area, with effect from 26 September 2022. As at 31 December 2022, PT SGT was still in the midst of appealing against this termination and to extend the deadline for the fulfilment of the work programme of the Trembul Operating Area, but was unable to obtain the appeal by 31 December 2022. Accordingly, the Company has concluded it would be prudent to impair the investment in the associate of S\$2,714,000 and the amount due from the associate of S\$9,862,000. An appeal letter was sent by PT SGT to PT Pertamina in early February 2023 and a reply from PT Pertamina is still pending.

11 If a decision regarding dividend has been made:

Yes.

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

No.

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

Not applicable.

(b) (ii) Previous corresponding period ... cents

Not applicable.

(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.

The Board has reviewed the Group's resources for ongoing operations and plans for expansion, and considered that the consolidation of all available financial resources would enable the Group to use such financial resources more effectively to support growth and enhance shareholder value. Accordingly, a dividend was not recommended for this year.

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.

No general mandate for IPTs has been obtained from shareholders. There are no IPTs of S\$100,000 or more during the period under review.

14 Please disclose the use of the IPO proceeds and any proceeds arising from any offerings pursuant to Chapter 8 as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in the offer document or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must also announce the reasons for such deviation.

The Group raised net proceeds amounting to approximately S\$4.835 million (the "Net Proceeds") from the issue of 83,333,300 new ordinary shares pursuant to a placement exercise completed on 6 September 2021 (the "Placement").

As at the date of this announcement, the use of the Net Proceeds from the Placement is as follows:

Use of Net Proceeds	Amount allocated ⁽¹⁾ S\$'000	Percentage Allocation %	Amount utilised as at the date of this announcement S\$'000	Percentage utilisation	Balance
Financing the Group's business expansion	4,365	90.28%	4,365 ⁽²⁾⁽³⁾⁽⁴⁾	Approximately 100%	Nil
General working capital of the Group	470	9.72%	470 ⁽⁵⁾	Approximately 100%	Nil
Total	<u>4,835</u>	<u>100.00%</u>	<u>4,835</u>		

Notes:

(1) Please refer to the announcement dated 6 October 2022 for the re-allocation and use of Net Proceeds from the Placement.

(2) S\$1,000,000 has been disbursed over the last quarter of 2021 to the first quarter of 2022 for purchase of materials in preparation of the Group's production of electric 2-wheelers.

(3) S\$3,000,000 has been disbursed as cash consideration following the completion of acquisition of 100% of the share capital of Edison Motors. The cash consideration has been paid in the following manner:

- (i) S\$1,500,000 was paid on completion of the acquisition (30 March 2022); and
- (ii) S\$1,500,000 was paid on the date falling 6 months from completion of the acquisition (6 October 2022).

Please refer to the Company's announcements dated 19 November 2021, 24 March 2022 and 30 March 2022 for more information in relation to the acquisition of Edison Motors.

(4) S\$365,000 had been utilised over a period from February 2022 to November 2022 to engage third party software developers to design and develop the software for the electronic control unit of the electric 2-wheelers.

(5) S\$470,000 had been utilised in September 2021 to expedite the monetisation process of the Group's oil and gas investment through its associate. The amount has been provided as general working capital to the associate for daily operating expenses in connection with overall drilling activities such as field site security expenses, purchase of casing and cement, and rental of equipment.

15 Negative confirmation pursuant to Rule 705(5)

Not applicable for announcement on full year results.

16 Confirmation by the issuer pursuant to Rule 720(1)

The Company confirms that undertakings under Rule 720(1) have been obtained from its directors and executive officers in the format set out in Appendix 7H.

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

See Note 4 to the Condensed Interim Consolidated Financial Statements and paragraph 8 of this announcement.

18 A breakdown of sales

	Group		Increase /(Decrease)
	12 months ended		
	31 December	31 December	
	2022	2021	%
(a) Sales reported for first half year	S\$ '000	S\$ '000	
(b) Operating profit after tax before deducting Non-controlling interests reported for first half year	67,010	58,545	14.46%
(c) Sales reported for second half year	2,574	1,738	48.10%
(d) Operating profit after tax before deducting Non-controlling interests reported for second half year	63,073	58,943	7.01%
	(14,779)	3,522	NM

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

Total Annual Dividend

	Latest Full Year (S\$'000)	Previous Full Period (S\$'000)
Ordinary	0	0
Preference	0	0
Total :	0	0

NA

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 set out in Appendix 7C, Paragraph 20. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person occupying any managerial positions in the Company or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Anthony Kuek
Chairman

Date 15 March 2023

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"). It has not been examined or approved by Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents the 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 Mr Bernard Lui:
Telephone no. (65) 6389 3000;
Email address bernard.lui@morganlewis.com*