



GSS ENERGY LIMITED
RCB No: 201432529C

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2018

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.

Consolidated statement of comprehensive income for the fourth quarter and twelve (12) months ended 31 December 2018.

	4Q2018 ¹ (S\$'000)	4Q2017 ² (S\$'000)	Change in %	Group 12M2018 ³ (S\$'000)	12M2017 ⁴ (S\$'000)	Change in %
Revenue						
PE	21,437	24,147	(11.22)%	100,832	94,327	6.90%
O&G	-	-	NM	-	-	NM
Group	21,437	24,147	(11.22)%	100,832	94,327	6.90%
Cost of sales						
PE	(17,451)	(20,295)	(14.01)%	(80,168)	(75,226)	6.57%
O&G	-	-	NM	-	-	NM
Group	(17,451)	(20,295)	(14.01)%	(80,168)	(75,226)	6.57%
Gross profit						
PE	3,986	3,852	3.48%	20,664	19,101	8.18%
O&G	-	-	NM	-	-	NM
Group	3,986	3,852	3.48%	20,664	19,101	8.18%
Other items of income						
Other income						
PE	506	1,416	(64.27)%	707	3,437	(79.43)%
O&G	1	1	0.00%	1	2	(50.00)%
Group	507	1,417	(64.22)%	708	3,439	(79.41)%
Other items of expenses						
Distribution and selling expenses						
PE	(2,162)	(1,800)	20.11%	(7,906)	(7,290)	8.45%
O&G	(29)	(220)	(86.82)%	(787)	(418)	88.28%
Group	(2,191)	(2,020)	8.47%	(8,693)	(7,708)	12.78%
Administration expenses						
PE	(739)	(973)	(24.05)%	(3,140)	(3,023)	3.87%
O&G	(142)	(728)	(80.49)%	(831)	(1,676)	(50.42)%
Group	(881)	(1,701)	(48.21)%	(3,971)	(4,699)	(15.47)%
Other operating expenses						
PE	-	(5)	(100.00)%	-	(53)	(100.00)%
O&G	30	-	NM	-	-	NM
Group	30	(5)	NM	-	(53)	(100.00)%
Profit/(Loss) from operations before net foreign exchange						
PE	1,591	2,490	(36.10)%	10,325	12,172	(15.17)%
O&G	(140)	(947)	(85.22)%	(1,617)	(2,092)	(22.71)%
Group	1,451	1,543	(5.96)%	8,708	10,080	(13.61)%
Foreign exchange (loss)/gain, net	(168)	(370)	(54.59)%	203	(1,916)	NM
Profit from operations after net foreign exchange	1,283	1,173	9.38%	8,911	8,164	9.15%
Corporate Expenses	(861)	(508)	69.49%	(3,104)	(2,348)	32.20%
Impairment Expenses	(49)	-	NM	(2,999)	-	NM
Finance income	49	43	13.95%	203	198	2.53%
Finance costs	(44)	(15)	>100.00%	(136)	(21)	>100.00%
Profit before income tax	378	693	(45.45)%	2,875	5,993	(52.03)%
Income tax credit/(expense)	367	(295)	NM	(748)	(1,779)	(57.95)%
Profit for the financial period	745	398	87.19%	2,127	4,214	(49.53)%
Other comprehensive income:						
<i>Items that will not be reclassified subsequently to profit and loss</i>						
Remeasurement of defined benefit pension scheme	(156)	(189)	(17.46)%	(156)	(189)	(17.46)%
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translating of foreign operations	(84)	95	NM	(274)	(38)	>100.00%
Other comprehensive income for the financial period, net of tax	(240)	(94)	>100.00%	(430)	(227)	89.43%
Total comprehensive income for the financial period	505	304	66.12%	1,697	3,987	(57.44)%
Profit attributable to:-						
Owners of the parent	862	454	89.87%	2,311	4,355	(46.93)%
Non-controlling interests	(117)	(56)	>100.00%	(184)	(141)	30.50%
	745	398	87.19%	2,127	4,214	(49.53)%
Other comprehensive income attributable to:-						
Owners of the parent	624	357	74.79%	1,891	4,119	(54.09)%
Non-controlling interests	(119)	(53)	>100.00%	(194)	(132)	46.97%
	505	304	66.12%	1,697	3,987	(57.44)%

1 (a) (ii) Other information

	4Q2018 ¹ (S\$'000)	4Q2017 ² (S\$'000)	Change in %	Group 12M2018 ³ (S\$'000)	12M2017 ⁴ (S\$'000)	Change in %
Finance income	49	43	13.95%	203	198	2.53%
Finance cost	(44)	(15)	>100.00%	(136)	(21)	>100.00%
Amortisation of intangible assets	(5)	(12)	(8.33)%	(23)	(7)	>100.00%
Amortisation of land use rights	(14)	(13)	7.69%	(56)	(159)	(64.78)%
Depreciation of property, plant and equipment	(501)	(449)	11.58%	(1,880)	(1,473)	27.63%
Foreign exchange (loss)/gain, net	(168)	(370)	(54.59)%	203	(1,916)	NM
Impairment allowance for exploration and evaluation assets	(49)	-	NM	(2,999)	-	NM
Allowance for inventory obsolescence written back	4	82	(95.12)%	4	82	(95.12)%
Compensation for acquisition of land and building by Changzhou Government State Land Office, net of tax	-	1,009	(100.00)%	-	2,300	(100.00)%
Government incentive	449	-	NM	449	-	NM
Share option expenses	(407)	(349)	16.62%	(1,626)	(1,121)	45.05%

Notes

¹ "4Q2018": Period from 1 Oct 2018 to 31 Dec 2018

² "4Q2017": Period from 1 Oct 2017 to 31 Dec 2017

³ "12M2018": Period from 1 Jan 2018 to 31 Dec 2018

⁴ "12M2017": Period from 1 Jan 2017 to 31 Dec 2017

⁵ "PE": Precision Engineering Business

⁶ "O&G": Oil and Gas Business

⁷ "NM": Not Meaningful

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.

Statements of Financial Position

	Group			Company		
	31.12.2018 S\$ '000	As at 31.12.2017 S\$ '000	Change in %	31.12.2018 S\$ '000	As at 31.12.2017 S\$ '000	Change in %
ASSETS						
Non-current assets						
Property, plant and equipment	11,819	10,179	16.11%	-	-	NM
Intangible assets	48	71	(32.39)%	-	-	NM
Land use rights	1,455	1,560	(6.73)%	-	-	NM
Exploration and evaluation assets	12,973	12,444	4.25%	-	-	NM
Investment in subsidiaries	-	-	NM	28,683	28,683	0.00%
Goodwill	112	112	0.00%	-	-	NM
Due from subsidiaries	-	-	NM	15,420	13,351	15.50%
	<u>26,407</u>	<u>24,366</u>	8.38%	<u>44,103</u>	<u>42,034</u>	4.92%
Current assets						
Inventories	11,829	10,003	18.25%	-	-	NM
Trade receivables	24,356	24,763	(1.64)%	-	-	NM
Other receivables and deposits	3,589	1,903	88.60%	-	3	(100.00)%
Prepayment	192	174	10.34%	13	10	30.00%
Short-term investments	2,819	7,381	(61.81)%	-	-	NM
Deferred tax assets	34	-	NM	-	-	NM
Pledge deposits	1,596	1,659	(3.80)%	-	-	NM
Cash and cash equivalents	6,111	4,719	29.50%	91	11	>100.00%
	<u>50,526</u>	<u>50,602</u>	(0.15)%	<u>104</u>	<u>24</u>	>100.00%
Total assets	<u>76,933</u>	<u>74,968</u>	2.62%	<u>44,207</u>	<u>42,058</u>	5.11%
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	16,170	16,162	0.05%	-	-	NM
Other payables and accruals	7,365	9,013	(18.28)%	413	312	32.37%
Due to a subsidiary	-	-	NM	19,403	12,753	52.14%
Current income tax payable	402	2,348	(82.88)%	-	-	NM
Loan and borrowings	5,033	2,897	73.73%	-	-	NM
	<u>28,970</u>	<u>30,420</u>	(4.77)%	<u>19,816</u>	<u>13,065</u>	51.67%
Net current assets/(liabilities)	<u>21,556</u>	<u>20,182</u>	6.81%	<u>(19,712)</u>	<u>(13,041)</u>	51.15%
Non-current liabilities						
Retirement benefit obligations	1,506	1,414	6.51%	-	-	NM
	<u>1,506</u>	<u>1,414</u>	6.51%	<u>-</u>	<u>-</u>	NM
Total liabilities	<u>30,476</u>	<u>31,834</u>	(4.27)%	<u>19,816</u>	<u>13,065</u>	51.67%
Net assets	<u>46,457</u>	<u>43,134</u>	7.70%	<u>24,391</u>	<u>28,993</u>	(15.87)%
Equity attributable to owners of the parent						
Share capital	58,522	58,522	0.00%	58,522	58,522	0.00%
Accumulated losses	(15,497)	(17,502)	(11.46)%	(36,878)	(30,650)	20.32%
Other reserves	3,843	2,196	75.00%	2,747	1,121	>100.00%
	<u>46,868</u>	<u>43,216</u>	8.45%	<u>24,391</u>	<u>28,993</u>	(15.87)%
Non-controlling interests	(411)	(82)	>100.00%	-	-	NM
Total equity	<u>46,457</u>	<u>43,134</u>	7.70%	<u>24,391</u>	<u>28,993</u>	(15.87)%
Total equity and liabilities	<u>76,933</u>	<u>74,968</u>	2.62%	<u>44,207</u>	<u>42,058</u>	5.11%

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

Amount repayable in one year or less, or on demand

As at 31.12.2018		As at 31.12.2017	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
5,033	-	2,897	-

Amount repayable after one year

As at 31.12.2018		As at 31.12.2017	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
-	-	-	-

Note:

Details of any collateral

- (i) The short-term bank loan of a subsidiary company is secured by fixed deposit placed with the bank.
- (ii) The short-term bank loan and invoice financing of a subsidiary company is secured by corporate guarantee of the Company.
- (iii) Finance lease liabilities as at 31 December 2017 was S\$0.05 million and secured by a subsidiary company's motor vehicles under a finance lease arrangement.

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.

	Group			
	4Q2018 ¹ (S\$'000)	4Q2017 ² (S\$'000)	12M2018 ³ (S\$'000)	12M2017 ⁴ (S\$'000)
Operating activities				
Profit before income tax	378	693	2,875	5,993
Adjustments for:				
Allowance for inventory obsolescence written back	(4)	(82)	(4)	(82)
Amortisation of intangible assets	5	12	23	7
Amortisation of land use rights	14	13	56	159
Compensation for acquisition of land and building by Changzhou Government State Land Office (Reclassify to cash from investing activities)	-	(1,344)	-	(3,128)
Depreciation of property, plant and equipment	501	449	1,880	1,473
Impairment allowances for exploration and evaluation assets	49	-	2,999	-
Finance costs	44	15	136	21
Unrealised exchange difference	(202)	(868)	(202)	(868)
Finance income	(49)	(43)	(203)	(198)
Share option expenses	407	349	1,626	1,121
Operating cash flows before working capital changes	1,143	(806)	9,186	4,498
Working capital changes				
Inventories	(1,023)	(1,284)	(1,872)	(3,487)
Trade receivables	8,096	1,726	829	(5,990)
Other receivables and deposits	1,268	832	(405)	(1,147)
Prepayments	17	284	(19)	(56)
Trade payables	(3,716)	1,500	(220)	5,007
Other payables and accruals	(434)	3,919	(1,610)	5,441
Deferred income tax	(35)	-	(35)	-
Retirement benefit obligation settled	92	39	92	39
Cash generated from operations	5,408	6,210	5,946	4,305
Interest received	49	43	203	198
Interest paid	(44)	(15)	(136)	(21)
Tax refund	46	-	46	-
Income tax paid	(272)	(916)	(2,730)	(1,444)
Net cash generated from operating activities	5,187	5,322	3,329	3,038
Investing activities				
Deposit paid to acquire property, plant and equipment	(1,340)	-	(1,340)	-
Payment for intangible assets	-	(45)	-	(69)
Purchase of property, plant and equipment	(2,403)	(1,217)	(3,958)	(5,320)
Payment to exploration and evaluation assets	(506)	(5,580)	(3,245)	(9,006)
Addition to short-term investments	(267)	(4,090)	(960)	(4,091)
Proceed from short-term investments	-	-	5,413	-
Net cash from acquisition of a joint venture	-	-	-	40
Compensation for acquisition of land and building by Changzhou Government State Land Office	-	1,344	-	3,128
Net cash used in investing activities	(4,516)	(9,588)	(4,090)	(15,318)
Financing activities				
Bank balances pledged	106	(1,104)	68	(1,072)
Capital contribution from a non-controlling interest of a subsidiary	-	-	-	135
Proceeds from bank loans	6,917	2,158	21,487	2,943
Proceeds from finance lease	-	33	-	33
Repayment of bank loans	(6,994)	(71)	(19,259)	(145)
Repayment of obligations under finance leases	-	(24)	(49)	(48)
Net cash (used in)/generated from financing activities	29	992	2,247	1,846
<i>Net increase/(decrease) in cash and cash equivalents</i>	<i>700</i>	<i>(3,274)</i>	<i>1,486</i>	<i>(10,434)</i>
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	<i>(13)</i>	<i>323</i>	<i>(94)</i>	<i>211</i>
<i>Cash and cash equivalents at beginning of period</i>	<i>5,424</i>	<i>7,670</i>	<i>4,719</i>	<i>14,942</i>
Cash and cash equivalents at end of the period	6,111	4,719	6,111	4,719

Notes

¹ "4Q2018": Period from 1 Oct 2018 to 31 Dec 2018

² "4Q2017": Period from 1 Oct 2017 to 31 Dec 2017

³ "12M2018": Period from 1 Jan 2018 to 31 Dec 2018

⁴ "12M2017": Period from 1 Jan 2017 to 31 Dec 2017

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.

	Share capital	Capital reserve	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	S\$'000
The Group										
Balance at 1 January 2018	58,522	-	1,006	72	1,121	(17,502)	(3)	43,216	(82)	43,134
Net profit/(loss) for the financial year	-	-	-	-	-	2,311	-	2,311	(184)	2,127
Other comprehensive income for the financial year										
Remeasurement of defined benefit scheme	-	-	-	-	-	(156)	-	(156)	-	(156)
Exchange differences arising from translation of foreign operations	-	-	-	(264)	-	-	-	(264)	(10)	(274)
Other comprehensive income for the financial year	-	-	-	(264)	-	(156)	-	(420)	(10)	(430)
Total comprehensive income for the financial year	-	-	-	(264)	-	2,155	-	1,891	(194)	1,697
Changes in ownership interest in subsidiary										
Acquisition of non controlling interests without a change in control	-	-	-	-	-	-	135	135	(135)	-
Total changes in ownership interest in subsidiary	-	-	-	-	-	-	135	135	(135)	-
Others										
Share option expense	-	-	-	-	1,626	-	-	1,626	-	1,626
Transactions with owners of the parent recognised directly in equity										
<i>Contributions by and distribution to owners</i>										
Transfer to statutory reserve	-	-	150	-	-	(150)	-	-	-	-
Total contributions by and distributions to owners	-	-	150	-	-	(150)	-	-	-	-
Total transactions with owners	-	-	150	-	-	(150)	-	-	-	-
Balance at 31 December 2018	58,522	-	1,156	(192)	2,747	(15,497)	132	46,868	(411)	46,457
Balance at 1 January 2017	58,522	-	873	119	-	(21,535)	(3)	37,976	(85)	37,891
Net profit/(loss) for the financial year	-	-	-	-	-	4,355	-	4,355	(141)	4,214
Other comprehensive income for the financial year										
Remeasurement of defined benefit scheme	-	-	-	-	-	(189)	-	(189)	-	(189)
Exchange differences arising from translation of foreign operations	-	-	-	(47)	-	-	-	(47)	9	(38)
Other comprehensive income for the financial year	-	-	-	(47)	-	(189)	-	(236)	9	(227)
Total comprehensive income for the financial year	-	-	-	(47)	-	4,166	-	4,119	(132)	3,987
Contributions by owners										
Transfer to statutory reserve	-	-	133	-	-	(133)	-	-	-	-
Others										
Share option expenses	-	-	-	-	1,121	-	-	1,121	-	1,121
Issue ordinary shares to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	135	135
	-	-	-	-	1,121	-	-	1,121	135	1,256
Balance at 31 December 2017	58,522	-	1,006	72	1,121	(17,502)	(3)	43,216	(82)	43,134

Statement of Changes in Equity for the financial year ended 31 December 2018 (cont'd)

	Share capital	Share option reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 1 January 2018	58,522	1,121	(30,650)	28,993
Loss for the financial year	-	-	(6,228)	(6,228)
Total comprehensive income for the financial year	-	-	(6,228)	(6,228)
Share option expenses	-	1,626	-	1,626
Balance at 31 December 2018	58,522	2,747	(36,878)	24,391
Balance at 1 January 2017	58,522	-	(27,947)	30,575
Loss for the financial year	-	-	(2,703)	(2,703)
Total comprehensive income for the financial year	-	-	(2,703)	(2,703)
Share option expenses	-	1,121	-	1,121
Balance at 31 December 2017	58,522	1,121	(30,650)	28,993

Note

- 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 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.

There was no change in the Company's Share capital for the three months ended 31 December 2018.

Share options

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 April 2018 to June 2018, 1,000,000 share options were cancelled under GEL Scheme. During the financial period from October 2018 to December 2018, no share options were granted or exercised under the GEL Scheme and GEL 2018 Scheme. As at 31 December 2018, the number of shares that may be issued on conversion of all the outstanding share options was 73,423,000 (31 December 2017: 47,200,000).

The movement of share options of the Company during the financial period from January 2018 to December 2018 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.01.2018	Number of options			Balance as at 31.12.2018	Balance as at 31.12.2017	Exercise period
			Granted during the financial period	Exercised during the financial period	Cancelled/lapsed during the financial period			
27.02.2017	S\$0.12320	10,000,000	-	-	-	10,000,000	10,000,000	28.02.2018 to 27.02.2022
27.02.2017	S\$0.09856	1,400,000	-	-	-	1,400,000	1,400,000	28.02.2019 to 27.02.2020
27.02.2017	S\$0.09856	35,800,000 ¹	-	-	-	35,800,000	35,800,000	28.02.2019 to 27.02.2022
23.02.2018	S\$0.12512	-	1,150,000	-	-	1,150,000	-	23.02.2020 to 22.02.2021
23.02.2018	S\$0.12512	-	26,073,000	-	(1,000,000)	25,073,000	-	23.02.2020 to 22.02.2023
Total		47,200,000	27,223,000	-	(1,000,000)	73,423,000	47,200,000	

Save as disclosed above, there were no other outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

Notes

¹ 7,400,000 share options granted to Mr Yeung Kin Bond, Sydney was approved by the shareholders at the annual general meeting on 24 April 2017.

- 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 Dec 2018	31 Dec 2017
Total number of issued shares (excluding treasury shares)	496,158,657	496,158,657

- 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 were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 31 December 2018.

- 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.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") including SFRS(I) interpretations, on 1 January 2018.

The Group has performed an assessment of the impact of SFRS(I) 1 for the transition to the new reporting framework and the Group does not expect to change its existing accounting policies on adoption of the new framework on 1 January 2018.

Except as disclosed in Note 5, the Group and the Company have adopted the same accounting policies and methods of computation for the current financial period as those for the financial year ended 31 December 2017.

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.**

In the current financial period, the Group and the Company adopted the new SFRS(I) and Amendments to SFRS(I) that are effective for annual periods beginning on or after 1 January 2018.

The adoptions of the new SFRS(I) and Amendments to SFRS(I) did not result in any substantial change to the Group and Company's accounting policies or any material impact on the financial statements of the Group.

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.**

	4Q2018 S'pore cents	4Q2017 S'pore cents	Group 12M2018 S'pore cents	12M2017 S'pore cents
Earnings per ordinary share for the period:				
a) Based on weighted average number of shares in issue	0.17	0.09	0.47	0.88
Weighted average number of ordinary shares	496,158,657	496,158,657	496,158,657	496,158,657
b) On a fully diluted basis	0.17	0.09	0.46	0.87
Adjusted weighted average number of ordinary shares	496,158,657	507,136,859	507,605,116	496,156,657

The adjusted weighted average of ordinary shares 1 January 2017 to 31 December 2017 for diluted earning per share computation has taken into consideration of 7,400,000 shares granted to Mr Yeung Kin Bond, Sydney that was approved by the shareholders at the annual general meeting on 24 April 2017.

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 December 2018 S'pore cents	31 December 2017 S'pore cents	31 December 2018 S'pore cents	31 December 2017 S'pore cents
Net assets value per ordinary share (S'pore cents)	9.45	8.71	4.92	5.84
Net tangible assets value per ordinary share (S'pore cents)	6.51	5.85	4.92	5.84

Item 7: The net assets/net tangible assets value per share for the period ended 31 December 2018 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 496,158,657 ordinary shares (31 December 2017: 496,158,657 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 continues to be engaged in the precision engineering business ("PE") and oil and gas services business ("O&G").

Consolidated Income Statement

- (ii) The Group booked consolidated turnover of S\$100.83 million for 12M2018, a 6.90% increase over the S\$94.33 million turnover for 12M2017. The increase is mainly due to higher orders from existing customers and sales to new customers. The turnover for both periods was entirely contributed by the PE business.
- (iii) The Group achieved a margin of 20.49% for 12M2018 as compared to 20.25% in 12M2017.
- (iv) The Group recorded other income of S\$0.71 million in 12M2018 as compared to S\$3.44 million in 12M2017. The 12M2018 included government incentive of S\$0.45 million for expansion of investment in Changzhou China, while 12M2017 includes the third tranche and fourth tranche for land compensation (gross - S\$3.13 million, net - S\$2.30 million).
- (v) Total selling and administration expenses for 12M2018 was S\$12.67 million, compared to S\$12.41 million for 12M2017. This includes S\$11.05 million for the PE business and S\$1.62 million for the O&G business. The increase for PE business was due to the higher turnover while the decrease for O&G business was due to cost control measures.
- (vi) The Group recorded a net foreign exchange gain of S\$0.20 million for 12M2018, compared to net foreign exchange loss of S\$1.92 million for 12M2017. The exchange rates for United States dollars against Singapore dollars was relatively stable for 12M2018 when compared to weaker United States dollars for 12M2017.
- (vii) The corporate expense for 12M2018 was S\$3.10 million mainly due to amortisation of share option expenses.
- (viii) As there is no further development in the West Jambi KSO block ("WJ KSO Block") in Indonesia which the Group has funded the drilling cost for exploration and operated by Ramba Energy West Jambi Limited, the Group has made an impairment provision of S\$3.00 million (the total drilling cost at WJ KSO Block) in 2Q2018.
- (ix) The finance cost for 12M2018 was S\$0.14 million, compared to S\$0.02 million for 12M2017. The increase was attributable to higher interest expenses incurred for increased in loan and borrowings.
- (x) The Group recorded a net profit after tax of S\$2.13 million for 12M2018. PE business achieved a net profit after tax of S\$9.71 million vs S\$6.74 million for 12M2017 on comparable basis (excluding land compensation), and offset by a net loss of S\$1.48 million (S\$2.50 million for 12M2017) for O&G, corporate expenses of S\$3.10 million (S\$2.35 million for 12M2017) and impairment expenses of S\$3.00 million.

Consolidated Statement of Financial Position

- (xi) Property, plant and equipment as at 31 December 2018 was S\$11.82 million. This is an increase of S\$1.64 million from 31 December 2017 and includes S\$3.96 million for acquiring machineries, equipment and enhance factory space, and partially offset by depreciation for the year.
- (xii) Intangible assets as at 31 December 2018 was S\$0.05 million, a decrease of S\$0.02 million from 31 December 2017. This is due to amortisation of intangible assets.
- (xiii) Exploration and evaluation assets as at 31 December 2018 was S\$12.97 million, an increase of S\$0.53 million from 31 December 2017. The increase was attributable to capitalisation of S\$3.25 million expenses associated with Trembul Operation Area oil project in Indonesia. This was offset by an impairment allowance of S\$3.00 million provided in 2Q2018 for funding of drilling at West Jambi KSO block in Indonesia.
- (xiv) Inventories as at 31 December 2018 was S\$11.83 million, an increase of S\$1.83 million from 31 December 2017. This is due mainly to higher order forecast by customers.
- (xv) Other receivables and deposits as at 31 December 2018 was S\$3.59 million. This is an increase of S\$1.69 million from 31 December 2017 mainly attributable to deposit of S\$1.34 million for purchase of land and construction of new factory building at Batam Indonesia.
- (xvi) Short-term investments as at 31 December 2018 was S\$2.82 million. This is a decrease of S\$4.56 million from 31 December 2017 was for progressive settlement of construction related payments for Changzhou factory.
- (xvii) Other payables and accruals as at 31 December 2018 was S\$7.37 million. This is a decrease of S\$1.65 million from 31 December 2017 mainly due to settlement of payables.
- (xviii) Income tax payable as at 31 December 2018 was S\$0.40 million. This is a decrease of S\$1.95 million from 31 December 2017 mainly attributable to settlement of income tax liabilities.

- 8 (xix) Loan and borrowings as at 31 December 2018 was S\$5.03 million, an increase of S\$2.14 million from 31 December 2017 mainly for financing drilling cost in Trembul Operating Area oil project.
- (xx) The net assets of the Group as at 31 December 2018 was S\$46.46 million, compared to S\$43.13 million at 31 December 2017. Net assets per share as at 31 December 2018 was S\$0.095.

Consolidated Statement of Cash Flows

- (xxi) The Group generated a net operating cash inflow of S\$3.33 million during 12M2018 compared to S\$3.04 million in 12M2017.
- (xxii) Net cash used in investing activities during the year was S\$4.09 million. This includes S\$3.96 million for acquiring machineries, equipment and enhance factory space, S\$1.34 million for deposit paid to acquire property in Batam, Indonesia, S\$3.25 million for drilling and gas monetising activities in Trembul operation area and S\$0.96 million on addition to short-term investments, partially offset by proceed of S\$5.41 million from short-term investment.
- (xxiii) Net cash generated from financing activities during the year was S\$2.25 million, due mainly to proceed of S\$21.49 million from bank loan and borrowings, and was partially offset by S\$19.26 million for repayment of loan and borrowings.
- (xxiv) Net cash and cash equivalents as at 31 December 2018 stood at S\$6.11 million, an increase S\$1.39 million from 31 December 2017.

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 and O&G sectors.

In the PE business, while we are encouraged by prospective business from existing customers and new customers, our business strategies and future plans for continued sustainable growth remains unchanged. We continue to execute plans to grow organically and explore suitable opportunities to expand our business through acquisitions and/or strategic alliances, both locally and through overseas expansion.

In the O&G business, the Group is at an advanced stage of regulatory approvals to monetise the two proven hydrocarbon deposits wells in the Trembul Operation Area with revenue contributions in FY2019.

11 **If a decision regarding dividend has been made:**

None.

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

None.

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

Not applicable.

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

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.

11 **(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 reviewed the Group's resources for ongoing operations and plans for expansion, and considered the consolidation of all available financial resources would enable the Group to use them more effectively to support growth and enhance shareholder value. In this connection, 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 status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

No proceeds raised from IPO and any offerings for the period under review.

15 **Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual**

Not applicable.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1,Q2,Q3 or Half Year Results)

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

	Precision Engineering S\$'000	Oil & Gas S\$'000	Corporate S\$'000	Eliminations S\$'000	Group S\$'000	
December 2018						
Revenue						
External customers	100,832	-	-	-	100,832	
Intersegment revenues	19,818	-	-	(19,818)	-	
Total revenue	120,650	-	-	(19,818)	100,832	
Results						
Operating profit/(loss)	10,330	(1,420)	(3,104)	-	5,806	
Interest income	200	3	-	-	203	
Interest expense	(75)	(60)	-	-	(135)	
Impairment losses	-	(2,999)	-	-	(2,999)	
Income tax expenses	(748)	-	-	-	(748)	
Non-controlling interests	88	96	-	-	184	
Net profit/(loss)	9,795	(4,380)	(3,104)	-	2,311	
Segment assets and liabilities						
Segment assets	61,661	15,167	104	-	76,932	
Segment liabilities	26,526	3,537	413	-	30,476	
Other segment information						
Allowance for inventory obsolescence written back	4	-	-	-	4	
Government incentive	449	-	-	-	449	
Capital expenditure	(3,932)	(3,271)	-	-	(7,203)	
Depreciation and amortisation	(1,955)	(4)	-	-	(1,959)	
Net foreign exchange gain	5	198	-	-	203	
December 2017						
Revenue						
External customers	94,327	-	-	-	94,327	
Intersegment revenues	18,276	-	-	(18,276)	-	
Total revenue	112,603	-	-	(18,276)	94,327	
Results						
Operating profit/(loss)	10,641	(2,495)	(2,330)	-	5,816	
Interest income	193	5	-	-	198	
Interest expense	(15)	(6)	-	-	(21)	
Income tax expenses	(1,779)	-	-	-	(1,779)	
Non-controlling interests	2	139	-	-	141	
Net profit/(loss)	9,042	(2,357)	(2,330)	-	4,355	
Segment assets and liabilities						
Segment assets	59,610	14,898	460	-	74,968	
Segment liabilities	26,193	4,497	1,144	-	31,834	
Other segment information						
Allowance for inventory obsolescence written back	82	-	-	-	82	
Capital expenditure	(5,385)	(9,010)	-	-	(14,395)	
Compensation for expropriation of land and building by Changzhou Government State Land Office	3,128	-	-	-	3,128	
Depreciation and amortisation	(1,638)	(1)	-	-	(1,639)	
Net foreign exchange gain/(loss)	(1,238)	(677)	-	-	(1,915)	
Geographical Segments						
	Group turnover		Non-current assets		Group expenditure	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	16,440	15,331	164	212	51	108
Indonesia	55,097	50,272	16,751	15,858	4,630	9,960
Germany	2,693	2,161	-	-	-	-
China	15,074	16,663	9,442	8,296	2,468	4,327
Other Countries	11,528	9,900	50	-	54	-
	100,832	94,327	26,407	24,366	7,203	14,395

18 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 paragraph 8 and 17.

19 A breakdown of sales

	Group		Increase /(Decrease)
	12 months ended		
	31 December 2018	31 December 2017	
	S\$'000	S\$'000	%
(a) Sales reported for first half year	50,226	44,747	12.24%
(b) Operating profit after tax before deducting minority interests reported for first half year	64	1,717	(96.27)%
(c) Sales reported for second half year	50,606	49,580	2.07%
(d) Operating profit after tax before deducting minority interests reported for second half year	2,063	2,497	(17.38)%

20 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

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

Ng Say Tiong
Company Secretary

Date 28 February 2019

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this document. This document has not been examined or approved by SGX-ST. The Sponsor and SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Bernard Lui: telephone no. (65) 6389 3000; email address bernard.lui@morganlewis.com