

**Background**

GSS Energy Limited ("GSSEL" or "Company", and together with its subsidiaries, the "Group") was incorporated on 31 October 2014 and had upon incorporation adopted 31 December as its financial year-end ("FYE"). The Company's first set of audited results would be for the period ending 31 December 2015.

On 12 February 2015, the Company acquired the entire issued and paid-up share capital of Giken Sakata (S) Limited ("GSSL") pursuant to the completion of the restructuring exercise ("Restructuring Exercise") undertaken by GSSL by way of a scheme of arrangement under Section 210 of Companies Act (Cap.50). GSSL's financial year end was 31 August. Pursuant to the terms of the implementation agreement entered into between the Company and GSSL on 10 November 2014 ("Implementation Agreement") in relation to, *inter alia*, the Restructuring Exercise and the Scheme, upon the Scheme become effective in accordance with its terms and the completion of the Restructuring Exercise, all profit or loss attributable to GSSL shall, with effect from 1 September 2014, accrue to the Group.

Further to the Restructuring Exercise, the Company has taken steps to change the financial year end of its subsidiaries, including GSSL, to 31 December. The financial year end of GSSL has been changed from 31 August to 31 December, accordingly.

**Unaudited Financial Statements and Related Announcement For Period Ended 30 June 2015**

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 six (6) months ended 30 June 2015 and second quarter ended 30 June 2015. These figures have not been audited.

	Unaudited 2Q2015 <sup>1</sup> (3 months) (\$'000)	Unaudited 2Q2014 <sup>2</sup> (3 months) (\$'000)	Change in Group %	Unaudited 1H2015 <sup>3</sup> (6 months) (\$'000)	Unaudited 1H2014 <sup>4</sup> (6 months) (\$'000)	Change in %
<b>Revenue</b>	16,410	13,808	18.84%	34,568	31,755	8.86%
Cost of Sales	(11,778)	(10,952)	7.54%	(24,387)	(26,094)	(6.54)%
<b>Gross Profit</b>	4,632	2,856	62.18%	10,181	5,661	79.84%
<b>Other items of income</b>						
Other income	65	88	(26.14)%	408	204	(43.63)%
Interest income	20	12	66.67%	42	27	55.56%
<b>Other items of expenses</b>						
Distribution and selling expenses	(1,891)	(1,387)	36.34%	(4,095)	(2,914)	40.53%
Administration expenses	(1,751)	(846)	NM	(3,931)	(1,709)	NM
Other operating expenses	(416)	(60)	NM	(428)	(60)	NM
Finance costs	-	(6)	(100)%	(1)	(25)	(96.00)%
<b>Profit on operation</b>	659	657	0.30%	2,176	1,184	83.78%
Impairment losses	(32,884)	-	NM	(32,884)	-	NM
<b>(Loss)/Profit before income tax</b>	(32,225)	657	NM	(30,708)	1,184	NM
Income tax expense	1,146	(37)	NM	688	(65)	NM
<b>(Loss)/Profit for the financial period</b>	(31,079)	620	NM	(30,020)	1,119	NM
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translating of foreign operations	(429)	(53)	NM	(282)	(179)	57.54%
<b>Other comprehensive income for the financial period, net of tax</b>	(429)	(53)	NM	(282)	(179)	57.54%
<b>Total comprehensive income for the financial period</b>	(31,508)	567	NM	(30,302)	940	NM
<b>(Loss)/Profit attributable to:-</b>						
Owners of the parent	(21,533)	615	NM	(20,576)	1,112	NM
Non-controlling interests	(9,546)	5	NM	(9,444)	7	NM
	(31,079)	620	NM	(30,020)	1,119	NM
<b>Other comprehensive income attributable to:-</b>						
Owners of the parent	(21,814)	565	NM	(20,679)	941	NM
Non-controlling interests	(9,694)	2	NM	(9,623)	(1)	NM
	(31,508)	567	NM	(30,302)	940	NM

1(a) (ii) Other information

	Unaudited 2Q2015 <sup>1</sup> (3 months) (S\$'000)	Unaudited 2Q2014 <sup>2</sup> (3 months) (S\$'000)	Group		Unaudited 1H2015 <sup>3</sup> (10 months) (S\$'000)	Unaudited 1H2014 <sup>4</sup> (10 months) (S\$'000)	Change in %
			Change in %	Change in %			
Interest income	20	12	66.67%		42	27	55.56%
Finance cost	-	(6)	(100.00)%		(1)	(25)	(96.00)%
Amortisation of intangible assets	(18)	(13)	38.46%		(405)	(13)	NM
Depreciation of property, plant and equipment	(363)	(315)	15.24%		(670)	(647)	3.55%
Foreign exchange loss, net	(416)	(59)	NM		(345)	(51)	NM
Gain on disposal of property, plant and equipment	16	76	(78.95)%		34	87	(60.92)%
Property, plant and equipment written off	(143)	-	NM		(143)	-	NM
<b>Impairment losses</b>							
Impairment of goodwill	(9,759)	-	NM		(9,759)	-	NM
Impairment of intangibles	(11,387)	-	NM		(11,387)	-	NM
Impairment of trade receivables	(18,288)	-	NM		(18,288)	-	NM
Write-back of trade payables	6,724	-	NM		6,724	-	NM
Impairment of other assets	(174)	-	NM		(174)	-	NM
	<u>(32,884)</u>	<u>-</u>	<u>NM</u>		<u>(32,884)</u>	<u>-</u>	<u>NM</u>

Notes

<sup>1</sup> "1Q2015": Period from 1 April 2015 to 30 June 2015

<sup>2</sup> "1Q2014": Period from 1 April 2014 to 30 June 2014

<sup>3</sup> "1H2015": Period from 1 January 2014 to 30 June 2015

<sup>4</sup> "1H2014": Period from 1 January 2013 to 30 June 2014

<sup>5</sup> "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 period.

Statements of Financial Position

	Group			Company		
	30 June 2015	31 August 2014 <sup>1</sup>	Change in	30 June 2015	31 August 2014 <sup>2</sup>	Change in
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	3,466	4,618	(24.95)%	-	NA	NM
Intangible assets	67	113	(40.71)%	-	NA	NM
Investment in subsidiaries	-	-	NM	51,403	NA	NM
Goodwill	33,112	112	NM	-	NA	NM
Due from subsidiaries	-	-	NM	-	NA	NM
	<u>36,645</u>	<u>4,843</u>	<u>NM</u>	<u>51,403</u>	<u>NA</u>	<u>NM</u>
<b>Current assets</b>						
Inventories	4,517	4,573	(1.22)%	-	NA	NM
Trade receivables	14,186	14,277	-0.64%	-	NA	NM
Other receivables and deposits	302	351	(13.96)%	-	NA	NM
Prepayment	202	106	90.57%	10	NA	NM
Land and buildings to be acquired by the Government	1,393	-	NM	-	NA	NM
Cash and cash equivalents	8,719	4,444	96.20%	-	NA	NM
	<u>29,319</u>	<u>23,751</u>	<u>23.44%</u>	<u>10</u>	<u>NA</u>	<u>NM</u>
<b>Total assets</b>	<u>65,964</u>	<u>28,594</u>	<u>NM</u>	<u>51,413</u>	<u>NA</u>	<u>NM</u>
<b>EQUITY AND LIABILITIES</b>						
<b>Current liabilities</b>						
Trade payables	9,389	9,489	-1.05%	-	NA	NM
Other payables and accruals	5,437	2,885	88.46%	-	NA	NM
Due to a related party	13,721	-	NM	-	NA	NM
Due to subsidiaries	-	-	NM	2,769	NA	NM
Current income tax payable	1,150	182	NM	-	NA	NM
Loan and borrowings	42	31	35.48%	-	NA	NM
	<u>29,739</u>	<u>12,587</u>	<u>NM</u>	<u>2,769</u>	<u>NA</u>	<u>NM</u>
<b>Net current (liabilities)/assets</b>	<u>(420)</u>	<u>11,164</u>	<u>NM</u>	<u>(2,759)</u>	<u>NA</u>	<u>NM</u>
<b>Non-current liabilities</b>						
Provisions	444	444	-	-	NA	NM
	<u>444</u>	<u>444</u>	<u>-</u>	<u>-</u>	<u>NA</u>	<u>NM</u>
<b>Total liabilities</b>	<u>30,183</u>	<u>13,031</u>	<u>NM</u>	<u>2,769</u>	<u>NA</u>	<u>NM</u>
<b>Net assets</b>	<u>35,781</u>	<u>15,563</u>	<u>NM</u>	<u>48,644</u>	<u>NA</u>	<u>NM</u>
<b>Equity attributable to owners of the parent</b>						
Share Capital	73,458	26,178	NM	73,458	NA	NM
Accumulated losses	(32,324)	(11,427)	NM	(24,814)	NA	NM
Other reserves	670	515	30.10%	-	NA	NM
	<u>41,804</u>	<u>15,266</u>	<u>NM</u>	<u>48,644</u>	<u>NA</u>	<u>NM</u>
<b>Non-controlling interests</b>	<u>(6,023)</u>	<u>297</u>	<u>NM</u>	<u>-</u>	<u>NA</u>	<u>NM</u>
<b>Total equity</b>	<u>35,781</u>	<u>15,563</u>	<u>NM</u>	<u>48,644</u>	<u>NA</u>	<u>NM</u>
<b>Total equity and liabilities</b>	<u>65,964</u>	<u>28,594</u>	<u>NM</u>	<u>51,413</u>	<u>NA</u>	<u>NM</u>

Note:

<sup>1</sup> The Company was incorporated on 31 October 2014 and had upon incorporation adopted 31 December as its financial year-end. The financial information of the Group was prepared using the "pooling-of interest" method and the comparative figures as at 31 August 2014 have been presented assuming the Group has been in existence since 1 September 2013.

<sup>2</sup> Not applicable as the Company was incorporated on 31 October 2014.

"NA": Not applicable

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

Amount repayable in one year or less, or on demand

As at 30.06.2015		As at 31.08.2014 <sup>1</sup>	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
42	-	31	-

Amount repayable after one year

As at 30.06.2015		As at 31.08.2014 <sup>1</sup>	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
-	-	-	-

Note:

<sup>1</sup> The Company was incorporated on 31 October 2014 and had upon incorporation adopted 31 December as its financial year-end. The financial information of the Group was prepared using the "pooling-of interest" method and the comparative figures as at 31 August 2014 have been presented assuming the Group has been in existence since 1 September 2013.

Details of any collateral

The short-term bank loan of a subsidiary company is secured by fixed deposit placed with the bank.

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			
	Unaudited 2Q2015 <sup>1</sup> (3 months) (S\$'000)	Unaudited 2Q2014 <sup>2</sup> (3 months) (S\$'000)	Unaudited 1H2015 <sup>3</sup> (6 months) (S\$'000)	Unaudited 1H2014 <sup>4</sup> (6 months) (S\$'000)
<b>Operating activities</b>				
(Loss)/Profit before income tax	(32,225)	657	(30,708)	1,184
Adjustments for:				
Amortisation of intangible assets	18	13	405	13
Depreciation of property, plant and equipment	363	315	670	647
Finance costs	-	6	1	25
Gain on disposal of property, plant and equipment	(16)	(76)	(34)	(87)
Property, plant and equipment written off	143	-	143	-
Impairment losses	32,884	-	32,884	-
Interest income	(20)	(12)	(42)	(27)
<b>Operating cash flows before working capital changes</b>	<b>1,147</b>	<b>903</b>	<b>3,319</b>	<b>1,755</b>
<b>Working capital changes</b>				
Inventories	(332)	(293)	(593)	446
Trade receivables	(1,738)	279	(6,691)	191
Other receivables and deposits	112	(94)	215	44
Prepayments	(6)	12	(82)	(71)
Due from a related company	-	-	-	2
Trade payables	(71)	(898)	1,690	(2,360)
Other payables and accruals	615	693	1,026	1,083
Due to previous related companies	-	-	-	(150)
<b>Cash (used in)/generated from operations</b>	<b>(273)</b>	<b>602</b>	<b>(1,116)</b>	<b>940</b>
Interest received	20	12	42	27
Interest paid	-	(6)	(1)	(25)
Income tax paid	(58)	(24)	(108)	(34)
<b>Net cash (used in)/generated from operating activities</b>	<b>(311)</b>	<b>584</b>	<b>(1,183)</b>	<b>908</b>
<b>Investing activities</b>				
Payment for purchase of intangible assets	-	-	(582)	-
Payment for purchase of property, plant and equipment	(535)	(482)	(893)	(847)
Proceed from disposal of property, plant and equipment	16	76	34	87
<b>Net cash used in investing activities</b>	<b>(519)</b>	<b>(406)</b>	<b>(1,441)</b>	<b>(760)</b>
<b>Financing activities</b>				
Proceeds from issue of shares	-	-	-	1,690
Proceeds from loan from a related company	600	-	1,630	-
Repayment of bank loans	(24)	-	(48)	(1,148)
Repayment of obligations under finance leases	(7)	(3)	(17)	(315)
<b>Net cash generated from/(used in) financing activities</b>	<b>569</b>	<b>(3)</b>	<b>1,565</b>	<b>227</b>
<i>Net (decrease)/increase in cash and cash equivalents</i>	(261)	175	(1,059)	375
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	(36)	(36)	49	(39)
<i>Cash and cash equivalents at beginning of period</i>	<b>8,906</b>	<b>5,472</b>	<b>9,619</b>	<b>5,275</b>
<b>Cash and cash equivalents at end of the period</b>	<b>8,609</b>	<b>5,611</b>	<b>8,609</b>	<b>5,611</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and bank balances	5,398	3,806	5,398	3,806
Fixed deposits	3,321	1,805	3,321	1,805
	8,719	5,611	8,719	5,611
Less: Bank balances pledged	(110)	-	(110)	-
	<b>8,609</b>	<b>5,611</b>	<b>8,609</b>	<b>5,611</b>

**Notes**

<sup>1</sup> "1Q2015": Period from 1 April 2015 to 30 June 2015

<sup>2</sup> "1Q2014": Period from 1 April 2014 to 30 June 2014

<sup>3</sup> "1H2015": Period from 1 January 2014 to 30 June 2015

<sup>4</sup> "1H2014": Period from 1 January 2013 to 30 June 2014

- 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	Statutory reserve fund	Foreign currency translation reserves	Accumulated losses	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
<b>The Group</b>							
Balance at 1 January 2015	73,458	380	393	(11,748)	62,483	3,600	66,083
Net profit for the financial period	-	-	-	957	957	102	1,059
<b>Other comprehensive income for the financial period</b>							
Exchange differences arising from translation of foreign operations	-	-	178	-	178	(31)	147
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	178	-	178	(31)	147
<b>Total comprehensive income for the financial period</b>	-	-	178	957	1,135	71	1,206
Balance at 31 March 2015	73,458	380	571	(10,791)	63,618	3,671	67,289
Net loss for the financial period	-	-	-	(21,533)	(21,533)	(9,546)	(31,079)
<b>Other comprehensive income for the financial period</b>							
Exchange differences arising from translation of foreign operations	-	-	(281)	-	(281)	(148)	(429)
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	(281)	-	(281)	(148)	(429)
<b>Total comprehensive income for the financial period</b>	-	-	(281)	(21,533)	(21,814)	(9,694)	(31,508)
Balance at 30 June 2015	73,458	380	290	(32,324)	41,804	(6,023)	35,781
Balance at 1 January 2014 <sup>1</sup>	24,488	353	245	(13,085)	12,001	289	12,290
Net profit for the financial period	-	-	-	496	496	3	499
<b>Other comprehensive income for the financial period</b>							
Exchange differences arising from translation of foreign operations	-	-	(121)	-	(121)	(6)	(127)
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	(121)	-	(121)	(6)	(127)
<b>Total comprehensive income for the financial period</b>	-	-	(121)	496	375	(3)	372
<b>Transactions with owners of the parent recognised directly in equity</b>							
Issue of ordinary shares	1,690	-	-	-	1,690	-	1,690
<b>Total transactions with owners</b>	1,690	-	-	-	1,690	-	1,690
Balance at 31 March 2014	26,178	353	124	(12,589)	14,066	286	14,352
Net profit for the financial period	-	-	-	615	615	5	620
<b>Other comprehensive income for the financial period</b>							
Exchange differences arising from translation of foreign operations	-	-	(50)	-	(50)	(3)	(53)
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	(50)	-	(50)	(3)	(53)
<b>Total comprehensive income for the financial period</b>	-	-	(50)	615	565	2	567
Balance at 30 Jun 2014	26,178	353	74	(11,974)	14,631	288	14,919

**Note**

<sup>1</sup> The Company was incorporated on 31 October 2014 and had upon incorporation adopted 31 December as its financial year-end. The financial information of the Group was prepared using the "pooling-of interest" method and the comparative figures as at 31 August 2014 have been presented assuming the Group has been in existence since 1 September 2013.

	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
<b>The Company</b>			
Balance at 1 January 2015 <sup>1</sup> (date of incorporation)	-	-	-
Loss for the financial period	-	(2,301)	(2,301)
Total comprehensive income for the financial period	-	(2,301)	(2,301)
Issue of ordinary shares pursuant to the Scheme	73,458	-	73,458
	73,458	-	73,458
Balance at 31 March 2015	73,458	(2,301)	71,157
Loss for the financial period	-	(22,513)	(22,513)
Total comprehensive income for the financial period	-	(22,513)	(22,513)
Balance at 30 June 2015	73,458	(24,814)	48,644

**Note**

<sup>1</sup> The Company was incorporated on 31 October 2014 with one (1) share at S\$1. The comparative for corresponding period immediately preceding financial year is not available.

- 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, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company was incorporated on 31 October 2014 with an issued share capital of S\$1 comprising (1) ordinary share ("Share"). In connection with the Restructuring Exercise and the Scheme, 472,618,656 Shares ("Scheme Shares") were allotted and issued by the Company to the shareholders of GSSL on 12 February 2015. Following the issuance of the Scheme Shares, the total issued share capital of the Company increased from one (1) Share as at date incorporation to 472,618,657 Shares. The movement in the Company's issued and fully paid-up share capital from 31 October 2014 (date of incorporation) was as follows:

	Company	
	No. of shares	S\$'000
Number of shares at 31 October 2014 (date of incorporation)	1	-
Issue of Scheme Shares pursuant to the Restructuring Exercise and the Scheme	472,618,656	73,458
Number of shares at 30 June 2015	472,618,657	73,458

The Company has no outstanding convertibles or treasury shares as at 30 June 2015 (as at 31 August 2014: not applicable\*). It should be noted that GSSL did not have outstanding convertibles or treasury shares as at 31 August 2014.

\* Not applicable as the Company was incorporated on 31 October 2014 with one (1) share at S\$1.

- 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	
	30 June 2015	31 Aug 2014
Total number of issued shares (excluding treasury shares)	472,618,657	NA*

\* Not applicable as at the Company was incorporated on 31 October 2014. It should be noted that the total number of issued shares (excluding treasury shares) for GSSL as at 31 August 2014 was 472,618,657.

- 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 30 June 2015.

- 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 applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31.08.2014 as well as applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 01.09.2014.

- 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.

The adoption of the new/revised FRS did not result in any material impact on the Group's results.

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			
	2Q FY2015 (3 months) S'pore cents	2Q FY2014 (3 months) S'pore cents	1 Jan 2015 to 30 Jun 2015 (6 months) S'pore cents	1 Jan 2014 to 30 Jun 2014 (6 months) S'pore cents
Based on the number of shares in issue during the period	(4.56)	0.20	(4.35)	0.38
On fully diluted basis	(4.56)	0.20	(4.35)	0.38

Item 6: The earnings per share for the period from 1 April 2015 to 30 June 2015 and 1 January 2015 to 30 June 2015 are calculated based on the weighted average share capital in issue during the period of 472,618,657 ordinary shares (1 April 2014 to 30 June 2014: 271,685,324 ordinary shares and 1 January 2014 to 30 June 2014 : 293,471,696 ordinary shares).

The Company was incorporated on 31 October 2014 and had upon incorporation adopted 31 December as its financial year-end. The financial information of the Group was prepared using the "pooling-of interest" method and the comparative figures as at 31 August 2014 have been presented assuming the Group has been in existence since 1 September 2013.

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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	
	30 June 2015 S'pore cents	31 August 2014 <sup>1</sup> S'pore cents	30 June 2015 S'pore cents	31 August 2014 <sup>2</sup> S'pore cents
Net assets valued per ordinary share based on issued share of the company at the end of the financial period/year (S'pore cents)	8.85	4.85	10.29	NA

Item 7: The net assets value per share for the period ended 30 June 2015 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 472,618,657 ordinary shares (31 August 2014: 315,018,657 ordinary shares).

Note :

<sup>1</sup> The Company was incorporated on 31 October 2014 and had upon incorporation adopted 31 December as its financial year-end. The financial information of the Group was prepared using the "pooling-of interest" method and the comparative figures as at 31 August 2014 have been presented assuming the Group has been in existence since 1 September 2013.

<sup>2</sup> Not applicable as the Company was incorporated on 31 October 2014 with one (1) share at S\$1.

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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 Company was incorporated in Singapore on 31 October 2014.
- (ii) Pursuant to the Restructuring Exercise by way of a scheme of arrangement under Section 210 of the Companies Act (Cap. 50) by GSSL, approved by its shareholders on 18 December 2014, the Company acquired all the shares of GSSL for a consideration of one (1) new share in the Company for each share in GSSL.  
  
GSSL, thereafter, became a 100% owned subsidiary of the Company.
- (iii) The shares of GSSL were delisted from the Catalist Board of the SGX-ST on 12 February 2015 and the shares of the Company were listed on Catalist on the same date.
- (iv) GSSL is engaged in the manufacturing of microshafts and plastic injection moulding parts and in the assembly of mechanisms and printed circuit board assembly. On 10 September 2014, it completed an acquisition of 53.68% of the shareholdings of Cepu Sakti Energy Pte Ltd ("CSE"). Please refer to subparagraph (x) below.  
  
The Company and its subsidiaries ("Group") are therefore, engaged in the following business sectors for the period under review :  
- Precision engineering business ("PE")  
- Offfield operation services business ("O&G")
- (v) The Group has adopted 31 December 2015 as its financial year-end.  
  
The Group is currently reporting its consolidated results for the second quarter and half year ended 30 June 2015.



#### Consolidated Income Statement

- (vi) The Group achieved a turnover of S\$34.57 million for 1H 2015. This comprises S\$29.84 million from the PE business and S\$4.73 million from the O&G business. This compares to the turnover of S\$31.76 million for the corresponding period in 2014, which was entirely from the PE business.
- (vii) The gross profit for 1H 2015 is S\$10.18 million, representing 29.45% of the turnover. The gross margin for PE was S\$7.48 million (25.07% of PE turnover). This compares to the gross margin of 17.83% for the corresponding period in 2014. The gross profit for O&G was S\$2.70 million (57.08% of O&G turnover). There is no comparison for 2014.
- (viii) Total selling and administration expenses of S\$8.03 million were incurred for 1H 2015. This includes S\$4.63 million incurred for the PE business, S\$2.33 million for the O&G business and S\$1.06 million for corporate expenses including one-off expenses for the acquisition of the stake in CSE, the related share placement exercise, the scheme of arrangement to transfer the Catalyst listing to the Company and the investment agreement entered into to drill 2 oil wells in West Jambi, Sumatra, Indonesia.
- (ix) The Group made an operating profit of S\$2.18 million for 1H 2015, before an impairment provision of S\$32.88 million made for the investment in CSE (see below).
- (x) The Group made an impairment provision of S\$32.88 million during 2Q 2015. This comprises impairment of goodwill of S\$9.76 million, impairment of intangibles of S\$11.38 million, impairment of trade receivable of S\$18.29 million, write-back of trade payables of S\$6.72 million and impairment of other assets of S\$0.17 million. The impairment was made following the termination of the cooperation agreement for management of old wells at Dandangilo-Wonocolo and Ngrayong Fields in Kedewan-Bojonegoro, East Java. An announcement was released on 24 July 2015 with regard to this termination of the cooperation agreement.
- (xi) The Company is seeking legal advice on the termination of the Cooperation Agreement and pursuant thereto, it is in discussion with the vendor of the CSE share acquisition on an adjustment to the investment consideration.
- (xii) As a result of the impairment provision, the Group incurred a net loss after tax of S\$30.02 million. PE achieved a net profit after tax of S\$3.12 million and O&G incurred a loss after tax of S\$0.45 million, before accounting for corporate expenses and impairment expenses.
- (xiii) The net loss attributable to the Group, after deducting non-controlling interests stands at S\$20.58 million.

#### Consolidated Statement of Financial Position

- (xiv) The Group's share capital as at 30 June 2015 is S\$73.46 million, an increase of S\$47.28 million from 31 August 2014. This comprises the shares issued for the acquisition of CSE and 80 million placement shares.
- (xv) Trade receivables and trade payables as at 30 June 2015 was S\$14.19 million and S\$9.39 million, respectively. The entire trade receivables was from the PE business. The trade payables comprise of S\$8.14 million from PE business and S\$1.25 million from O&G business.
- (xvi) Amount due to a related party as at 30 June 2015 was S\$13.72 million. This comprises the S\$10.20 million 2nd tranche payment due to Java Petral Energy Pte Ltd ("JPEL") as part of the consideration for the acquisition of CSE and S\$3.52 million owing to JPEL for loans extended to CSE.
- (xvii) The land and buildings to be acquired by the Government of S\$1.39 million relates to the assets of a subsidiary company. An announcement relating to this acquisition was made on 15 July 2015.
- (xviii) The net assets of the Group as at 30 June 2015 was S\$35.78 million.

#### Consolidated Statement of Cash Flows

- (xix) The Group utilised a net cash outflow of S\$1.18 million from its operating activities during the period.
- (xx) Net cash used in investing activities during the period was S\$1.44 million, and is mainly attributable to the purchase of property, plant and equipment.
- (xxi) Net cash generated by financing activities during the period was S\$1.57 million, due to loans from a related company of S\$1.63 million.
- (xxii) Net cash and cash equivalents as at 30 June 2015 stood at S\$8.61 million, a decrease of S\$1.01 million from 31 December 2014.

#### Others

- (xxiii) The Group entered into an agreement with Ramba Energy Limited on 18 May 2015 to drill 2 onshore oil wells in West Jambi, Sumatra, Indonesia.
- (xxiv) On 1 June 2015, the Company entered into an agreement with AFCO Energy Pte Ltd to jointly set up GSS-AFCO Pte Ltd, which will be engaged in the marketing and distribution of mineral oil and crude products and related businesses in Indonesia.
- (xxv) On 30 June 2015, Changzhou Giken Precision Co Ltd ("CGP"), a subsidiary of the Company entered into a land acquisition agreement (the "**Agreement**") with China Changzhou Government State Land Office ("CGSLO"). In which CGSLO acquired the land (The "**Acquisition**") currently occupied by CGP. Pursuant to the Agreement, CGSLO shall pay to CGP compensation of approximately RMB45.68 million for the Acquisition. The Acquisition is expected to result in a profit after tax of approximately RMB27.00 million.

CGP also entered into an agreement with CGSLO to acquire (the "**New Land Acquisition**") a new piece of land of approximately 19,000 square meters located in Changzhou, China (the "**New Land**"), for a purchase price of RMB7.98 million. The Group intends to utilise the New Land for CGP's office and factory. The New Land Acquisition, and the subsequent construction of CGP's office and factory, will be financed by the compensation from CGSLO for the Acquisition.

- 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 both in the PE and O&G sectors.  
In the PE business, the Group maintains a positive outlook and will continue to actively source for new growth opportunities.  
The Group's O&G business is largely affected by the international oil pricing mechanism. In this respect, the Group maintains a cautious outlook in its O&G business.
- 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.  
**(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.**  
No dividend has been declared / recommended.
- 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 **Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual**  
The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results for first half ended 30 June 2015 to be false or misleading in any material aspect.  
  
**On behalf of the Board of Directors**  
**Yeung Kin Bond Sydney**  
**Executive Director & Group CEO**  
  
**Ng Say Tiong**  
**Executive Director & Company Secretary**

**BY ORDER OF THE BOARD**

**Ng Say Tiong**  
**Company Secretary**

**Date** 14 August 2015

*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 and SGX-ST assumes 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.*

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