



GSS ENERGY LIMITED

RCB No: 201432529C

UNAUDITED RESULTS FOR THE HALF YEAR AND TWELVE MONTHS ENDED 31 DECEMBER 2020

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 half year and twelve (12) months ended 31 December 2020.

	2H2020 ¹ (S\$'000)	2H2019 ² (S\$'000)	Change in %	Group 12M2020 ³ (S\$'000)	12M2019 ⁴ (S\$'000)	Change in %
Revenue						
PE	63,421	48,835	29.87%	106,376	97,550	9.05%
O&G	-	-	NM	-	-	NM
Group	63,421	48,835	29.87%	106,376	97,550	9.05%
Cost of sales						
PE	(53,741)	(38,072)	41.16%	(88,106)	(79,118)	11.36%
O&G	-	-	NM	-	-	NM
Group	(53,741)	(38,072)	41.16%	(88,106)	(79,118)	11.36%
Gross profit						
PE	9,680	10,763	(10.06)%	18,270	18,432	(0.88)%
O&G	-	-	NM	-	-	NM
Group	9,680	10,763	(10.08)%	18,270	18,432	(0.89)%
Other items of income						
Other income						
PE	2,541	280	>100.00%	3,166	438	>100.00%
O&G	-	-	NM	-	-	NM
Group	2,541	280	>100.00%	3,166	438	>100.00%
Other items of expenses						
Distribution and selling expenses						
PE	(4,871)	(5,778)	(15.70)%	(9,346)	(10,143)	(7.86)%
O&G	-	-	NM	-	(13)	(100.00)%
Group	(4,871)	(5,778)	(15.73)%	(9,346)	(10,156)	(8.00)%
Administration expenses						
PE	(1,444)	(1,693)	(14.71)%	(2,970)	(3,508)	(15.34)%
O&G	(1)	(53)	(98.11)%	(4)	(438)	(99.09)%
Group	(1,445)	(1,746)	(17.24)%	(2,974)	(3,946)	(24.63)%
Other operating expenses						
PE	-	1	(100.00)%	(1)	-	NM
O&G	-	(3)	(100.00)%	-	(3)	(100.00)%
Group	-	(2)	(100.00)%	(1)	(3)	(66.67)%
Profit from operations before net foreign exchange						
PE	5,906	3,573	65.30%	9,119	5,219	74.73%
O&G	(1)	(56)	(98.21)%	(4)	(454)	(99.12)%
Group	5,905	3,517	67.90%	9,115	4,765	91.29%
Foreign exchange loss, net	(836)	(449)	86.19%	(992)	(411)	>100.00%
Profit from operations after net foreign exchange	5,069	3,068	65.22%	8,123	4,354	86.56%
Corporate Expenses	(379)	(986)	(61.56)%	(1,073)	(2,172)	(50.60)%
Finance income	67	71	(5.63)%	100	126	(20.63)%
Finance costs	(181)	(219)	(17.35)%	(307)	(302)	1.66%
Share of losses of associate	(5)	(23)	(78.26)%	(5)	(23)	(78.26)%
Profit before income tax	4,571	1,911	>100.00%	6,838	1,983	>100.00%
Income tax expense	(808)	(173)	>100.00%	(1,624)	(620)	>100.00%
Profit for the financial period	3,763	1,738	>100.00%	5,214	1,363	>100.00%
Other comprehensive income:						
<i>Items that will not be reclassified subsequently to profit and loss</i>						
Remeasurement of defined benefit pension scheme	(64)	(178)	(64.04)%	(64)	(178)	(64.04)%
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translating of foreign operations	(394)	(305)	29.18%	747	(929)	NM
Other comprehensive income for the financial period, net of tax	(458)	(483)	(5.18)%	683	(1,107)	NM
Total comprehensive income for the financial period	3,305	1,255	>100.00%	5,897	256	>100.00%
Profit attributable to:-						
Owners of the parent	3,950	2,146	84.06%	5,592	2,033	>100.00%
Non-controlling interests	(187)	(408)	(54.17)%	(378)	(670)	(43.58)%
	3,763	1,738	>100.00%	5,214	1,363	>100.00%
Other comprehensive income attributable to:-						
Owners of the parent	3,470	1,655	>100.00%	6,276	921	>100.00%
Non-controlling interests	(165)	(400)	(58.75)%	(379)	(665)	(43.01)%
	3,305	1,255	>100.00%	5,897	256	>100.00%

1 (a) (ii) Other information

	2H2020 ¹ (S\$'000)	2H2019 ² (S\$'000)	Change in %	Group 12M2020 ³ (S\$'000)	12M2019 ⁴ (S\$'000)	Change in %
Finance income	67	71	(5.63)%	100	126	(20.63)%
Finance cost	(181)	(219)	(17.35)%	(307)	(302)	1.66%
Amortisation of intangible assets	(8)	(11)	(27.27)%	(18)	(23)	(21.74)%
Amortisation of land use rights	(28)	(27)	3.70%	(55)	(54)	1.85%
Amortisation of right-of-use assets	(647)	(615)	5.20%	(1,297)	(1,223)	6.05%
Depreciation of property, plant and equipment	(1,280)	(1,140)	12.28%	(2,490)	(2,251)	10.62%
Foreign exchange loss, net	(836)	(449)	86.19%	(992)	(411)	>100.00%
Allowance for inventory obsolescence	(45)	(18)	>100.00%	(45)	(18)	>100.00%
Government incentive	457	221	>100.00%	1,039	221	>100.00%
Share option expenses	-	(350)	(100.00)%	(116)	(861)	(86.53)%

Notes

- ¹ "2H2020": Period from 1 Jul 2020 to 31 Dec 2020
² "2H2019": Period from 1 Jul 2019 to 31 Dec 2019
³ "12M2020": Period from 1 Jan 2020 to 31 Dec 2020
⁴ "12M2019": Period from 1 Jan 2019 to 31 Dec 2019
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 As at			Company As at		
	31.12.2020 S\$ '000	31.12.2019 S\$ '000	Change in %	31.12.2020 S\$ '000	31.12.2019 S\$ '000	Change in %
ASSETS						
Non-current assets						
Property, plant and equipment	24,564	16,562	48.32%	-	-	NM
Intangible assets	13	30	(56.67)%	-	-	NM
Land use rights	1,373	1,364	0.66%	-	-	NM
Right-of-use assets	1,658	1,373	20.76%	-	-	NM
Investment in subsidiaries	-	-	NM	16,263	28,683	(43.30)%
Investment in an associated company	2,763	2,768	(0.18)%	2,791	2,791	0.00%
Goodwill	112	112	0.00%	-	-	NM
Deferred tax assets	37	49	(24.49)%	-	-	NM
Due from an associated company	9,392	9,392	0.00%	9,392	9,392	0.00%
Due from subsidiaries	-	-	NM	5	181	(97.24)%
	<u>39,912</u>	<u>31,650</u>	<u>26.10%</u>	<u>28,451</u>	<u>41,047</u>	<u>(30.69)%</u>
Current assets						
Inventories	14,648	11,450	27.93%	-	-	NM
Trade receivables	37,969	22,870	66.02%	-	-	NM
Other receivables and deposits	3,073	1,658	85.34%	7	-	NM
Prepayment	199	296	(32.77)%	11	10	10.00%
Amount due from a related company	282	223	26.46%	-	-	NM
Financial assets at FVTPL	608	966	(37.06)%	-	-	NM
Pledge deposits	-	337	(100.00)%	-	-	NM
Cash and cash equivalents	7,064	7,251	(2.58)%	6	21	(71.43)%
	<u>63,843</u>	<u>45,051</u>	<u>41.71%</u>	<u>24</u>	<u>31</u>	<u>(22.58)%</u>
Total assets	<u>103,755</u>	<u>76,701</u>	<u>35.27%</u>	<u>28,475</u>	<u>41,078</u>	<u>(30.68)%</u>
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	20,681	14,557	42.07%	-	-	NM
Other payables and accruals	9,373	5,358	74.93%	260	348	(25.39)%
Due to a subsidiary	-	-	NM	828	12,383	(93.31)%
Current income tax payable	1,163	254	>100.00%	-	-	NM
Lease liabilities	1,133	1,401	(19.13)%	-	-	NM
Loan and borrowings	8,807	5,494	60.30%	-	-	NM
	<u>41,157</u>	<u>27,064</u>	<u>52.07%</u>	<u>1,088</u>	<u>12,731</u>	<u>(91.45)%</u>
Net current assets/(liabilities)	<u>22,686</u>	<u>17,987</u>	<u>26.12%</u>	<u>(1,064)</u>	<u>(12,700)</u>	<u>(91.62)%</u>
Non-current liabilities						
Lease liabilities	617	-	NM	-	-	NM
Other payables	1,658	-	NM	-	-	NM
Loan and borrowings	4,382	-	NM	-	-	NM
Retirement benefit obligations	1,840	1,726	6.60%	-	-	NM
Deferred tax liability	108	-	NM	-	-	NM
	<u>8,605</u>	<u>1,726</u>	<u>>100.00%</u>	<u>-</u>	<u>-</u>	<u>NM</u>
Total liabilities	<u>49,762</u>	<u>28,790</u>	<u>72.84%</u>	<u>1,088</u>	<u>12,731</u>	<u>(91.45)%</u>
Net assets	<u>53,993</u>	<u>47,911</u>	<u>12.69%</u>	<u>27,387</u>	<u>28,347</u>	<u>(3.31)%</u>
Equity attributable to owners of the parent						
Share capital	58,591	58,522	0.12%	58,591	58,522	0.12%
Accumulated losses	(8,310)	(13,768)	(39.64)%	(34,928)	(33,783)	3.39%
Other reserves	4,830	3,896	23.97%	3,724	3,608	3.22%
	<u>55,111</u>	<u>48,650</u>	<u>13.28%</u>	<u>27,387</u>	<u>28,347</u>	<u>(3.39)%</u>
Non-controlling interests	<u>(1,118)</u>	<u>(739)</u>	<u>51.29%</u>	<u>-</u>	<u>-</u>	<u>NM</u>
Total equity	<u>53,993</u>	<u>47,911</u>	<u>12.69%</u>	<u>27,387</u>	<u>28,347</u>	<u>(3.39)%</u>
Total equity and liabilities	<u>103,755</u>	<u>76,701</u>	<u>35.27%</u>	<u>28,475</u>	<u>41,078</u>	<u>(30.68)%</u>

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

Amount repayable in one year or less, or on demand

As at 31.12.2020		As at 31.12.2019	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
8,807	-	5,494	-

Amount repayable after one year

As at 31.12.2020		As at 31.12.2019	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
4,382	-	-	-

Note:

Details of any collateral

(i) The short-term bank loan and invoice financing of subsidiaries are secured by corporate guarantee of the Company.

(ii) A subsidiary in Singapore obtained a term loan for working capital requirements. The Singapore Government has provided 90% risk-share on this loan.

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			
	2H2020 ¹ (S\$'000)	2H2019 ² (S\$'000)	12M2020 ³ (S\$'000)	12M2019 ⁴ (S\$'000)
Operating activities				
Profit before income tax	4,571	1,911	6,838	1,983
Adjustments for:				
Inventory written off	45	18	45	18
Amortisation of intangible assets	8	11	18	23
Amortisation of land use rights	28	27	55	54
Amortisation of right-of-use assets	647	615	1,297	1,223
Depreciation of property, plant and equipment	1,280	1,140	2,490	2,251
Finance costs	181	219	307	302
Gain on disposal of property, plant and equipment	-	-	(8)	-
Property, plant and equipment written off	45	-	45	-
Unrealised exchange difference	427	59	427	59
Finance income	(67)	(71)	(100)	(126)
Share of losses of associate	5	23	5	23
Share option expenses	-	350	116	861
Operating cash flows before working capital changes	7,170	4,302	11,535	6,671
Working capital changes				
Inventories	(593)	849	(3,364)	(550)
Trade receivables	(13,677)	3,494	(15,506)	1,225
Other receivables and deposits	(1,727)	(1,380)	(1,513)	(2,586)
Prepayments	42	(12)	98	(135)
Due from a related company	32	(213)	(66)	(213)
Trade payables	1,416	(3,357)	6,578	(1,810)
Other payables and accruals	992	710	1,289	1,823
Provisions settled	11	107	11	107
Cash (used in)/generated from operations	(6,334)	4,500	(938)	4,532
Interest received	67	71	100	126
Interest paid	(147)	(103)	(240)	(186)
Tax refund	-	45	-	45
Income tax paid	(160)	(267)	(578)	(816)
Net cash (used in)/generated from operating activities	(6,574)	4,246	(1,656)	3,701
Investing activities				
Payment for intangible assets	-	(5)	-	(5)
Purchase of property, plant and equipment	(930)	(2,722)	(5,858)	(4,010)
Proceeds from disposal of property, plant and equipment	-	-	8	-
Addition to exploration and evaluation assets	-	-	-	(389)
Purchase of financial assets at FVTPL	(2,414)	-	(6,168)	(199)
Proceed from disposal of financial assets at FVTPL	3,996	778	6,565	2,022
Net cash generated from/(used in) investing activities	652	(1,949)	(5,453)	(2,581)
Financing activities				
Decrease in bank deposits pledged	-	1,026	337	1,003
Proceeds from bank loans	25,031	17,867	37,229	34,466
Proceeds from issue of share capital	-	-	69	-
Repayment of obligations under leases liabilities	(710)	(1,310)	(1,405)	(1,310)
Repayment of bank loans	(19,217)	(17,163)	(29,436)	(33,960)
Net cash generated from financing activities	5,104	420	6,794	199
Net increase in cash and cash equivalents	(818)	2,717	(315)	1,319
Effect of foreign exchange rate changes in cash and cash equivalents	(81)	(93)	128	(179)
Cash and cash equivalents at beginning of period	7,963	4,627	7,251	6,111
Cash and cash equivalents at end of the period	7,064	7,251	7,064	7,251

Notes

¹ "2H2020": Period from 1 Jul 2020 to 31 Dec 2020

² "2H2019": Period from 1 Jul 2019 to 31 Dec 2019

³ "12M2020": Period from 1 Jan 2020 to 31 Dec 2020

⁴ "12M2019": Period from 1 Jan 2019 to 31 Dec 2019

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

	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 2020	58,522	1,282	(1,126)	3,608	(13,768)	132	48,650	(739)	47,911
Net profit/(loss) for the financial year	-	-	-	-	5,592	-	5,592	(378)	5,214
Other comprehensive income for the financial year									
Remeasurement of defined benefit scheme	-	-	-	-	(64)	-	(64)	-	(64)
Exchange differences arising from translation of foreign operations	-	-	748	-	-	-	748	(1)	747
Other comprehensive income for the financial year	-	-	748	-	(64)	-	684	(1)	683
Total comprehensive income for the financial year	-	-	748	-	5,528	-	6,276	(379)	5,897
Contributions by owners									
Issue of share capital in relation to share option	69	-	-	-	-	-	69	-	69
Capital reduction	69	-	-	-	-	-	69	-	69
Others									
Share option expense	-	-	-	116	-	-	116	-	116
Transfer to statutory reserve	-	70	-	-	(70)	-	-	-	-
Balance at 31 December 2020	<u>58,591</u>	<u>1,352</u>	<u>(378)</u>	<u>3,724</u>	<u>(8,310)</u>	<u>132</u>	<u>55,111</u>	<u>(1,118)</u>	<u>53,993</u>
Balance at 1 January 2019	58,522	1,156	(192)	2,747	(15,497)	132	46,868	(411)	46,457
Net profit/(loss) for the financial year	-	-	-	-	2,033	-	2,033	(670)	1,363
Other comprehensive income for the financial year									
Remeasurement of defined benefit scheme	-	-	-	-	(178)	-	(178)	-	(178)
Exchange differences arising from translation of foreign operations	-	-	(934)	-	-	-	(934)	5	(929)
Other comprehensive income for the financial year	-	-	(934)	-	(178)	-	(1,112)	5	(1,107)
Total comprehensive income for the financial year	-	-	(934)	-	1,855	-	921	(665)	256
Others									
Disposal of ownership interest in subsidiary	-	-	-	-	-	-	-	337	337
Share option expenses	-	-	-	861	-	-	861	-	861
Transfer to statutory reserve	-	126	-	-	(126)	-	-	-	-
Balance at 31 December 2019	<u>58,522</u>	<u>1,282</u>	<u>(1,126)</u>	<u>3,608</u>	<u>(13,768)</u>	<u>132</u>	<u>48,650</u>	<u>(739)</u>	<u>47,911</u>

Statement of Changes in Equity for the financial year ended 31 December 2020 (cont'd)

	Share capital	Share option reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 1 January 2020	58,522	3,608	(33,783)	28,347
Loss for the financial year	-	-	(1,145)	(1,145)
Total comprehensive income for the financial year	-	-	(1,145)	(1,145)
Issue of share capital in relation to share option	69	-	-	69
Share option expenses	-	116	-	116
Balance at 31 December 2020	58,591	3,724	(34,928)	27,387
Balance at 1 January 2019	58,522	2,747	(36,878)	24,391
Profit for the financial year	-	-	3,095	3,095
Total comprehensive income for the financial year	-	-	3,095	3,095
Share option expenses	-	861	-	861
Balance at 31 December 2019	58,522	3,608	(33,783)	28,347

- 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 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 six months ended 31 December 2020.

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 2H2020, no share options (1H2019: Nil) were granted or exercised under the GEL Scheme and GEL 2018 Scheme. As at 31 December 2020, the number of shares that may be issued on conversion of all the outstanding share options was 27,423,000 (31 December 2019: 28,823,000) which represented approximately 5.52% (31 December 2019: 5.81%) of the total issued shares excluding treasury shares and subsidiary holdings.

The movement of share options of the Company during the financial period 2H2020 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.07.2020	Granted during the financial period	Exercised during the financial period	Cancelled/ lapsed during the financial period	Number of options		Exercise period
						Balance as at 31.12.2020	Balance as at 31.12.2019	
27.02.2017	S\$0.09856	-	-	-	-	-	1,400,000	28.02.2019 to 27.02.2020
27.02.2017	S\$0.09856	10,200,000	-	-	-	10,200,000	10,200,000	28.02.2019 to 27.02.2022
23.02.2018	S\$0.12512	1,150,000	-	-	-	1,150,000	1,150,000	23.02.2020 to 22.02.2021
23.02.2018	S\$0.12512	16,073,000	-	-	-	16,073,000	16,073,000	23.02.2020 to 22.02.2023
Total		27,423,000	-	-	-	27,423,000	28,823,000	

Save as disclosed above, there were no other outstanding options and convertibles as at 31 December 2020 and 31 December 2019.

There were also no treasury shares or subsidiary holdings as at 31 December 2020 and 31 December 2019.

- 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 2020	31 Dec 2019
Total number of issued shares (excluding treasury shares)	496,858,657	496,158,657

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

There were no sales, transfer, 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, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

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

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

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

- 3 Where the figures have been audited or reviewed, the auditors' report (including any modifications 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.

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 2019.

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 Group and Company have adopted all the new/revised Singapore Financial Reporting Standards (International)("SFR(I)") that became effective for financial period beginning 1 January 2020. The adoption of these new/revised SFRS(I) does not have any material impact to the Group's financial statement.

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.

	2H2020 S'pore cents	2H2019 S'pore cents	Group 12M2020 S'pore cents	12M2019 S'pore cents
Earnings per ordinary share for the period:				
a) Based on weighted average number of shares in issue	0.79	0.43	1.13	0.41
Weighted average number of ordinary shares	496,858,657	496,158,657	496,858,657	496,158,657
b) On a fully diluted basis	0.79	0.43	1.13	0.41
Adjusted weighted average number of ordinary shares	496,858,657	496,158,657	496,858,657	496,158,657

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 31 December 2020 S'pore cents	31 December 2019 S'pore cents	Company 31 December 2020 S'pore cents	31 December 2019 S'pore cents
Net assets value per ordinary share (S'pore cents)	11.09	9.80	5.51	5.71
Net tangible assets value per ordinary share (S'pore cents)	10.46	9.22	5.51	5.71

Item 7: The net assets/net tangible assets value per share for the period ended 31 December 2020 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 496,858,657 ordinary shares (31 December 2019: 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 affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

General

- (i) The Group is engaged largely in the precision engineering business ("PE") and the remaining interest in oil and gas services business ("O&G").

Consolidated Income Statement

- (ii) The turnover for 12M2020 was S\$106.38 million. This was entirely contributed by the PE business and edged up to 9.05% as compared to S\$97.56 million for 12M2019, notwithstanding the challenging operating environment.
- (iii) The Group achieved a gross margin of 17.17% for 12M2020 as compared to 18.89% for 12M2019, taking into account of product mix and price competition. The COVID-19 pandemic also caused global supply chain disruption for electronic components. This resulted longer lead time in receiving and also higher purchase price.
- (iv) The Group recorded other income of S\$3.17 million in 12M2020 as compared to S\$0.44 million in 12M2019. The increase was due to various supports received from government to help businesses deal with impact from COVID-19, and a one-off cost recovery from customer following cessation of the contracted manufacturing project.
- (v) Total selling and administration expenses for 12M2020 was S\$12.32 million as compared to S\$14.10 million for 12M2019. The Group stress on cost-cutting measure, including freezing of new hire, adjustment to work arrangement without wage cuts and online marketing to manage its business operation in a cautious manner.
- (vi) The higher depreciation and amortisation in 12M2020 when compared to 12M2019, was mainly attributable to addition of new machines in Batam factories to expand capacity and enhance machining capabilities.
- (vii) The Group recorded a net foreign exchange loss of S\$0.99 million for 12M2020, compared to net foreign exchange gain of S\$0.41 million for 12M2019. This is mainly due to weakening of United States Dollars against Singapore dollars and Indonesian Rupiah in 2H2020.
- (viii) Corporate expenses for 12M2020 was S\$1.07 million, compared to S\$2.17 million in 12M2019. The decrease in corporate expenses was mainly due to lower share option expenses. All share option expenses relating to the GEL Scheme and the GEL 2018 Scheme have been fully amortised in the accounting book of the Group.
- (ix) Finance income for 12M2020 was S\$0.10 million, compared to S\$0.13 million in 12M2019. The decrease in finance income was in line with lower amount placed in the short term investments.
- (x) The Group recorded a net profit after tax of S\$5.66 million for 12M2020 as compared to S\$1.36 million for 12M2019. PE business achieved a net profit after tax of S\$6.75 million (S\$4.22 million for 12M2019), and offset by a corporate expenses of S\$1.07 million (S\$2.17 million for 12M2019).
- (xi) Finance cost for 12M2020 was S\$0.31 million, compared to S\$0.30 million in 12M2019. This consists of S\$0.07 million on lease liabilities arising from right-of-use assets and S\$0.24 million relating to loan and borrowings.
- (xii) Inventory obsolescence allowance was recognized at S\$0.05 million as those inventories has no more realizable value.

Consolidated Statement of Financial Position

- (xiii) Property, plant and equipment as at 31 December 2020 was S\$24.56 million. This increase of S\$8 million from 31 December 2019 comprised S\$2.74 million in acquisition of machineries and equipment and S\$7.58 million in relation to construction in progress of a new factory building at Batam Indonesia, and partially offset by depreciation for the year.
- (xiv) The Group interest in associated company, which engaged in O&G business, remain unchanged since 31 December 2019. The investee company successfully received regulatory approval for the extension of exploration period after it expired during the year and is currently working toward monetization of oil and gas from Trembul production field, Indonesia.
- (xv) The increase in right-of-use assets arose from new leases signed upon expiration of leasing terms at existing business operating offices and factories. Correspondingly, lease liabilities (both current and noncurrent) arising from the right-of-use assets with a net carrying value amount of S\$1.66 million was recognised as at 31 December 2020.
- (xvi) Other receivables and deposits at 31 December 2020 was S\$3.07 million. This is an increase of S\$1.41 million from 31 December 2019, mainly attributable to upfront payment for tooling purchase associated with electronic products development.
- (xvii) Inventories as at 31 December 2020 was S\$14.65 million, an increase of S\$3.20 million from 31 December 2019 which was driven by higher sales forecast received from our customer for the next few months.
- (xviii) Trade receivables and trade payables as at 31 December 2020 was S\$37.97 million and S\$20.68 million respectively. This is an increase of S\$15.10 million for trade receivables and S\$6.12 million for trade payables from 31 December 2019, mainly due to higher PE sales in 2H2020 and material purchases to meet higher sales order forecast in the subsequent months. There has been no change in customer repayment terms as well as the Group's suppliers.
- (xix) Financial assets measured at fair value through profit or loss ("FVTPL") as at 31 December 2020 was S\$0.61 million. This is a decrease of S\$0.36 million from 31 December 2019, due to withdrawal of funds for working capital purposes.
- (xx) There were no pledged deposits as at 31 December 2020. The pledge has been lifted upon full settlement of bank loan of a subsidiary company.
- (xxi) Other payables and accruals as at 31 December 2020 was S\$11.03 million. This is a increase of S\$5.67 million from 31 December 2019 mainly due to payment obligation of S\$4.40 million for construction of new factory at Batam Indonesia.

- 8 (xxii) Loan and borrowings as at 31 December 2020 was S\$13.19 million, an increase of S\$7.70 million from 31 December 2019 due to increased financing obtained for working capital requirements and also material bulk purchase coping with increased sales order.
- (xxiii) Income tax payable as at 31 December 2020 was S\$1.16 million. This is an increase S\$0.91 million from 31 December 2019 mainly attributable to higher profit the Group has achieved during the year.
- (xxiv) A deferred tax liability was recognised at S\$0.11 million in respect of undistributed profits of foreign subsidiaries not remitted back to holding company due to temporary differences associated with investments in subsidiaries.
- (xxv) The net assets of the Group as at 31 December 2020 was S\$53.99 million. Net assets per share as at 31 December 2019 was S\$0.1109.

Consolidated Statement of Cash Flows

- (xxvi) The Group incurred a net operating cash outflow of S\$1.66 million during 12M2020 arising from higher inventory build-up and sales to customers during the financial period 2H2020.
- (xxvii) Net cash used in investing activities during the period was S\$5.45 million. This includes S\$2.64 million for acquiring machines and equipment, S\$3.22 million for land and construction of new factory building at Batam Indonesia and partially offset by net proceed of S\$0.40 million from short-term investments.
- (xxviii) Net cash generated from financing activities during the year was S\$6.79 million. This consists of S\$37.23 million proceeds from bank borrowings and reduction in S\$0.34 million of bank pledge, and offset by S\$1.40 million for repayment of obligations under lease liabilities, S\$29.44 million for repayment of bank borrowings. During the year, the Company issued additional 700,000 ordinary shares under GEL Scheme.
- (xxix) Net cash and cash equivalents as at 31 December 2020 stood at S\$7.06 million, a decrease of S\$0.18 million from 31 December 2019.

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.

Our confidence in the business outlook of 2021 are bolstered by the possible containment of the pandemic by successful deployment of vaccines worldwide. We see gradual recovery in our existing end-customer market and are also encouraged by prospective business from potential customers looking for our services or a partnership venture into a new market. Meanwhile, the Group remains vigilant and cautious to ensure that operations are not disrupted by any reason and continues to pursue business growth with key customers.

In the O&G business, we continue to work with our farm-in partner towards monetisation of Trembul Production Area assets despite the road map being delayed due to the breakout of pandemic.

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 and the reason(s) for the decision.

The Board has reviewed the Group's resources for ongoing operations and plans for expansion, and considers that the consolidation of all available financial resources would better enable the Group to utilise such resources more effectively to support growth and enhance shareholder value. In connection with the foregoing, 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 were used during the period under review.

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.

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 operating 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 2020						
Revenue						
External customers	106,376	-	-	-	106,376	
Intersegment revenues	21,672	-	-	(21,672)	-	
Total revenue	128,048	-	-	(21,672)	106,376	
Results						
Operating profit/(loss)	8,130	(7)	(1,073)	-	7,050	
Interest income	100	-	-	-	100	
Interest expense	(307)	-	-	-	(307)	
Share of losses of associate	-	(5)	-	-	(5)	
Income tax expenses	(1,624)	-	-	-	(1,624)	
Non-controlling interests	378	-	-	-	378	
Net profit/(loss)	6,677	(12)	(1,073)	-	5,592	
Segment assets and liabilities						
Segment assets	92,403	11,328	24	-	103,755	
Segment liabilities	49,502	-	260	-	49,762	
Other segment information						
Inventory written off	(45)	-	-	-	(45)	
Capital expenditure	(5,962)	-	-	-	(5,962)	
Depreciation and amortisation	(3,860)	-	-	-	(3,860)	
Net foreign exchange loss	(981)	(2)	(9)	-	(992)	
December 2019						
Revenue						
External customers	97,550	-	-	-	97,550	
Intersegment revenues	18,652	-	-	(18,652)	-	
Total revenue	116,202	-	-	(18,652)	97,550	
Results						
Operating profit/(loss)	5,024	(670)	(2,172)	-	2,182	
Interest income	125	1	-	-	126	
Interest expense	(302)	-	-	-	(302)	
Share of losses of associate	-	(23)	-	-	(23)	
Income tax expenses	(620)	-	-	-	(620)	
Non-controlling interests	656	14	-	-	670	
Net profit/(loss)	4,883	(678)	(2,172)	-	2,033	
Segment assets and liabilities						
Segment assets	64,509	12,162	30	-	76,701	
Segment liabilities	28,442	-	348	-	28,790	
Other segment information						
Allowance for inventory obsolescence written back	(18)	-	-	-	(18)	
Capital expenditure	(1,909)	(389)	-	-	(2,298)	
Depreciation and amortisation	(3,551)	-	-	-	(3,551)	
Net foreign exchange gain	(210)	(220)	19	-	(411)	
Geographical Segments						
	Group turnover		Non-current assets		Group expenditure	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	12,039	15,476	12,905	12,592	139	23
Indonesia	66,623	47,955	17,836	8,123	5,586	1,593
Germany	1,401	2,189	-	-	-	-
Japan	2,638	6,924	-	-	-	-
China	13,756	15,898	7,738	8,324	237	212
Other Countries	9,919	9,108	357	638	-	470
	106,376	97,550	38,836	29,677	5,962	2,298

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 2020	31 December 2019	
	S\$ '000	S\$ '000	%
(a) Sales reported for first half year	42,955	48,715	(11.82)%
(b) Operating (loss)/profit after tax before deducting Non-controlling interests reported for first half year	1,451	(375)	NM
(c) Sales reported for second half year	63,421	48,835	29.87%
(d) Operating profit after tax before deducting Non-controlling interests reported for second half year	3,763	1,738	>100.00%

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

Total Annual Dividend

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

21 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). 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

Ng Say Tiong
Company Secretary

Date 1 March 2021

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd ("Sponsor"). It has not been examined or approved by Singapore Exchange Securities Trading Limited ("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 announcement.

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