



**GSS ENERGY LIMITED**  
RCB No: 201432529C

**UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 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 first quarter ended 31 March.

|  | 1Q2018 <sup>1</sup><br>(S\$'000) | Group<br>1Q2017 <sup>2</sup><br>(S\$'000) | Change in<br>% |
|--|----------------------------------|---|----------------|
| <b>Revenue</b>   | 24,395                           | 21,706                                    | 12.39%         |
| Cost of Sales  | (18,701)                         | (16,616)                                  | 12.55%         |
| <b>Gross Profit</b>  | 5,694                            | 5,090                                     | 11.87%         |
| <b>Other items of income</b>   |                                  |   |                |
| Other income   | 72                               | 57  | 26.32%         |
| <b>Other items of expenses</b>   |                                  |   |                |
| Distribution and selling expenses                                      | (2,423)                          | (1,819)                                   | 33.21%         |
| Administration expenses  | (1,643)                          | (1,325)                                   | 24.00%         |
| Other operating expenses   | (414)                            | (551)                                     | (24.86)%       |
| <b>Profit from operations</b>  | 1,286                            | 1,452                                     | (11.43)%       |
| Finance income   | 58                               | 53  | 9.43%          |
| Finance costs  | (22)                             | (3)                                       | >100.00%       |
| <b>Profit before income tax</b>  | 1,322                            | 1,502                                     | (11.98)%       |
| Income tax expense   | (728)                            | (468)                                     | 55.56%         |
| <b>Profit for the financial period</b>                                 | 594                              | 1,034                                     | (42.55)%       |
| <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    | 329                              | (275)                                     | NM             |
| <b>Other comprehensive income for the financial period, net of tax</b> | 329                              | (275)                                     | NM             |
| <b>Total comprehensive income for the financial period</b>             | 923                              | 759                                       | 21.61%         |
| <b>Profit attributable to:-</b>  |                                  |   |                |
| Owners of the parent   | 670                              | 1,049                                     | (36.13)%       |
| Non-controlling interests  | (76)                             | (15)                                      | >100.00%       |
|  | 594                              | 1,034                                     | (42.55)%       |
| <b>Other comprehensive income attributable to:-</b>                    |                                  |   |                |
| Owners of the parent   | 994                              | 775                                       | 28.26%         |
| Non-controlling interests  | (71)                             | (16)                                      | >100.00%       |
|  | 923                              | 759                                       | 21.61%         |

1 (a) (ii) Other information

|   | 1Q2018 <sup>1</sup><br>(S\$'000) | Group<br>1Q2017 <sup>2</sup><br>(S\$'000) | Change in<br>% |
|---|----------------------------------|---|----------------|
| Finance income                                | 58                               | 53  | 9.43%          |
| Finance cost                                  | (22)                             | (3)                                       | >100.00%       |
| Amortisation of intangible assets             | (6)                              | (59)                                      | (89.83)%       |
| Amortisation of land use rights               | (14)                             | -   | >100.00%       |
| Depreciation of property, plant and equipment | (451)                            | (314)                                     | 43.63%         |
| Foreign exchange loss, net                    | (414)                            | (551)                                     | (24.86)%       |
| Share option expenses                         | (374)                            | (138)                                     | >100.00%       |

Notes

<sup>1</sup> "1Q2018": Period from 1 Jan 2018 to 31 Mar 2018

<sup>2</sup> "1Q2017": Period from 1 Jan 2017 to 31 Mar 2017

<sup>3</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<br>As at         |                        |                | Company<br>As at       |                        |                 |
|--|------------------------|------------------------|----------------|------------------------|------------------------|-----------------|
|  | 31.03.2018<br>S\$ '000 | 31.12.2017<br>S\$ '000 | Change in<br>% | 31.03.2018<br>S\$ '000 | 31.12.2017<br>S\$ '000 | Change in<br>%  |
| <b>ASSETS</b>                                      |                        |                        |                |                        |                        |                 |
| <b>Non-current assets</b>                          |                        |                        |                |                        |                        |                 |
| Property, plant and equipment                      | 10,618                 | 10,179                 | 4.31%          | -                      | -                      | NM              |
| Intangible assets                                  | 66                     | 71                     | (7.04)%        | -                      | -                      | NM              |
| Land use rights                                    | 1,572                  | 1,560                  | 0.77%          | -                      | -                      | NM              |
| Exploration and evaluation assets                  | 13,688                 | 12,444                 | 10.00%         | -                      | -                      | NM              |
| Investment in subsidiaries                         | -                      | -                      | NM             | 28,683                 | 28,683                 | 0.00%           |
| Goodwill   | 112                    | 112                    | 0.00%          | -                      | -                      | NM              |
| Due from subsidiaries                              | -                      | -                      | NM             | 14,440                 | 13,351                 | 8.16%           |
|  | <u>26,056</u>          | <u>24,366</u>          | <u>6.94%</u>   | <u>43,123</u>          | <u>42,034</u>          | <u>2.59%</u>    |
| <b>Current assets</b>                              |                        |                        |                |                        |                        |                 |
| Inventories  | 9,050                  | 10,003                 | (9.53)%        | -                      | -                      | NM              |
| Trade receivables                                  | 24,633                 | 24,763                 | (0.52)%        | -                      | -                      | NM              |
| Other receivables and deposits                     | 2,055                  | 1,903                  | 7.99%          | 1                      | 3                      | (66.67)%        |
| Prepayment   | 221                    | 174                    | 27.01%         | 10                     | 10                     | 0.00%           |
| Short-term investments                             | 6,254                  | 7,381                  | (15.27)%       | -                      | -                      | NM              |
| Pledged deposits                                   | 1,678                  | 1,659                  | 1.15%          | -                      | -                      | NM              |
| Cash and bank balances                             | 4,864                  | 4,719                  | 3.07%          | 9                      | 11                     | (18.18)%        |
|  | <u>48,755</u>          | <u>50,602</u>          | <u>(3.65)%</u> | <u>20</u>              | <u>24</u>              | <u>(16.67)%</u> |
| <b>Total assets</b>                                | <u>74,811</u>          | <u>74,968</u>          | <u>(0.21)%</u> | <u>43,143</u>          | <u>42,058</u>          | <u>2.58%</u>    |
| <b>EQUITY AND LIABILITIES</b>                      |                        |                        |                |                        |                        |                 |
| <b>Current liabilities</b>                         |                        |                        |                |                        |                        |                 |
| Trade payables                                     | 14,226                 | 16,162                 | (11.98)%       | -                      | -                      | NM              |
| Other payables and accruals                        | 9,041                  | 9,013                  | 0.31%          | 330                    | 312                    | 5.77%           |
| Due to a subsidiary                                | -                      | -                      | NM             | 14,106                 | 12,753                 | 10.61%          |
| Current income tax payable                         | 2,889                  | 2,348                  | 23.04%         | -                      | -                      | NM              |
| Loan and borrowings                                | 2,810                  | 2,897                  | (3.00)%        | -                      | -                      | NM              |
|  | <u>28,966</u>          | <u>30,420</u>          | <u>(4.78)%</u> | <u>14,436</u>          | <u>13,065</u>          | <u>10.49%</u>   |
| <b>Net current assets/(liabilities)</b>            | <u>19,789</u>          | <u>20,182</u>          | <u>(1.95)%</u> | <u>(14,416)</u>        | <u>(13,041)</u>        | <u>10.54%</u>   |
| <b>Non-current liabilities</b>                     |                        |                        |                |                        |                        |                 |
| Retirement benefit obligations                     | 1,414                  | 1,414                  | 0.00%          | -                      | -                      | NM              |
|  | <u>1,414</u>           | <u>1,414</u>           | <u>0.00%</u>   | <u>-</u>               | <u>-</u>               | <u>NM</u>       |
| <b>Total liabilities</b>                           | <u>30,380</u>          | <u>31,834</u>          | <u>(4.57)%</u> | <u>14,436</u>          | <u>13,065</u>          | <u>10.49%</u>   |
| <b>Net assets</b>                                  | <u>44,431</u>          | <u>43,134</u>          | <u>3.01%</u>   | <u>28,707</u>          | <u>28,993</u>          | <u>(0.99)%</u>  |
| <b>Equity attributable to owners of the parent</b> |                        |                        |                |                        |                        |                 |
| Share capital                                      | 58,522                 | 58,522                 | 0.00%          | 58,522                 | 58,522                 | 0.00%           |
| Accumulated losses                                 | (16,832)               | (17,502)               | (3.83)%        | (31,310)               | (30,650)               | 2.15%           |
| Other reserves                                     | 2,894                  | 2,196                  | 31.79%         | 1,495                  | 1,121                  | 33.36%          |
|  | <u>44,584</u>          | <u>43,216</u>          | <u>3.17%</u>   | <u>28,707</u>          | <u>28,993</u>          | <u>(0.99)%</u>  |
| <b>Non-controlling interests</b>                   | <u>(153)</u>           | <u>(82)</u>            | <u>86.59%</u>  | <u>-</u>               | <u>-</u>               | <u>NM</u>       |
| <b>Total equity</b>                                | <u>44,431</u>          | <u>43,134</u>          | <u>3.01%</u>   | <u>28,707</u>          | <u>28,993</u>          | <u>(0.99)%</u>  |
| <b>Total equity and liabilities</b>                | <u>74,811</u>          | <u>74,968</u>          | <u>(0.21)%</u> | <u>43,143</u>          | <u>42,058</u>          | <u>2.58%</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 31.03.2018     |                        | As at 31.12.2017     |                        |
|----------------------|------------------------|----------------------|------------------------|
| Secured<br>S\$ ' 000 | Unsecured<br>S\$ ' 000 | Secured<br>S\$ ' 000 | Unsecured<br>S\$ ' 000 |
| 2,810                | -                      | 2,897                | -                      |

Amount repayable after one year

| As at 31.03.2018     |                        | As at 31.12.2017     |                        |
|----------------------|------------------------|----------------------|------------------------|
| Secured<br>S\$ ' 000 | Unsecured<br>S\$ ' 000 | Secured<br>S\$ ' 000 | Unsecured<br>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 invoicing of a subsidiary company is secured by corporate guarantee of the Company.
- (iii) Finance lease liabilities of S\$0.02 million (31 December 2017: S\$0.05 million) is 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                            |                                  |
|---|----------------------------------|----------------------------------|
|   | 1Q2018 <sup>1</sup><br>(S\$'000) | 1Q2017 <sup>2</sup><br>(S\$'000) |
| <b>Operating activities</b>   |                                  |                                  |
| Profit before income tax  | 1,322                            | 1,502                            |
| Adjustments for:  |                                  |                                  |
| Amortisation of intangible assets   | 6                                | 59                               |
| Amortisation of land use rights   | 14                               | -                                |
| Depreciation of property, plant and equipment                               | 451                              | 314                              |
| Finance costs   | 22                               | 3                                |
| Interest income   | (58)                             | (53)                             |
| Share option expenses   | 374                              | 138                              |
| <b>Operating cash flows before working capital changes</b>                  | <b>2,131</b>                     | <b>1,963</b>                     |
| <b>Working capital changes</b>  |                                  |                                  |
| Inventories   | 960                              | (158)                            |
| Trade receivables   | (19)                             | (3,401)                          |
| Other receivables and deposits  | (153)                            | (568)                            |
| Prepayments   | (47)                             | (219)                            |
| Trade payables  | (1,469)                          | 747                              |
| Other payables and accruals   | 217                              | (609)                            |
| <b>Cash generated from/(used in) operations</b>                             | <b>1,620</b>                     | <b>(2,245)</b>                   |
| Interest received   | 58                               | 53                               |
| Interest paid   | (22)                             | (3)                              |
| Income tax paid   | (217)                            | (186)                            |
| <b>Net cash generated from/(used in) operating activities</b>               | <b>1,439</b>                     | <b>(2,381)</b>                   |
| <b>Investing activities</b>   |                                  |                                  |
| Purchase of property, plant and equipment                                   | (968)                            | (1,029)                          |
| Addition to exploration and evaluation assets                               | (1,502)                          | -                                |
| Proceed from short-term investments   | 1,245                            | -                                |
| Net cash from acquisition of a joint venture                                | -                                | 40                               |
| <b>Net cash used in investing activities</b>                                | <b>(1,225)</b>                   | <b>(989)</b>                     |
| <b>Financing activities</b>   |                                  |                                  |
| Short-term deposits pledged   | (24)                             | 32                               |
| Proceeds from bank loans  | 1,331                            | -                                |
| Repayment of bank loans   | (1,397)                          | (50)                             |
| Repayment of obligations under finance leases                               | (21)                             | (5)                              |
| <b>Net cash used in financing activities</b>                                | <b>(111)</b>                     | <b>(23)</b>                      |
| <i>Net changes in cash and cash equivalents</i>                             | 103                              | (3,393)                          |
| <i>Effect of foreign exchange rate changes in cash and cash equivalents</i> | 42                               | (120)                            |
| <i>Cash and cash equivalents at beginning of period</i>                     | 4,719                            | 14,942                           |
| <b>Cash and cash equivalents at end of the period</b>                       | <b>4,864</b>                     | <b>11,429</b>                    |

Notes

<sup>1</sup> "1Q2018": Period from 1 Jan 2018 to 31 Mar 2018

<sup>2</sup> "1Q2017": Period from 1 Jan 2017 to 31 Mar 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.

Statement of Changes in Equity for First Quarter ended 31 March 2018

|   | 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 |
| <b>The Group</b>  |               |                        |                                       |                        |                    |                                  |  |                           |         |
| Balance at 1 January 2018   | 58,522        | 1,006                  | 72                                    | 1,121                  | (17,502)           | (3)                              | 43,216                                     | (82)                      | 43,134  |
| Net profit for the financial period                                 | -             | -                      | -                                     | -                      | 670                | -                                | 670  | (76)                      | 594     |
| Other comprehensive income for the financial period                 |               |                        |                                       |                        |                    |                                  |  |                           |         |
| Exchange differences arising from translation of foreign operations | -             | -                      | 324                                   | -                      | -                  | -                                | 324  | 5                         | 329     |
| Other comprehensive income for the financial period                 | -             | -                      | 324                                   | -                      | -                  | -                                | 324  | 5                         | 329     |
| Total comprehensive income for the financial period                 | -             | -                      | 324                                   | -                      | 670                | -                                | 994  | (71)                      | 923     |
| Contributions by owners   |               |                        |                                       |                        |                    |                                  |  |                           |         |
| Share option expense  | -             | -                      | -                                     | 374                    | -                  | -                                | 374  | -                         | 374     |
| Balance at 31 March 2018  | 58,522        | 1,006                  | 396                                   | 1,495                  | (16,832)           | (3)                              | 44,584                                     | (153)                     | 44,431  |
|   |               |                        |                                       |                        |                    |                                  |  |                           |         |
|   | 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 |
| <b>The Group</b>  |               |                        |                                       |                        |                    |                                  |  |                           |         |
| Balance at 1 January 2017   | 58,522        | 873                    | 119                                   | -                      | (21,535)           | (3)                              | 37,976                                     | (85)                      | 37,891  |
| Net profit for the financial period                                 | -             | -                      | -                                     | -                      | 1,049              | -                                | 1,049                                      | (15)                      | 1,034   |
| Other comprehensive income for the financial period                 |               |                        |                                       |                        |                    |                                  |  |                           |         |
| Exchange differences arising from translation of foreign operations | -             | -                      | (274)                                 | -                      | -                  | -                                | (274)                                      | (1)                       | (275)   |
| Other comprehensive income for the financial period                 | -             | -                      | (274)                                 | -                      | -                  | -                                | (274)                                      | (1)                       | (275)   |
| Total comprehensive income for the financial period                 | -             | -                      | (274)                                 | -                      | 1,049              | -                                | 775  | (16)                      | 759     |
| Contributions by owners   |               |                        |                                       |                        |                    |                                  |  |                           |         |
| Share option expense  | -             | -                      | -                                     | 138                    | -                  | -                                | 138  | -                         | 138     |
| Balance at 31 March 2017  | 58,522        | 873                    | (155)                                 | 138                    | (20,486)           | (3)                              | 38,889                                     | (101)                     | 38,788  |

Statement of Changes in Equity for First Quarter ended 31 March 2018 (cont'd)

|   | Share capital | Share option reserves | Accumulated losses | Total   |
|---|---------------|-----------------------|--------------------|---------|
|   | S\$'000       | S\$'001               | S\$'000            | S\$'000 |
| <b>The Company</b>                                  |               |                       |                    |         |
| Balance at 1 January 2018                           | 58,522        | 1,121                 | (30,650)           | 28,993  |
| Loss for the financial period                       | -             | -                     | (660)              | (660)   |
| Total comprehensive income for the financial period | -             | -                     | (660)              | (660)   |
| Contributions by owners                             |               |                       |                    |         |
| Share option expenses                               | -             | 374                   | -                  | 374     |
| Balance at 31 March 2018                            | 58,522        | 1,495                 | (31,310)           | 28,707  |
| Balance at 1 January 2017                           | 58,522        | -                     | (27,947)           | 30,575  |
| Loss for the financial period                       | -             | -                     | (511)              | (511)   |
| Total comprehensive income for the financial period | -             | -                     | (511)              | (511)   |
| Share option expenses                               | -             | 138                   | -                  | 138     |
| Balance at 31 March 2017                            | 58,522        | 138                   | (28,458)           | 30,202  |

- 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.

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

**Share options**

The GSS Energy Limited Executives' Share Option Scheme ( the "GEL Scheme") was approved by the shareholders at the annual general meeting on 22 April 2016. During the financial period from January 2018 to March 2018, 27,223,000 share options were granted under the GEL Scheme and there was no options exercised under the GEL Scheme. As at 31 March 2018, the number of shares that may be issued on conversion of all the outstanding share options was 74,423,000 (31 March 2017: 47,200,000).

The unissued shares of the Company under the option as at 31 March 2018 are as follows:

| Date of grant of options | Exercise price per share | Balance as at 01.01.2018 | Number of of options                |                                       |   | Balance as at 31.03.2018 | Balance as at 31.03.2017 | 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 <sup>1</sup>  | -                                   | -                                     | -   | 35,800,000               | 35,800,000               | 28.02.2019 to 27.02.2022 |
| 23.02.2018               | S\$0.09856               | -                        | 1,850,000                           | -                                     | -   | 1,850,000                | -                        | 23.02.2020 to 22.02.2021 |
| 23.02.2018               | S\$0.09856               | -                        | 25,373,000                          | -                                     | -   | 25,373,000               | -                        | 23.02.2020 to 22.02.2023 |
| Total                    |                          | 47,200,000               | 27,223,000                          | -                                     | -   | 74,423,000               | 47,200,000               |                          |

Saved as disclosed above, there were no other outstanding options and convertibles as at 31 March 2018 and 31 March 2017.

The Company has no treasury shares as at 31 March 2018 and 31 March 2017.

**Notes**

<sup>1</sup> 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 Mar 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 March 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.**

|                    | Group                  |                        |
|--------------------|------------------------|------------------------|
|                    | 1Q2018<br>S'pore cents | 1Q2017<br>S'pore cents |
| Earnings per share |                        |                        |
| - Basic            | 0.14                   | 0.21                   |
| - Diluted          | 0.13                   | 0.21                   |

The basic earnings per share for the period from 1 January 2018 to 31 Mar 2018 is calculated based on the weighted average share capital in issue during the period of 496,158,657 ordinary shares (1 January 2017 to 31 March 2017: 496,158,657 ordinary shares).

The diluted earnings per share for the period from 1 January 2018 to 31 Mar 2018 is calculated based on the weighted average share capital in issue during the period of 508,290,946 ordinary shares (1 January 2017 to 31 March 2017: 500,661,789 ordinary shares).

**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 March 2018<br>S'pore cents | 31 December 2017<br>S'pore cents | 31 March 2018<br>S'pore cents | 31 December 2017<br>S'pore cents |
| Net assets value per ordinary share (S'pore cents)          | 8.99                          | 8.71                             | 5.79                          | 5.84                             |
| Net tangible assets value per ordinary share (S'pore cents) | 5.87                          | 5.85                             | 5.79                          | 5.84                             |

The net assets value per share for the period ended 31 March 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 business ("O&G").

**Consolidated Income Statement**

- (ii) The turnover for 1Q2018 and 1Q2017 was S\$24.40 million and S\$21.71 million, respectively. This was entirely contributed by the PE business.
- (iii) The Group achieved a gross margin of 23.34% for the quarter under review. This compares to the gross margin of 23.45% for the corresponding period in 2017.
- (iv) Total selling and administration expenses for 1Q2018 was S\$4.07 million. This includes S\$2.68 million for the PE business, S\$0.65 million for the O&G business and S\$0.74 million for corporate expenses (including share options expenses of S\$0.37 million). This is an increase of S\$0.92 million when compared to the corresponding period in 2017. The increase in selling and administration expenses as a percentage of revenue is due to higher expenses for O&G business for which no revenue has been generated yet.
- (v) Other income and other operating expenses for the quarter under review was S\$0.07 million and S\$0.06 million respectively. This is due mainly to sales of scrap materials, government grant and foreign exchange differences.
- (vi) The group recorded a net profit after tax S\$0.59 million for 1Q2018. PE achieved a net profit after tax of S\$2.30 million as compared to S\$1.90 million in 1Q2017. This was offset by net loss of S\$0.97 million for O&G business and corporate expenses of S\$0.74 million.

**Consolidated Statement of Financial Position**

- (vii) Exploration and evaluation assets as at 31 March 2018 was S\$13.69 million, an increase of S\$1.24 million from 31 December 2017. The increase was attributable to capitalisation of S\$1.50 million expenses associated with Trembul Operation Area oil project in Indonesia. This was offset by differences in currency alignment on exploration and evaluation assets balances.
- (viii) Inventories as at 31 March 2018 was S\$9.05 million. This is a decrease of S\$0.95 million from 31 December 2017. This is in line with Group's effort to manage its production capacity and customers strong demand without exposing the company to unnecessary cost.
- (ix) Prepayment as at 31 March 2018 was S\$0.22 million. This is an increase of S\$0.05 million from 31 December 2017, due mainly to additional prepaid expenses made during 1Q2018.
- (x) Short-term investments as at 31 March 2018 was S\$6.25 million. This is a decrease of S\$1.13 million from 31 December 2017, due to releasing funds to settle Changzhou factory construction related payments.
- (xi) Trade payables as at 31 March 2018 was S\$14.23 million. This is a decrease of S\$1.94 million from 31 December 2017, in line with the inventory management mentioned in 8(viii).
- (xii) The net assets of the Group as at 31 March 2018 was S\$44.43 million.

## Consolidated Statement of Cash Flows

- 8 (xiii) The Group generated a net operating cash inflow of S\$1.44 million during the quarter, primarily due to profit generated from operating activities.
- (xiv) Net cash used in investing activities during the period was S\$1.23 million. This includes S\$0.97 million for acquiring machineries and equipment, and S\$1.50 million for expenditure on construction of facilities for oil well in Trembul Operation Area. This is offset by proceed of S\$1.25 million from short-term investment.
- (xv) Net cash used in financing activities during the period was S\$0.11 million, due mainly to S\$1.42 million for repayment of loan and borrowings, and was partially offset by proceed of S\$1.33 million from term loan.
- (xvi) Net cash and cash equivalents as at 31 March 2018 stood at S\$4.86 million, an increase of S\$0.15 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, our business strategies and future plans for continue sustainable growth remain unchanged. We continue to execute plans to grow organically and explore suitable opportunities to expand its business through acquisitions or strategic alliances, both locally and through overseas expansion.
- In the O&G business, the Group's priority is to monetise on Trembul Production Area assets. At the same time, we continue to selectively source for new growth and valued opportunities.
- 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 **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 were raised from IPO and other offerings for the period under review.
- 15 **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 the first quarter ended 31 March 2018 to be false or misleading in any material aspect.
- 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.

## BY ORDER OF THE BOARD

**Ng Say Tiong**  
Company Secretary

Date 14 May 2018

*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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