



GSS ENERGY LIMITED

RCB No: 201432529C

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2019

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

Consolidated statement of comprehensive income for the fourth quarter and twelve (12) months ended 31 December 2019.

	4Q2019 ¹ (S\$'000)	4Q2018 ² (S\$'000)	Change in %	Group 12M2019 ³ (S\$'000)	12M2018 ⁴ (S\$'000)	Change in %
Revenue						
PE	20,178	21,437	(5.87)%	97,550	100,832	(3.25)%
O&G	-	-	NM	-	-	NM
Group	20,178	21,437	(5.87)%	97,550	100,832	(3.25)%
Cost of sales						
PE	(15,533)	(17,451)	(10.99)%	(79,118)	(80,168)	(1.31)%
O&G	-	-	NM	-	-	NM
Group	(15,533)	(17,451)	(10.99)%	(79,118)	(80,168)	(1.31)%
Gross profit						
PE	4,645	3,986	16.53%	18,432	20,664	(10.80)%
O&G	-	-	NM	-	-	NM
Group	4,645	3,986	16.53%	18,432	20,664	(10.80)%
Other items of income						
Other income						
PE	172	506	(66.01)%	438	707	(38.05)%
O&G	-	1	(100.00)%	-	1	(100.00)%
Group	172	507	(66.07)%	438	708	(38.14)%
Other items of expenses						
Distribution and selling expenses						
PE	(3,143)	(2,162)	45.37%	(10,143)	(7,906)	28.29%
O&G	-	(29)	(100.00)%	(13)	(787)	(98.35)%
Group	(3,143)	(2,191)	43.45%	(10,156)	(8,693)	16.83%
Administration expenses						
PE	(885)	(739)	19.76%	(3,508)	(3,140)	11.72%
O&G	(1)	(142)	(99.30)%	(438)	(831)	(47.29)%
Group	(886)	(881)	0.57%	(3,946)	(3,971)	(0.63)%
Other operating expenses						
PE	1	-	NM	-	-	NM
O&G	(3)	30	NM	(3)	-	NM
Group	(2)	30	NM	(3)	-	NM
Profit/(Loss) from operations before net foreign exchange						
PE	790	1,591	(50.35)%	5,219	10,325	(49.25)%
O&G	(4)	(140)	(97.14)%	(454)	(1,617)	(71.92)%
Group	786	1,451	(45.83)%	4,765	8,708	(45.28)%
Foreign exchange (loss)/gain, net	(131)	(168)	(22.02)%	(411)	203	NM
Profit from operations after net foreign exchange	655	1,283	(48.95)%	4,354	8,911	(51.14)%
Corporate Expenses	(492)	(861)	(42.86)%	(2,172)	(3,104)	(30.03)%
Impairment Expenses	-	(49)	(100.00)%	-	(2,999)	(100.00)%
Finance income	29	49	(40.82)%	126	203	(37.93)%
Finance costs	(73)	(44)	65.91%	(302)	(136)	>100.00%
Share of losses of equity-accounted investees	(23)	-	NM	(23)	-	NM
Profit before income tax	96	378	(74.60)%	1,983	2,875	(31.03)%
Income tax credit/(expense)	213	367	(41.96)%	(620)	(748)	(17.11)%
Profit for the financial period	309	745	(58.52)%	1,363	2,127	(35.92)%
Other comprehensive income:						
<i>Items that will not be reclassified subsequently to profit and loss</i>						
Remeasurement of defined benefit pension scheme	(178)	(156)	14.10%	(178)	(156)	14.10%
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translating of foreign operations	(702)	(84)	>100.00%	(929)	(274)	>100.00%
Other comprehensive income for the financial period, net of tax	(880)	(240)	>100.00%	(1,107)	(430)	>100.00%
Total comprehensive income for the financial period	(571)	505	NM	256	1,697	(84.91)%
Profit attributable to:-						
Owners of the parent	531	862	(38.40)%	2,033	2,311	(12.03)%
Non-controlling interests	(222)	(117)	89.74%	(670)	(184)	>100.00%
	309	745	(58.52)%	1,363	2,127	(35.92)%
Other comprehensive income attributable to:-						
Owners of the parent	(365)	624	NM	921	1,891	-51.30%
Non-controlling interests	(206)	(119)	73.11%	(665)	(194)	>100.00%
	(571)	505	NM	256	1,697	(84.91)%

1 (a) (ii) Other information

	Group					
	4Q2019 ¹ (S\$'000)	4Q2018 ² (S\$'000)	Change in %	12M2019 ³ (S\$'000)	12M2018 ⁴ (S\$'000)	Change in %
Finance income	29	49	(40.82)%	126	203	(37.93)%
Finance cost	(73)	(44)	65.91%	(302)	(136)	>100.00%
Amortisation of intangible assets	(5)	(5)	0.00%	(23)	(23)	(21.74)%
Amortisation of land use rights	(13)	(14)	(7.14)%	(54)	(56)	(3.57)%
Amortisation of right-of-use assets	(359)	-	NM	(1,223)	-	NM
Depreciation of property, plant and equipment	(585)	(501)	16.77%	(2,251)	(1,880)	19.73%
Foreign exchange (loss)/gain, net	(131)	(168)	(22.02)%	(411)	203	NM
Impairment allowance for exploration and evaluation assets	-	(49)	(100.00)%	-	(2,999)	(100.00)%
Write-off on inventories	(18)	-	NM	(18)	-	NM
Allowance for inventory obsolescence written back	-	4	(100.00)%	-	4	(100.00)%
Government incentive	125	449	(50.78)%	221	483	(50.78)%
Share option expenses	(175)	(407)	(57.00)%	(861)	(1,626)	(47.05)%

Notes

¹ "4Q2019": Period from 1 Oct 2019 to 31 Dec 2019

² "4Q2018": Period from 1 Oct 2018 to 31 Dec 2018

³ "12M2019": Period from 1 Jan 2019 to 31 Dec 2019

⁴ "12M2018": Period from 1 Jan 2018 to 31 Dec 2018

⁵ "PE": Precision Engineering Business

⁶ "O&G": Oil and Gas Business

⁷ "NM": Not Meaningful

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

Statements of Financial Position

	Group			Company		
	31.12.2019	31.12.2018	Change in	31.12.2019	31.12.2018	Change in
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
ASSETS						
Non-current assets						
Property, plant and equipment	11,192	11,819	(5.31)%	-	-	NM
Intangible assets	30	48	(37.50)%	-	-	NM
Land use rights	1,364	1,455	(6.25)%	-	-	NM
Exploration and evaluation assets	-	12,973	(100.00)%	-	-	NM
Right-of-use assets	1,373	-	NM	-	-	NM
Investment in subsidiaries	-	-	NM	28,683	28,683	0.00%
Investment in an associated company ¹	2,768	-	NM	2,768	-	NM
Goodwill	112	112	0.00%	-	-	NM
Deposits	3,446	1,340	>100.00%	-	-	NM
Due from an associated company ¹	9,392	-	NM	9,392	-	NM
Due from subsidiaries	-	-	NM	181	15,311	(98.82)%
	<u>29,677</u>	<u>27,747</u>	6.96%	<u>41,024</u>	<u>43,994</u>	(6.75)%
Current assets						
Inventories	11,450	11,829	(3.20)%	-	-	NM
Trade receivables	22,870	24,356	(6.10)%	-	-	NM
Other receivables and deposits	3,631	2,283	59.05%	-	-	NM
Due from a subsidiary	-	-	NM	-	109	(100.00)%
Prepayment	296	192	54.17%	10	13	(23.08)%
Amount due from a related company	223	-	NM	-	-	NM
Short-term investments	966	2,819	(65.73)%	-	-	NM
Pledge deposits	337	1,596	(78.88)%	-	-	NM
Cash and cash equivalents	7,251	6,111	18.65%	21	91	(76.92)%
	<u>47,024</u>	<u>49,186</u>	(4.40)%	<u>31</u>	<u>213</u>	(85.45)%
Total assets	<u>76,701</u>	<u>76,933</u>	(0.30)%	<u>41,055</u>	<u>44,207</u>	(7.13)%
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	14,557	16,170	(9.98)%	-	-	NM
Other payables and accruals	5,358	7,341	(27.01)%	348	413	(15.74)%
Due to a subsidiary	-	-	NM	12,383	19,403	(36.18)%
Current income tax payable	254	402	(36.82)%	-	-	NM
Lease liabilities	1,401	-	NM	-	-	NM
Loan and borrowings	5,494	5,033	9.16%	-	-	NM
	<u>27,064</u>	<u>28,946</u>	(6.50)%	<u>12,731</u>	<u>19,816</u>	(35.75)%
Net current assets/(liabilities)	<u>19,960</u>	<u>20,240</u>	(1.38)%	<u>(12,700)</u>	<u>(19,603)</u>	(35.21)%
Non-current liabilities						
Retirement benefit obligations	1,726	1,530	12.81%	-	-	NM
	<u>1,726</u>	<u>1,530</u>	12.81%	<u>-</u>	<u>-</u>	NM
Total liabilities	<u>28,790</u>	<u>30,476</u>	(5.53)%	<u>12,731</u>	<u>19,816</u>	(35.75)%
Net assets	<u>47,911</u>	<u>46,457</u>	3.13%	<u>28,324</u>	<u>24,391</u>	16.12%
Equity attributable to owners of the parent						
Share capital	58,522	58,522	0.00%	58,522	58,522	0.00%
Accumulated losses	(13,768)	(15,497)	(11.16)%	(33,806)	(36,878)	(8.33)%
Other reserves	3,896	3,843	1.38%	3,608	2,747	31.34%
	<u>48,650</u>	<u>46,868</u>	3.80%	<u>28,324</u>	<u>24,391</u>	16.12%
Non-controlling interests	<u>(739)</u>	<u>(411)</u>	79.81%	<u>-</u>	<u>-</u>	NM
Total equity	<u>47,911</u>	<u>46,457</u>	3.13%	<u>28,324</u>	<u>24,391</u>	16.12%
Total equity and liabilities	<u>76,701</u>	<u>76,933</u>	(0.30)%	<u>41,055</u>	<u>44,207</u>	(7.13)%

Note:

¹ Please refer to note 8(xvi).

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

Amount repayable in one year or less, or on demand

As at 31.12.2019		As at 31.12.2018	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
5,494	-	5,033	-

Amount repayable after one year

As at 31.12.2019		As at 31.12.2018	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
-	-	-	-

Note:

Details of any collateral

- (i) The short-term bank loan of a subsidiary company is secured by bank balances with the bank.
(ii) The short-term bank loan and invoice financing of subsidiaries are secured by corporate guarantee of the Company.

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

	Group			
	4Q2019 ¹ (S\$'000)	4Q2018 ² (S\$'000)	12M2019 ³ (S\$'000)	12M2018 ⁴ (S\$'000)
Operating activities				
Profit before income tax	96	378	1,983	2,875
Adjustments for:				
Write-off on inventories	18	-	18	-
Allowance for inventory obsolescence written back	-	(4)	-	(4)
Amortisation of intangible assets	5	5	23	23
Amortisation of land use rights	13	14	54	56
Amortisation of right-of-use assets	359	-	1,223	-
Depreciation of property, plant and equipment	585	501	2,251	1,880
Impairment allowances for exploration and evaluation assets	-	49	-	2,999
Finance costs	73	44	302	136
Gain on disposal of property, plant and equipment	-	(3)	-	(3)
Unrealised exchange difference	59	(202)	59	(40)
Finance income	(29)	(49)	(126)	(203)
Share of losses of equity-accounted investees	23	-	23	-
Share option expenses	175	407	861	1,626
Operating cash flows before working capital changes	1,377	1,140	6,671	9,345
Working capital changes				
Inventories	(1,202)	(1,023)	(550)	(1,864)
Trade receivables	6,023	8,096	1,225	495
Other receivables and deposits	(1,097)	1,268	(2,586)	(439)
Prepayments	(79)	17	(135)	(18)
Due from a related company	(213)	-	(213)	-
Trade payables	(3,251)	(3,716)	(1,810)	(220)
Other payables and accruals	510	(434)	1,823	(1,438)
Deferred income tax	-	(35)	-	-
Provisions settled	107	92	107	116
Cash generated from operations	2,175	5,405	4,532	5,977
Interest received	29	49	126	203
Interest paid	(35)	(44)	(186)	(136)
Tax refund	45	46	45	46
Income tax paid	(30)	(272)	(816)	(2,730)
Net cash generated from operating activities	2,184	5,184	3,701	3,360
Investing activities				
Deposit paid to acquire property, plant and equipment	(665)	(1,340)	(2,106)	(1,340)
Payment for intangible assets	(5)	-	(5)	-
Purchase of property, plant and equipment	(455)	(2,403)	(1,904)	(3,958)
Proceeds from disposal of property, plant and equipment	-	3	-	3
Addition to exploration and evaluation assets	-	(506)	(389)	(3,245)
Addition to short-term investments	-	(267)	(199)	(960)
Proceed from short-term investments	386	-	2,022	5,413
Net cash used in investing activities	(739)	(4,513)	(2,581)	(4,087)
Financing activities				
Bank balances pledged	1,060	106	1,003	68
Proceeds from bank loans	7,708	6,917	34,466	21,487
Repayment of obligations under leases liabilities arising from right-of-use assets	(386)	-	(1,310)	-
Repayment of bank loans	(7,900)	(6,994)	(33,960)	(19,259)
Repayment of obligations under finance leases	-	-	-	(49)
Net cash generated from financing activities	482	29	199	2,247
Net increase in cash and cash equivalents	1,927	700	1,319	1,520
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	(130)	(13)	(179)	(128)
<i>Cash and cash equivalents at beginning of period</i>	5,454	5,424	6,111	4,719
Cash and cash equivalents at end of the period	7,251	6,111	7,251	6,111

Notes

- ¹ "4Q2019": Period from 1 Oct 2019 to 31 Dec 2019
² "4Q2018": Period from 1 Oct 2018 to 31 Dec 2018
³ "12M2019": Period from 1 Jan 2019 to 31 Dec 2019
⁴ "12M2018": Period from 1 Jan 2018 to 31 Dec 2018

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

	Share capital	Capital reserve	Statutory reserve fund	Foreign currency translation reserves	Share options reserves	Accumulated losses	Equity Non-controlling interests	Total attributable to owners of the parent	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group										
Balance at 1 January 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 expense	-	-	-	-	861	-	-	861	-	861
Transfer to statutory reserve	-	-	126	-	-	(126)	-	-	-	-
Balance at 31 December 2019	58,522	-	1,282	(1,126)	3,608	(13,768)	132	48,650	(739)	47,911
Balance at 1 January 2018	58,522	-	1,006	72	1,121	(17,502)	(3)	43,216	(82)	43,134
Net profit/(loss) for the financial year	-	-	-	-	-	2,311	-	2,311	(184)	2,127
Other comprehensive income for the financial year										
Remeasurement of defined benefit scheme	-	-	-	-	-	(156)	-	(156)	-	(156)
Exchange differences arising from translation of foreign operations	-	-	-	(264)	-	-	-	(264)	(10)	(274)
Other comprehensive income for the financial year	-	-	-	(264)	-	(156)	-	(420)	(10)	(430)
Total comprehensive income for the financial year	-	-	-	(264)	-	2,155	-	1,891	(194)	1,697
Others										
Transfer to statutory reserve	-	-	150	-	-	(150)	-	-	-	-
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	-	135	135	(135)	-
Share option expenses	-	-	-	-	1,626	-	-	1,626	-	1,626
Balance at 31 December 2018	58,522	-	1,156	(192)	2,747	(15,497)	132	46,868	(411)	46,457

Statement of Changes in Equity for the financial year ended 31 December 2019 (cont'd)

	Share capital	Share option reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 1 January 2019	58,522	2,747	(36,878)	24,391
Profit for the financial year	-	-	3,072	3,072
Total comprehensive income for the financial year	-	-	3,072	3,072
Share option expenses	-	861	-	861
Balance at 31 December 2019	58,522	3,608	(33,806)	28,324
Balance at 1 January 2018	58,522	1,121	(30,650)	28,993
Loss for the financial year	-	-	(6,228)	(6,228)
Total comprehensive income for the financial year	-	-	(6,228)	(6,228)
Share option expenses	-	1,626	-	1,626
Balance at 31 December 2018	58,522	2,747	(36,878)	24,391

- 1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issue of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's Share capital for the three months ended 31 December 2019.

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 4Q2019, no share options (4Q2018: Nil) were granted or exercised under the GEL Scheme and GEL 2018 Scheme. As at 31 December 2019, the number of shares that may be issued on conversion of all the outstanding share options was 28,823,000 (31 December 2018: 73,423,000) which represented approximately 5.81% (31 December 2018: 14.80%) of the total issued shares excluding treasury shares and subsidiary holdings.

The movement of share options of the Company during the financial period from October 2019 to December 2019 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.10.2019	Number of options			Balance as at 31.12.2019	Balance as at 31.12.2018	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		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	10,200,000	-	-	-	10,200,000	35,800,000	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	25,073,000	23.02.2020 to 22.02.2023
Total		28,823,000	-	-	-	28,823,000	73,423,000	

Save as disclosed above, there were no other outstanding options and convertibles as at 31 December 2019 and 31 December 2018.

There were also no treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 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 2019	31 Dec 2018
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 during and as at the current financial period reported on.

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

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

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

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

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

Not applicable as the figures have not been audited or reviewed by the external auditors of the Company.

- 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.

Not applicable as the latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable as the latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

- 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 2018.

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 the new Singapore Financial Standards (International) ("SFRS(I)") 16 Leases for the financial year beginning on or after 1 January 2019. SFRS(I) 16 introduces new and amended requirements with respect to leases accounting. It introduces significant changes to the lease accounting by removing the distinction between operating and finance lease and requiring the recognition of right-to-use assets and lease liabilities at commencement of all leases, except for short-term leases and leases of low value assets.

The Group and Company has adopted all new and revised and interpretations of SFRS(I) that are relevant to its operations and effective for annual periods beginning after 1 January 2019. The adoption of the new and revised SFRS(I) had no significant impact on the financial statements of the Group and Company.

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.**

	4Q2019 S'pore cents	4Q2018 S'pore cents	Group 12M2019 S'pore cents	12M2018 S'pore cents
Earnings per ordinary share for the period:				
a) Based on weighted average number of shares in issue	0.03	0.17	0.41	0.47
Weighted average number of ordinary shares	496,158,657	496,158,657	496,158,657	496,158,657
b) On a fully diluted basis	0.03	0.17	0.41	0.46
Adjusted weighted average number of ordinary shares	496,158,657	496,158,657	496,158,657	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		Company	
	31 December 2019 S'pore cents	31 December 2018 S'pore cents	31 December 2019 S'pore cents	31 December 2018 S'pore cents
Net assets value per ordinary share (S'pore cents)	9.80	9.45	5.71	4.92
Net tangible assets value per ordinary share (S'pore cents)	9.22	6.51	5.71	4.92

Item 7: The net assets/net tangible assets value per share for the period ended 31 December 2019 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 2018: 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) On 17 June 2019, the Company entered into a sale and purchase agreement with Oakhurst Investment Pte. Ltd. to dispose 80 Class A ordinary shares representing 80% of the issued and paid-up share capital in its wholly owned subsidiary, GSS Energy Trembul Limited ("GETL") (see announcement dated 18 June 2019). As at 31 December 2019, the investment in GETL is accounted as investment in associated company.
- (ii) Following the disposal, the Group continues to engage in the precision engineering business ("PE").

Consolidated Income Statement

- (iii) The turnover for 12M2019 was S\$97.55 million. This was contributed by the PE business and it is slightly lower compared to corresponding period in 2018.
- (iv) The Group achieved a gross margin of 18.89% for 12M2019 as compared to 20.49% for 12M2018, taking into account of different business model, product mix and price competition.
- (v) The Group recorded other income of S\$0.44 million in 12M2019 as compared to S\$0.71 million in 12M2018, and mainly relates to sales of scrap materials and government incentives. The 12M2018 included government incentive of S\$0.45 million for expansion of investment in Changzhou China.
- (vi) Total selling and administration expenses for 12M2019 was S\$14.10 million as compared to S\$12.67 million for 12M2018. PE business had an increase of S\$2.61 million due mainly to setup expenses associated with new ventures and offset by decrease for O&G business due to disposal of 80% shareholdings in GETL. Please refer to subparagraph (i) above.
- (vii) The higher depreciation and amortisation in 12M2019 when compared to 12M2018, was mainly attributable to addition of new machines in Batam and China to expand capacity and enhance machining capabilities, and amortisation of right-of-use assets following the adoption of SFRS(I) 16 Leases on 1 January 2019.
- (viii) The write-off on inventories in 12M2019 was S\$0.01 million. This was made due to end of product life cycle for parts produced for customers.
- (ix) The Group recorded a net foreign exchange loss of S\$0.41 million for 12M2019, compared to net foreign exchange gain of S\$0.20 million for 12M2018. This is mainly due to strengthening of Indonesia Rupiah against United States Dollars and foreign exchange loss relating a disposed subsidiary, GETL.
- (x) Corporate expenses for 12M2019 was S\$2.17 million, compared to S\$3.10 million in 12M2018. The decrease in corporate expenses was mainly due to lower share option expenses.
- (xi) Finance income for 12M2019 was S\$0.13 million, compared to S\$0.20 million in 12M2018. The decrease in finance income was mainly due to lesser funds placed in short-term investments.
- (xii) Finance cost for 12M2019 was S\$0.30 million, compared to S\$0.14 million in 12M2018. The increase was attributable to increase in loan and borrowings, and interest on lease liabilities arising from right-of-use assets following the adoption of SFRS(I) 16.
- (xiii) The Group recorded a net profit after tax of S\$1.36 million for 12M2019 as compared to S\$2.13 million for 12M2018. PE business achieved a net profit after tax of S\$4.22 million (S\$9.71 million for 12M2018), and offset by a net loss of S\$0.67 million (S\$1.48 million for 12M2018) for O&G, corporate expenses of S\$2.17 million (S\$3.10 million for 12M2018) share of losses of equity-accounted investees of S\$0.02 million (Nil for 12M2018) and impairment of S\$3.00 million in 12M2018.

The decrease in net profit in PE business is mainly due to:

- (a) decrease in gross profit of S\$2.23 million (please refer to subparagraph iv above); and
- (b) increase of S\$2.24 million in selling and distribution expenses (please refer to subparagraph vi above).

Consolidated Statement of Financial Position

- (xiv) Property, plant and equipment as at 31 December 2019 was S\$11.19 million. This is an decrease of S\$0.63 million from 31 December 2018 and includes S\$1.90 million for acquiring machineries, equipment and enhance factory space, and partially offset by depreciation for the year.
- (xv) Intangible assets as at 31 December 2019 was S\$0.03 million. The decrease was mainly due to amortisation of intangible assets.
- (xvi) Following the disposal of 80% shareholding in GETL, the exploration and evaluation assets was accounted as investment in associated company and amount due from an associate company as at 31 December 2019. Please refer to subparagraph (i) above. We understand our partner is seeking regulatory approval for extension of exploration period.
- (xvii) Pursuant to the adoption of SFRS(I) 16 Leases, the Group recognised right-of-use assets for its leases previously classified as operating leases (excluding short-term leases and leases for which the underlying assets are of low value) with a net carrying amount of S\$1.37 million as at 31 December 2019. Correspondingly, lease liabilities arising from the right-of-use assets with a net carrying value amount of S\$1.40 million was recognised as at 31 December 2019.
- (xviii) Other receivables and deposits, under current and non-current assets as at 31 December 2019 was S\$7.08 million. This is an increase of S\$3.45 million from 31 December 2018, mainly attributable to payment of S\$0.72 million for development in electronic products and deposit of S\$2.11 million for purchase of land and construction of new factory building at Batam Indonesia.

- 8 (xix) Short-term investments as at 31 December 2019 was S\$0.97 million. This is a decrease of S\$1.85 million from 31 December 2018, due to releasing funds for working capital purposes.
- (xx) Other payables and accruals as at 31 December 2019 was S\$5.36 million. This is a decrease of S\$1.98 million from 31 December 2018 mainly attributable to deconsolidation of subsidiary due to changes in controlling interest and partially offset by increase in accruals for purchases. Please refer to subparagraph (i) above.
- (xxi) Income tax payable as at 31 December 2019 was S\$0.25 million. This is a decrease of S\$0.15 million from 31 December 2018 mainly attributable to settlement income tax liabilities of S\$0.82 million and offset by provision of income tax expenses.
- (xxii) Retirement benefits obligations as at 31 December 2019 was S\$1.73 million, an increase of S\$0.20 million from 31 December 2018. The increase was due to higher inflation rate in Indonesia when compared with 2018 and account for increase in wages.
- (xxiii) The net assets of the Group as at 31 December 2019 was S\$47.91 million, compared to S\$46.46 million at 31 December 2018. Net assets per share as at 31 December 2019 was S\$0.098.

Consolidated Statement of Cash Flows

- (xxiv) The Group generated a net operating cash inflow of S\$3.70 million during 12M2019 compared to S\$3.36 million in 12M2018.
- (xxv) Net cash used in investing activities during the period was S\$2.58 million. This includes S\$1.90 million for acquiring machines and equipment, S\$2.11 million deposit for acquiring property at Batam and partially offset by proceed of S\$2.02 million from short-term investments.
- (xxvi) Net cash generated from financing activities during the year was S\$0.20 million. This consists of S\$34.47 million proceed from bank borrowings and reduction in S\$1.00 million of bank pledge, and offset by S\$1.31 million for repayment of obligations under lease liabilities arising from right-of use assets and S\$33.96 million for repayment of bank borrowings.
- (xxvii) Net cash and cash equivalents as at 31 December 2019 stood at S\$7.25 million, an increase of S\$1.14 million from 31 December 2018.

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 following disposal of a majority interest in Trembul Production Area.

On 23 January 2020, the Company announced it received an unsolicited non-binding offer ("Offer") from Mr. Yeung Kin Bond, Sydney, an Executive Director and Group Chief Executive Officer of the Company, to acquire the entire issued and paid-up share capital of Giken Sakata (S) Limited (a wholly-owned subsidiary of the Company) ("GSL"). Subsequently, on 26 February 2020 the company received a notice from Mr Yeung informing the company that he has withdrawn the Offer. Please refer to announcement on 23 January 2020, 7 February 2020 and 26 February 2020.

The spread of the COVID-19 has impacted our customers and suppliers. We are working closely with customers and suppliers to manage this uncertainty and ensure continuity. We have implemented contingency plans for our PE business and our China operations has resumed on 13 February 2020.

Our business strategies and future plans for continued sustainable growth remains unchanged. We continue to execute plans to grow organically and explore suitable opportunities to expand our business.

11 If a decision regarding dividend has been made:

None.

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

None.

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

Not applicable.

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

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

11 (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect.

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

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

14 Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how the proceeds have been applied must be disclosed.

No proceeds raised from IPO and any offerings were used during the period under review.

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

Not applicable.

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1,Q2,Q3 or Half Year Results)

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

	Precision Engineering S\$'000	Oil & Gas S\$'000	Corporate S\$'000	Eliminations S\$'000	Group S\$'000	
December 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 equity-accounted investees	-	(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	(18)	-	-	-	(18)	
Capital expenditure	(1,909)	(389)	-	-	(2,298)	
Depreciation and amortisation	(3,551)	-	-	-	(3,551)	
Net foreign exchange loss	(210)	(220)	19	-	(411)	
December 2018						
Revenue						
External customers	100,832	-	-	-	100,832	
Intersegment revenues	19,814	-	-	(19,814)	-	
Total revenue	120,646	-	-	(19,814)	100,832	
Results						
Operating profit/(loss)	10,330	(4,418)	(3,104)	-	2,808	
Interest income	200	3	-	-	203	
Interest expense	(75)	(61)	-	-	(136)	
Income tax expenses	(748)	-	-	-	(748)	
Non-controlling interests	88	96	-	-	184	
Net profit/(loss)	9,795	(4,380)	(3,104)	-	2,311	
Segment assets and liabilities						
Segment assets	61,534	15,167	232	-	76,933	
Segment liabilities	25,876	3,537	1,063	-	30,476	
Other segment information						
Allowance for inventory obsolescence written back	4	-	-	-	4	
Government incentive	449	-	-	-	449	
Impairment of exploration and evaluation asset	-	(2,999)	-	-	(2,999)	
Capital expenditure	(3,932)	(3,271)	-	-	(7,203)	
Depreciation and amortisation	(1,955)	(4)	-	-	(1,959)	
Net foreign exchange gain	5	198	-	-	203	
Geographical Segments						
	Group turnover		Non-current assets		Group expenditure	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	15,476	16,440	12,592	164	23	51
Indonesia	47,955	55,097	8,123	18,091	1,593	4,630
Germany	2,189	2,693	-	-	-	-
China	15,898	15,074	8,324	9,442	212	2,468
Other Countries	16,032	11,528	638	50	470	54
	97,550	100,832	29,677	27,747	2,298	7,203

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 2019	31 December 2018	
	S\$ '000	S\$ '000	%
(a) Sales reported for first half year	48,715	50,226	(3.01)%
(b) Operating (loss)/profit after tax before deducting Non-controlling interests reported for first half year	(375)	64	NM
(c) Sales reported for second half year	48,835	50,606	(3.63)%
(d) Operating profit after tax before deducting Non-controlling interests reported for second half year	1,738	2,063	(15.75)%

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

Total Annual Dividend

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

NA

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

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

BY ORDER OF THE BOARD

Ng Say Tiong/Wong Liong Khoon
Company Secretaries

Date 28 February 2020

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Bernard Lui