



GSS ENERGY LIMITED
RCB No: 201432529C

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

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 second quarter and half year ended 30 June.

	2Q2016 ¹ (S\$'000)	2Q2015 ² (S\$'000)	Change in %	Group 1H2016 ³ (S\$'000)	1H2015 ⁴ (S\$'000)	Change in %
Revenue	18,221	16,410	11.04%	35,146	34,568	1.67%
Cost of sales	(13,780)	(11,778)	17.00%	(26,679)	(24,387)	9.40%
Gross profit	4,441	4,632	(4.12)%	8,467	10,181	(16.84)%
Other items of income						
Other income	6,519	65	NM	6,769	408	NM
Other items of expenses						
Distribution and selling expenses	(1,699)	(1,891)	(10.15)%	(3,259)	(4,095)	(20.42)%
Administration expenses	(1,046)	(1,751)	(40.26)%	(2,568)	(3,931)	(34.67)%
Other operating expenses	(676)	(416)	62.50%	(915)	(428)	NM
Profit from operations	7,539	639	NM	8,494	2,135	NM
Finance income	38	20	90.00%	67	42	59.52%
Finance costs	(3)	-	NM	(3)	(1)	NM
Impairment losses	-	(32,884)	(100.00)%	-	(32,884)	(100.00)%
Share of results of joint venture (net of tax)	-	-	-	-	-	-
Profit/(Loss) before income tax	7,574	(32,225)	NM	8,558	(30,708)	NM
Income tax expense	(1,288)	1,146	NM	(1,607)	688	NM
Profit/(Loss) for the financial period	6,286	(31,079)	NM	6,951	(30,020)	NM
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translating of foreign operations	(346)	(429)	(19.35)%	(698)	(282)	NM
Other comprehensive income for the financial period, net of tax	(346)	(429)	(19.35)%	(698)	(282)	NM
Total comprehensive income for the financial period	5,940	(31,508)	NM	6,253	(30,302)	NM
Profit attributable to:-						
Owners of the parent	6,286	(21,533)	NM	6,948	(20,576)	NM
Non-controlling interests	-	(9,546)	(100.00)%	3	(9,444)	NM
	6,286	(31,079)	NM	6,951	(30,020)	NM
Other comprehensive income attributable to:-						
Owners of the parent	5,940	(21,814)	NM	6,255	(20,679)	NM
Non-controlling interests	-	(9,694)	(100.00)%	(2)	(9,623)	(99.98)%
	5,940	(31,508)	NM	6,253	(30,302)	NM

1 (a) (ii) Other information

	2Q2016 ¹ (S\$'000)	2Q2015 ² (S\$'000)	Change in %	Group		Change in %
				1H2016 ³ (S\$'000)	1H2015 ⁴ (S\$'000)	
Finance income	38	20	90.00%	67	42	59.52%
Finance cost	(3)	-	NM	(3)	(1)	NM
Amortisation of intangible assets	(14)	(18)	(22.22)%	(28)	(405)	(93.09)%
Amortisation of land use rights	(68)	(10)	NM	(138)	(20)	NM
Depreciation of property, plant and equipment	(305)	(353)	(13.60)%	(619)	(650)	(4.77)%
Foreign exchange loss, net	(677)	(416)	62.74%	(916)	(345)	NM
Gain on disposal of property, plant and equipment	-	16	(100.00)%	-	34	(100.00)%
Property, plant and equipment written off	-	(143)	(100.00)%	-	(143)	(100.00)%
Gain on disposal of subsidiary	3,216	-	NM	3,216	-	NM
Compensation for acquisition of land and building by Changzhou Government State Land Office	3,246	-	NM	3,246	-	NM
Impairment losses						
Impairment of trade receivables	-	(18,288)	(100.00)%	-	(18,288)	(100.00)%
Write-back of trade payables	-	6,724	(100.00)%	-	6,724	(100.00)%
Impairment of goodwill	-	(9,759)	(100.00)%	-	(9,759)	(100.00)%
Impairment of intangibles	-	(11,387)	(100.00)%	-	(11,387)	(100.00)%
Impairment of other assets	-	(174)	(100.00)%	-	(174)	(100.00)%
Total impairment losses	-	(32,884)	(100.00)%	-	(32,884)	(100.00)%

Notes

¹ "2Q2016": Period from 1 Apr 2016 to 30 Jun 2016

² "2Q2015": Period from 1 Apr 2015 to 30 Jun 2015

³ "1H2016": Period from 1 Jan 2016 to 30 Jun 2016

⁴ "1H2015": Period from 1 Jan 2015 to 30 Jun 2015

⁵ "NM": Not Meaningful

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

Statements of Financial Position

	Group			Company		
	As at	As at	Change in	As at	As at	Change in
	30.06.2016	31.12.2015	%	30.06.2016	31.12.2015	%
	S\$ '000	S\$ '000		S\$ '000	S\$ '000	
ASSETS						
Non-current assets						
Property, plant and equipment	4,856	3,936	23.37%	-	-	NM
Intangible assets	593	39	NM	-	-	NM
Land use rights	1,827	2,117	(13.70)%	-	-	NM
Investment in subsidiaries	-	-	NM	28,603	28,603	-
Investment in joint venture	42	42	-	42	42	-
Goodwill	112	112	-	-	-	NM
Other deposits	2,999	2,091	43.42%	-	-	NM
Due from subsidiaries	-	-	NM	3,721	2,061	80.54%
	<u>10,429</u>	<u>8,337</u>	25.09%	<u>32,366</u>	<u>30,706</u>	5.41%
Current assets						
Inventories	4,800	4,987	(3.75)%	-	-	NM
Trade receivables	15,899	13,585	17.03%	-	-	NM
Other receivables and deposits	671	410	63.66%	105	-	NM
Prepayment	260	135	92.59%	14	6	NM
Held-to maturity financial assets	3,237	437	NM	-	-	NM
Cash and cash equivalents	15,028	10,230	46.90%	3,007	-	NM
	<u>39,895</u>	<u>29,784</u>	33.95%	<u>3,126</u>	<u>6</u>	NM
Total assets	<u>50,324</u>	<u>38,121</u>	32.01%	<u>35,492</u>	<u>30,712</u>	15.56%
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	8,693	9,689	(10.28)%	-	-	NM
Other payables and accruals	3,191	5,636	(43.38)%	89	134	(33.58)%
Due to a former non-controlling shareholder of a subsidiary	-	3,757	(100.00)%	-	-	NM
Due to a subsidiary	-	-	NM	3,944	5,951	(33.73)%
Current income tax payable	2,851	4,191	(31.97)%	-	-	NM
Loan and borrowings	217	-	NM	-	-	NM
	<u>14,952</u>	<u>23,273</u>	(35.75)%	<u>4,033</u>	<u>6,085</u>	(33.72)%
Net current assets/(liabilities)	<u>24,943</u>	<u>6,511</u>	NM	<u>(907)</u>	<u>(6,079)</u>	(85.08)%
Non-current liabilities						
Loan and borrowings	41	-	NM	-	-	NM
Provisions	1,100	1,100	-	-	-	NM
	<u>1,141</u>	<u>1,100</u>	3.73%	<u>-</u>	<u>-</u>	NM
Total liabilities	<u>16,093</u>	<u>24,373</u>	(33.97)%	<u>4,033</u>	<u>6,085</u>	(33.72)%
Net assets	<u>34,231</u>	<u>13,748</u>	NM	<u>31,459</u>	<u>24,627</u>	27.74%
Equity attributable to owners of the parent						
Share capital	58,522	73,458	(20.33)%	58,522	73,458	(20.33)%
Accumulated losses	(24,772)	(31,720)	(21.90)%	(27,063)	(26,031)	3.96%
Other reserves	481	(28,446)	NM	-	(22,800)	(100.00)%
	<u>34,231</u>	<u>13,292</u>	NM	<u>31,459</u>	<u>24,627</u>	27.74%
Non-controlling interests	-	456	(100.00)%	-	-	NM
Total equity	<u>34,231</u>	<u>13,748</u>	NM	<u>31,459</u>	<u>24,627</u>	27.74%
Total equity and liabilities	<u>50,324</u>	<u>38,121</u>	32.01%	<u>35,492</u>	<u>30,712</u>	15.56%

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

Amount repayable in one year or less, or on demand

As at 30.06.2016		As at 31.12.2015	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
217	-	-	-

Amount repayable after one year

As at 30.06.2016		As at 31.12.2015	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
41	-	-	-

Note:

Details of any collateral

- a) The short-term bank loan of a subsidiary company is secured by fixed deposit placed with the bank.
b) Finance lease liability of S\$0.08 million is secured by a subsidiary company's motor vehicles acquired under 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			
	2Q2016 ¹ (S\$'000)	2Q2015 ² (S\$'000)	1H2016 ³ (S\$'000)	1H2015 ⁴ (S\$'000)
Operating activities				
Profit/(Loss) before income tax	7,574	(32,225)	8,558	(30,708)
Adjustments for:				
Amortisation of intangible assets	14	18	28	405
Amortisation of land use rights	68	10	138	20
Compensation for acquisition of land and building by Changzhou Government State Land Office (Reclassify to cash from investing activities)	(3,246)	-	(3,246)	-
Depreciation of property, plant and equipment	305	353	619	650
Finance costs	3	-	3	1
Gain on disposal of property, plant and equipment	-	(16)	-	(34)
Gain on disposal of subsidiary (Non-cash accounting gain)	(3,216)	-	(3,216)	-
Impairment losses	-	32,884	-	32,884
Property, plant and equipment written off	-	143	-	143
Finance income	(38)	(20)	(67)	(42)
Operating cash flows before working capital changes	1,464	1,147	2,817	3,319
Working capital changes				
Inventories	(544)	(332)	96	(593)
Trade receivables	(589)	(1,738)	(2,197)	(6,691)
Other receivables and deposits	(230)	112	(253)	215
Prepayments	(38)	(6)	(126)	(82)
Trade payables	(53)	(71)	(206)	1,690
Other payables and accruals	(102)	615	585	1,026
Cash (used in)/generated from operations	(92)	(273)	716	(1,116)
Interest received	38	20	67	42
Interest paid	(3)	-	(3)	(1)
Income tax paid	(222)	(58)	(331)	(108)
Net cash (used in)/generated from operating activities	(279)	(311)	449	(1,183)
Investing activities				
Deposit paid to a third party	-	-	(1,071)	-
Payment for intangible assets	(584)	-	(584)	(582)
Payment for purchase of property, plant and equipment	(1,037)	(535)	(1,560)	(893)
Addition to held-to-maturity financial assets	(2,109)	-	(2,975)	-
Proceed from disposal of property, plant and equipment	-	16	-	34
Proceed from disposal of subsidiary, net of cash	(2)	-	(2)	-
Compensation for acquisition of land and building by Changzhou Government State Land Office	3,246	-	3,246	-
Payment for acquisition of additional equity interest from a non-controlling shareholder	-	-	(457)	-
Net cash used in investing activities	(486)	(519)	(3,403)	(1,441)
Financing activities				
Bank balances pledged	-	-	(300)	-
Proceeds from issue of shares	-	-	7,864	-
Proceeds from bank loans	-	-	270	-
Proceeds from finance lease	77	-	77	-
Proceeds from loan from a related company	-	600	-	1,630
Repayment of bank loans	(67)	(24)	(89)	(48)
Repayment of obligations under finance leases	-	(7)	-	(17)
Net cash generated from financing activities	10	569	7,822	1,565
<i>Net (decrease)/increase in cash and cash equivalents</i>	<i>(755)</i>	<i>(261)</i>	<i>4,868</i>	<i>(1,059)</i>
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	<i>(154)</i>	<i>(36)</i>	<i>(370)</i>	<i>49</i>
<i>Cash and cash equivalents at beginning of period</i>	<i>15,637</i>	<i>8,906</i>	<i>10,230</i>	<i>9,619</i>
Cash and cash equivalents at end of the period	14,728	8,609	14,728	8,609
Reconciliation of cash and cash equivalents				
Cash and bank balances	7,664	5,398	7,664	5,398
Fixed deposits	7,364	3,321	7,364	3,321
	15,028	8,719	15,028	8,719
Less: Bank balances pledged	(300)	(110)	(300)	(110)
	14,728	8,609	14,728	8,609

Notes

- ¹ "2Q2016": Period from 1 Apr 2016 to 30 Jun 2016
² "2Q2015": Period from 1 Apr 2015 to 30 Jun 2015
³ "1H2016": Period from 1 Jan 2016 to 30 Jun 2016
⁴ "1H2015": Period from 1 Jan 2015 to 30 Jun 2015

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	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 2016	73,458	(22,800)	702	254	(31,720)	(6,602)	13,292	456	13,748
Net profit for the financial period	-	-	-	-	662	-	662	3	665
Other comprehensive income for the financial period									
Exchange differences arising from translation of foreign operations	-	-	-	(347)	-	-	(347)	(5)	(352)
Other comprehensive income for the financial period, net of tax	-	-	-	(347)	-	-	(347)	(5)	(352)
Total comprehensive income for the financial period	-	-	-	(347)	662	-	315	(2)	313
Contributions by owners									
Issue of ordinary shares	7,864	-	-	-	-	-	7,864	-	7,864
Capital reduction	(22,800)	22,800	-	-	-	-	-	-	-
	(14,936)	22,800	-	-	-	-	7,864	-	7,864
Changes in ownership interest in subsidiary									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	(3)	(3)	(454)	(457)
Others									
Waiver of debt by former non-controlling interest	-	-	-	-	-	3,757	3,757	-	3,757
Balance at 31 March 2016	58,522	-	702	(93)	(31,058)	(2,848)	25,225	-	25,225
Net profit for the financial period	-	-	-	-	6,286	-	6,286	-	6,286
Other comprehensive income for the financial period									
Exchange differences arising from translation of foreign operations	-	-	-	(346)	-	-	(346)	-	(346)
Other comprehensive income for the financial period, net of tax	-	-	-	(346)	-	-	(346)	-	(346)
Total comprehensive income for the financial period	-	-	-	(346)	6,286	-	5,940	-	5,940
Changes in ownership interest in subsidiary									
Disposal of interest in a subsidiary	-	-	-	221	-	2,845	3,066	-	3,066
Balance at 30 June 2016	58,522	-	702	(218)	(24,772)	(3)	34,231	-	34,231
Balance at 1 January 2015	73,458	(22,800)	380	393	(11,748)	-	39,683	3,600	43,283
Net profit for the financial period	-	-	-	-	957	-	957	102	1,059
Other comprehensive income for the financial period									
Exchange differences arising from translation of foreign operations	-	-	-	178	-	-	178	(31)	147
Other comprehensive income for the financial period, net of tax	-	-	-	178	-	-	178	(31)	147
Total comprehensive income for the financial period	-	-	-	178	957	-	1,135	71	1,206
Balance at 31 March 2015	73,458	(22,800)	380	571	(10,791)	-	40,818	3,671	44,489
Net loss for the financial period	-	-	-	-	(21,533)	-	(21,533)	(9,546)	(31,079)
Other comprehensive income for the financial period									
Exchange differences arising from translation of foreign operations	-	-	-	(281)	-	-	(281)	(148)	(429)
Other comprehensive income for the financial period, net of tax	-	-	-	(281)	-	-	(281)	(148)	(429)
Total comprehensive income for the financial period	-	-	-	(281)	(21,533)	-	(21,814)	(9,694)	(31,508)
Balance at 30 June 2015	73,458	(22,800)	380	290	(32,324)	-	19,004	(6,023)	12,981

	Share capital	Accumulated losses	Capital reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
Balance at 1 January 2016	73,458	(26,031)	(22,800)	24,627
Loss for the financial period	-	(668)	-	(668)
Total comprehensive income for the financial period	-	(668)	-	(668)
Issue of ordinary shares	7,864	-	-	7,864
Capital reduction	(22,800)	-	22,800	-
	(14,936)	-	22,800	7,864
Balance at 31 March 2016	58,522	(26,699)	-	31,823
Loss for the financial period	-	(364)	-	(364)
Total comprehensive income for the financial period	-	(364)	-	(364)
Balance at 30 June 2016	58,522	(27,063)	-	31,459
Balance at 1 January 2015 ¹	-	-	-	-
Loss for the financial period	-	(2,301)	-	(2,301)
Total comprehensive income for the financial period	-	(2,301)	-	(2,301)
Issue of ordinary shares in relation to restructuring exercise	73,458	-	-	73,458
Consideration shares issued	-	-	(22,800)	(22,800)
	73,458	-	(22,800)	50,658
Balance at 31 March 2015 (Restated)	73,458	(2,301)	(22,800)	48,357
Loss for the financial period	-	(22,513)	-	(22,513)
Total comprehensive income for the financial period	-	(22,513)	-	(22,513)
Balance at 30 June 2015	73,458	(24,814)	(22,800)	25,844

Note

¹ The Company was incorporated on 31 October 2014 with one (1) share at S\$1.

- 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.

	Number of ordinary shares	Paid-up Capital (S\$'000)
As at 1 April 2016 and 30 June 2016	496,158,657	58,522

The Company has no outstanding convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

- 1 (d) (iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.

	Company	
	30 June 2016	31 Dec 2015
Total number of issued shares (excluding treasury shares)	496,158,657	472,618,657

There were no shares held as treasury shares at 30 June 2016 and 31 December 2015.

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

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 30 June 2016.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31.12.2015 as well as applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 01.01.2016.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effects of, the change.

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

6 **Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	2Q2016 S'pore cents	2Q2015 S'pore cents	1H2016 S'pore cents	1H2015 S'pore cents
Based on the number of shares in issue during the period	1.27	(4.56)	1.39	(4.35)
On fully diluted basis	1.27	(4.56)	1.39	(4.35)

Item 6: The earnings per share for the period from 1 April 2016 to 30 June 2016 and 1 January 2016 to 30 June 2016 are calculated based on the weighted average share capital in issue during the period of 496,158,657 and 498,076,569 ordinary shares, respectively (1 April 2015 to 30 June 2015 and 1 January 2015 to 30 June 2015: 472,618,657 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	
	30 June 2016 S'pore cents	31 December 2015 S'pore cents	30 June 2016 S'pore cents	31 December 2015 S'pore cents
Net assets valued per ordinary share based on issued share of the company at the end of the financial period/year (S'pore cents)	6.90	2.81	6.34	5.21
Net tangible assets valued per ordinary share based on issued share of the company at the end of the financial period/year (S'pore cents)	6.39	2.33	6.34	5.21

Item 7: The net assets/net tangible assets value per share for the period ended 30 June 2016 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 2015: 472,618,657 ordinary shares).

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that effected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

General

- (i) The Group continues to be engaged in the precision engineering business ("PE") and oil and gas services business ("O&G").
- (ii) On 12 January 2016, the Company issued 99,540,000 new ordinary shares at S\$0.079 per share. On 20 January 2016, the Company completed the capital reduction of 76,000,000 shares. As at 30 June 2016, the issued and paid-up share capital of the Company is 496,158,657 ordinary shares.
- (iii) On 31 May 2016, GSS Energy Investment Holdings Limited ("GEIHL"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with PT Megah Kharisma Lestari ("PTMKL"), to sell its entire shareholding interest in Cepu Sakti Energy Pte Ltd ("CSE") to PTMKL for a consideration of S\$1.00. Under the Agreement, PTMKL assigned the rights to the old wells in the Trembul area, Indonesia, held by CSE or its subsidiaries, to the Company.

Consolidated Income Statement

- (iv) The Group recorded a turnover of S\$35.15 million, contributed entirely by the PE business. This compares to the turnover of S\$34.57 million for 1H2015, which includes S\$29.84 million from the PE business and S\$4.73 million from the O&G business. The increase in PE turnover is due to substantially higher orders from existing customers.
- (v) The Group (the PE business) achieved a gross margin of 24.09% for the half year under review as compared to 25.07% margin for the PE business in 1H2015.
- (vi) Total selling and administration expenses for 1H2016 was S\$5.83 million. This includes S\$4.75 million for the PE business, S\$0.44 million for the O&G business and S\$0.64 million for corporate expenses including the share placement and capital reduction exercises.
- (vii) The Group recorded other income of S\$6.77 million in 1H2016. This is mainly attributable to an accounting gain of S\$3.22 million from the disposal of a subsidiary (see para 8(iii)) and the second tranche compensation of S\$3.25 million received in 2Q2016 under the land acquisition agreement with Changzhou Government State Land Office (see announcement dated 15 July 2015).
- (viii) The Group incurred other expenses of S\$0.92 million in 1H2016 and it is attributable to net foreign exchange loss.
- (ix) The Group recorded a net profit after tax of S\$6.95 million for 1H2016, including S\$4.95 million for PE (excluding the net second tranche compensation, PE net profit after tax was S\$2.48 million) and S\$2.76 million for O&G (excluding the gain on disposal of subsidiary, O&G incurred a net loss after tax of S\$0.54 million), and offset by corporate expenses.

Consolidated Statement of Financial Position

- (x) The Group's share capital as at 30 June 2016 was S\$58.52 million, a net decrease of S\$14.94 million from 31 December 2015. The changes are detailed in para 8(ii).
- (xi) Property, plant and equipment as at 30 June 2016 was S\$4.86 million. This is an increase of S\$0.92 million from 31 December 2015 and includes S\$0.71 million incurred for the construction of a new factory in Changzhou, China, S\$0.47 million to expand the production area in Batam, Indonesia and S\$0.36 million in new machineries and equipment.
- (xii) Intangible assets as at 30 June 2016 was S\$0.59 million. This is an increase of S\$0.55 million from 31 December 2015, due mainly to capitalisation of expenses associated with an onshore oil project in Indonesia.
- (xiii) Trade receivables as at 30 June 2016 was S\$15.90 million. This is an increase of S\$2.31 million from 31 December 2015, due mainly to the higher PE sales in 2Q2016.
- (xiv) Other receivables and deposits (non-current and current assets) as at 30 June 2016 was S\$3.67 million, an increase of S\$1.14 million from 31 December 2015. This is due mainly to a S\$1.07 million deposit for the drilling of one well in West Jambi, Sumatra, Indonesia, paid in January 2016. There are ongoing discussions with regards to extension of time to drill the second well.
- (xv) Held-to maturity financial assets as at 30 June 2016 was S\$3.24 million, an increase of S\$2.80 million from 31 December 2015.

- 8 (xvi) The amount due to a former shareholder of Cepu Sakti Energy Pte Ltd, was fully waived on 20 January 2016 upon completion of a settlement arrangement. Please see our announcements dated 23 October 2015 and 27 November 2015, and our circular to shareholders dated 5 November 2015.
- (xvii) The net assets of the Group as at 30 June 2016 was S\$34.23 million, compared to S\$13.75 million at 31 December 2015. Net assets per share as at 30 June 2016 was S\$0.069.

Consolidated Statement of Cash Flows

- (xviii) The Group achieved a net operating cash inflow of S\$0.45 million for 1H2016.
- (xix) Net cash of S\$3.40 million was used in investing activities during the period. This includes the S\$1.07 million deposit for the drilling of one well in West Jambi, Indonesia, S\$1.56 million for the purchase of property, plant and equipment and S\$2.98 million of held-to-maturity financial assets. This was offset by the S\$3.25 million second tranche land acquisition compensation.
- (xx) Net cash generated by financing activities during the period was S\$7.82 million, due mainly to the S\$7.86 million proceeds from the issue of shares on 12 January 2016.
- (xxi) Net cash and cash equivalents as at 30 June 2016 stood at S\$14.73 million, an increase of S\$4.50 million from 31 December 2015.

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, we are cautiously optimistic about the outlook with the guidance given by our existing and potential customers amid increasingly challenging environment.

In the O&G business, the Group maintains a cautious outlook and we will continue to actively source for new growth and valued opportunities selectively.

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.

The Company raised a net amount of about S\$7,820,000 from the issue of 99,540,000 new ordinary shares in January 2016.

As at 30 June 2016, the use of the proceeds are as follows:

Use of Proceeds	Percentage Allocation	Amount	Percentage utilisation
Net proceeds from placement		S\$7,820,000	
Amount utilised as at the date of this announcement			
Oil drilling services in West Jambi, Sumatra Indonesia	Approximately 55% to 65%	S\$3,139,000	Approximately 40%
Expansion of oil drilling services operations	Approximately 25% to 30%	S\$563,000	Approximately 7%
General working capital of the Group	Approximately 5% to 20%	S\$1,111,000	Approximately 14%
		S\$4,813,000	
Amount unutilised		S\$3,007,000	

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 second quarter ended 30 June 2016 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 12 August 2016

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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