



GSS ENERGY LIMITED
RCB No: 201432529C

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

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.

	2Q2017 ¹ (S\$'000)	2Q2016 ² (S\$'000)	Change in %	Group 1H2017 ³ (S\$'000)	1H2016 ⁴ (S\$'000)	Change in %
Revenue	23,041	18,221	26.45%	44,747	35,146	27.32%
Cost of sales	(17,966)	(13,780)	30.38%	(34,582)	(26,679)	29.62%
Gross profit	5,075	4,441	14.28%	10,165	8,467	20.05%
Other items of income						
Other income	53	9,364	(99.43)%	110	9,614	(98.86)%
Other items of expenses						
Distribution and selling expenses	(1,768)	(1,699)	4.06%	(3,587)	(3,259)	10.06%
Administration expenses	(1,733)	(1,046)	65.68%	(3,058)	(2,568)	19.08%
Other operating expenses	(665)	(676)	(1.63)%	(1,216)	(915)	32.90%
Profit from operations	962	10,384	(90.74)%	2,414	11,339	(78.71)%
Finance income	42	38	10.53%	95	67	41.79%
Finance costs	(1)	(3)	(66.67)%	(4)	(3)	33.33%
Profit before income tax	1,003	10,419	(90.37)%	2,505	11,403	(78.03)%
Income tax expense	(320)	(1,288)	(75.16)%	(788)	(1,607)	(50.96)%
Profit for the financial period	683	9,131	(92.52)%	1,717	9,796	(82.47)%
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translating of foreign operations	37	(346)	NM	(238)	(698)	(65.90)%
Reclassification relating to disposal of a subsidiary	-	221	(100.00)%	-	221	(100.00)%
Other comprehensive income for the financial period, net of tax	37	(125)	NM	(238)	(477)	(50.10)%
Total comprehensive income for the financial period	720	9,006	(92.01)%	1,479	9,319	(84.13)%
Profit attributable to:-						
Owners of the parent	713	9,131	(92.19)%	1,762	9,793	(82.01)%
Non-controlling interests	(30)	-	NM	(45)	3	NM
	683	9,131	(92.52)%	1,717	9,796	(82.47)%
Other comprehensive income attributable to:-						
Owners of the parent	745	9,006	(91.73)%	1,520	9,321	(83.69)%
Non-controlling interests	(25)	-	NM	(41)	(2)	>100.00%
	720	9,006	(92.01)%	1,479	9,319	(84.13)%

1 (a) (ii) Other information

	Group					
	2Q2017 ¹ (S\$'000)	2Q2016 ² (S\$'000)	Change in %	1H2017 ³ (S\$'000)	1H2016 ⁴ (S\$'000)	Change in %
Finance income	42	38	10.53%	95	67	41.79%
Finance cost	(1)	(3)	(66.67)%	(4)	(3)	33.33%
Amortisation of intangible assets	(1)	(14)	(92.86)%	6	(28)	NM
Amortisation of land use rights	(65)	(68)	(4.41)%	(131)	(138)	(5.07)%
Depreciation of property, plant and equipment	(314)	(305)	2.95%	(628)	(619)	1.45%
Foreign exchange loss, net	(664)	(677)	(1.92)%	(1,216)	(916)	32.75%
Gain on disposal of subsidiary	-	6,061	(100.00)%	-	6,061	(100.00)%
Compensation for acquisition of land and building by Changzhou Government State Land Office	-	3,246	(100.00)%	-	3,246	(100.00)%
Share option expenses	285	-	NM	423	-	NM

Notes

¹ "2Q2017": Period from 1 Apr 2017 to 30 Jun 2017

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

³ "1H2017": Period from 1 Jan 2017 to 30 Jun 2017

⁴ "1H2016": Period from 1 Jan 2016 to 30 Jun 2016

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		
	30.06.2017 S\$ '000	As at 31.12.2016 S\$ '000	Change in %	30.06.2017 S\$ '000	As at 31.12.2016 S\$ '000	Change in %
ASSETS						
Non-current assets						
Property, plant and equipment	7,576	6,370	18.93%	-	-	NM
Intangible assets	7	9	(22.22)%	-	-	NM
Land use rights	1,574	1,749	(10.01)%	-	-	NM
Exploration and evaluation assets	3,857	4,057	(4.93)%	-	-	NM
Investment in subsidiaries	-	-	NM	28,683	28,603	0.28%
Investment in joint venture	-	40	(100.00)%	-	40	(100.00)%
Goodwill	112	112	0.00%	-	-	NM
Due from subsidiaries	-	-	NM	9,667	5,588	73.00%
	<u>13,126</u>	<u>12,337</u>	6.40%	<u>38,350</u>	<u>34,231</u>	12.03%
Current assets						
Inventories	8,636	6,490	33.07%	-	-	NM
Trade receivables	23,177	18,908	22.58%	-	-	NM
Other receivables and deposits	3,518	756	>100.00%	6	-	NM
Prepayment	361	129	>100.00%	5	9	(44.44)%
Short-term investments	3,862	3,337	15.73%	-	-	NM
Pledge deposits	258	594	(56.57)%	-	-	NM
Cash and cash equivalents	8,164	14,942	(45.36)%	124	527	(76.47)%
	<u>47,976</u>	<u>45,156</u>	6.25%	<u>135</u>	<u>536</u>	(74.81)%
Total assets	<u>61,102</u>	<u>57,493</u>	6.28%	<u>38,485</u>	<u>34,767</u>	10.69%
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	13,334	11,807	12.93%	-	-	NM
Other payables and accruals	4,136	4,409	(6.19)%	178	363	(50.96)%
Due to a subsidiary	-	-	NM	8,555	3,829	>100.00%
Current income tax payable	2,329	1,946	19.68%	-	-	NM
Loan and borrowings	49	93	(47.31)%	-	-	NM
	<u>19,848</u>	<u>18,255</u>	8.73%	<u>8,733</u>	<u>4,192</u>	>100.00%
Net current assets/(liabilities)	<u>28,128</u>	<u>26,901</u>	4.56%	<u>(8,598)</u>	<u>(3,656)</u>	>100.00%
Non-current liabilities						
Loan and borrowings	-	21	NM	-	-	NM
Retirement benefit obligations	1,326	1,326	0.00%	-	-	NM
	<u>1,326</u>	<u>1,347</u>	(1.56)%	<u>-</u>	<u>-</u>	NM
Total liabilities	<u>21,174</u>	<u>19,602</u>	8.02%	<u>8,733</u>	<u>4,192</u>	>100.00%
Net assets	<u>39,928</u>	<u>37,891</u>	5.38%	<u>29,752</u>	<u>30,575</u>	(2.69)%
Equity attributable to owners of the parent						
Share capital	58,522	58,522	0.00%	58,522	58,522	0.00%
Accumulated losses	(19,773)	(21,535)	(8.18)%	(29,193)	(27,947)	4.46%
Other reserves	1,170	989	18.30%	423	-	NM
	<u>39,919</u>	<u>37,976</u>	5.12%	<u>29,752</u>	<u>30,575</u>	(2.69)%
Non-controlling interests	<u>9</u>	<u>(85)</u>	NM	<u>-</u>	<u>-</u>	NM
Total equity	<u>39,928</u>	<u>37,891</u>	5.38%	<u>29,752</u>	<u>30,575</u>	(2.69)%
Total equity and liabilities	<u>61,102</u>	<u>57,493</u>	6.28%	<u>38,485</u>	<u>34,767</u>	10.69%

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

Amount repayable in one year or less, or on demand

As at 30.06.2017		As at 31.12.2016	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
49	-	93	-

Amount repayable after one year

As at 30.06.2017		As at 31.12.2016	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
-	-	21	-

Note:

Details of any collateral

- a) The short-term bank loan of a subsidiary company (for 31 December 2016) is secured by fixed deposit placed with the bank.
b) Finance lease liability of S\$0.05 million (31 December 2016: S\$0.07 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			
	2Q2017 ¹ (S\$'000)	2Q2016 ² (S\$'000)	1H2017 ³ (S\$'000)	1H2016 ⁴ (S\$'000)
Operating activities				
Profit before income tax	1,003	10,419	2,505	11,403
Adjustments for:				
Amortisation of intangible assets	1	14	(6)	28
Amortisation of land use rights	65	68	131	138
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	314	305	628	619
Finance costs	1	3	4	3
Gain on disposal of subsidiary (Non-cash accounting gain)	-	(6,061)	-	(6,061)
Finance income	(42)	(38)	(95)	(67)
Share option expenses	285	-	423	-
Operating cash flows before working capital changes	1,627	1,464	3,590	2,817
Working capital changes				
Inventories	(2,025)	(544)	(2,183)	96
Trade receivables	(1,082)	(589)	(4,483)	(2,197)
Other receivables and deposits	(2,203)	(230)	(2,771)	(253)
Prepayments	(14)	(38)	(233)	(126)
Trade payables	1,273	(53)	2,020	(206)
Other payables and accruals	409	(102)	(200)	585
Cash (used in)/generated from operations	(2,015)	(92)	(4,260)	716
Interest received	42	38	95	67
Interest paid	(1)	(3)	(4)	(3)
Income tax paid	(182)	(222)	(368)	(331)
Net cash (used in)/generated from operating activities	(2,156)	(279)	(4,537)	449
Investing activities				
Deposit paid to a third party	-	-	-	(1,071)
Payment for intangible assets	-	(584)	-	(584)
Payment for purchase of property, plant and equipment	(883)	(1,037)	(1,912)	(1,560)
Addition to short-term investments	(614)	(2,109)	(614)	(2,975)
Net cash from acquisition of a joint venture	-	-	40	-
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	(1,497)	(486)	(2,486)	(3,403)
Financing activities				
Bank balances pledged	300	-	332	(300)
Proceeds from issue of share	135	-	135	7,864
Proceeds from bank loans	-	-	-	270
Proceeds from finance lease	-	77	-	77
Repayment of bank loans	-	(67)	(50)	(89)
Repayment of obligations under finance leases	(10)	-	(15)	-
Net cash generated from financing activities	425	10	402	7,822
<i>Net (decrease)/increase in cash and cash equivalents</i>	<i>(3,228)</i>	<i>(755)</i>	<i>(6,621)</i>	<i>4,868</i>
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	<i>(37)</i>	<i>(154)</i>	<i>(157)</i>	<i>(370)</i>
<i>Cash and cash equivalents at beginning of period</i>	<i>11,429</i>	<i>15,637</i>	<i>14,942</i>	<i>10,230</i>
Cash and cash equivalents at end of the period	8,164	14,728	8,164	14,728

Notes

¹ "2Q2017": Period from 1 Apr 2017 to 30 Jun 2017

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

³ "1H2017": Period from 1 Jan 2017 to 30 Jun 2017

⁴ "1H2016": Period from 1 Jan 2016 to 30 Jun 2016

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 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
Others										
Share option expense	-	-	-	-	138	-	-	138	-	138
Balance at 31 March 2017	58,522	-	873	(155)	138	(20,486)	(3)	38,889	(101)	38,788
Net profit for the financial period	-	-	-	-	-	713	-	713	(30)	683
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	32	-	-	-	32	5	37
Other comprehensive income for the financial period	-	-	-	32	-	-	-	32	5	37
Total comprehensive income for the financial period	-	-	-	32	-	713	-	745	(25)	720
Others										
Share option expense	-	-	-	-	285	-	-	285	-	285
Issue ordinary shares to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	135	135
Total others	-	-	-	-	285	-	-	285	135	420
Balance at 30 June 2017	58,522	-	873	(123)	423	(19,773)	(3)	39,919	9	39,928

Statement of Changes in Equity for Second Quarter ended 30 June 2017 (cont'd)

	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 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	-	-	-	(347)	-	-	-	(347)	(5)	(352)
Total comprehensive income for the financial period	-	-	-	(347)	-	662	-	315	(2)	313
Contributions by owners										
Issue of ordinary shares pursuant to the Scheme	7,864	-	-	-	-	-	-	7,864	-	7,864
Capital reduction	(22,800)	22,800	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	(14,936)	22,800	-	-	-	-	-	7,864	-	7,864
Changes in ownership of interests in subsidiaries										
Acquisition of subsidiary with non-controlling interests without a change in control	-	-	-	-	-	-	(3)	(3)	(454)	(457)
Others										
Wavier 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 (Restated)	-	-	-	-	-	9,131	-	9,131	-	9,131
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	(346)	-	-	-	(346)	-	(346)
Reclassification relating to disposal of a subsidiary	-	-	-	221	-	-	-	221	-	221
Other comprehensive income for the financial period	-	-	-	(125)	-	-	-	(125)	-	(125)
Total comprehensive income for the financial period	-	-	-	(125)	-	9,131	-	9,006	-	9,006
Others										
Transfer after disposal of a subsidiary (Restated)	-	-	-	-	-	(2,845)	2,845	-	-	-
Balance at 30 June 2016	58,522	-	702	(218)	-	(24,772)	(3)	34,231	-	34,231

Statement of Changes in Equity for Second Quarter ended 30 June 2017 (cont'd)

	Share capital	Share option reserves	Accumulated losses	Capital reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Company					
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
Loss for the financial period	-	-	(735)	-	(735)
Total comprehensive income for the financial period	-	-	(735)	-	(735)
Share option expenses	-	285	-	-	285
Balance at 30 June 2017	58,522	423	(29,193)	-	29,752
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

- 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 30 June 2017.

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 April 2017 to June 2017, no share options were granted or exercised under the GEL Scheme. As at 30 June 2017, the number of shares that may be issued on conversion of all the outstanding share options was 47,200,000 (30 June 2016: Nil).

The movement of share options of the Company during the financial period from April 2017 to June 2017 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.04.2017	Number of options			Balance as at 30.06.2017	Balance as at 30.06.2016	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	-	28.02.2018 to 27.02.2022
27.02.2017	S\$0.09856	1,400,000	-	-	-	1,400,000	-	28.02.2019 to 27.02.2020
27.02.2017	S\$0.09856	35,800,000	-	-	-	35,800,000	-	28.02.2019 to 27.02.2022
Total		47,200,000	-	-	-	47,200,000	-	

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.

Save as disclosed above, there were no other outstanding options and convertibles as at 30 June 2017 and 30 June 2016.

The Company has no treasury shares as at 30 June 2017 and 30 June 2016.

- 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 2017	31 Dec 2016
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 30 June 2017.

- 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 31.12.2016 as well as applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 01.01.2017.

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.**

The adoption of the new/revised FRS did not materially affect 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			
	2Q2017 S'pore cents	2Q2016 S'pore cents	1H2017 S'pore cents	1H2016 S'pore cents
Earnings per ordinary share for the period:				
a) Based on weighted average number of shares in issue during the period	0.14	1.84	0.36	1.97
Weighted average number of ordinary shares	496,158,657	496,158,657	496,158,657	498,076,569
b) On a fully diluted basis	0.14	1.84	0.35	1.97
Adjusted weighted average number of ordinary shares	500,751,791	496,158,657	497,341,102	498,076,569

The adjusted weighted average number of ordinary shares the period from 1 April 2017 to 30 June 2017 and 1 January 2017 to 30 June 2017 for diluted earnings per share computation has taken into consideration of 7,400,000 share options granted to Mr Yeung Kin Bond, Sydney that was approved by the shareholders at the annual general meeting on 24 April 2017.

The basic and diluted earning per share for the period from 1 April 2016 to 30 June 2016 and 1 January 2016 to 30 June 2016 are the same as there were no potential dilutive ordinary shares as at 30 June 2016.

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 2017 S'pore cents	31 December 2016 S'pore cents	30 June 2017 S'pore cents	31 December 2016 S'pore cents
Net assets value per ordinary share (S'pore cents)	8.05	7.65	6.00	6.16
Net tangible assets value per ordinary share (S'pore cents)	6.93	6.46	6.00	6.16

Item 7: The net assets/net tangible assets value per share for the period ended 30 June 2017 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 2016: 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 (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").

Consolidated Income Statement

- (ii) The turnover for 1H2017 was S\$44.75 million, a 27.3% increase over the S\$35.15 million turnover for 1H2016. The increase is mainly due to higher orders from existing customers and sales to new customers. The turnover for both periods was entirely contributed by the PE business.
- (iii) The Group achieved a gross margin of 22.72% for 1H2017 as compared to 24.09% in 1H2016. This was due to changes in product mix and stiffer pricing competition.
- (iv) The Group recorded other income of S\$0.11 million in 1H2017 as compared to S\$9.61 million in 1H2016. The 1H2016 amount includes an accounting gain from the disposal of a subsidiary and the second tranche for land compensation received in 2Q2016.
- (v) Total selling and administration expenses for 1H2017 was S\$6.65 million, compared to S\$5.82 million for 1H2016. This includes S\$4.83 million for the PE business, S\$0.65 million for the O&G business and S\$1.17 million for corporate expenses. The increase for PE business was due to the higher turnover.
- (vi) The Group incurred other expenses of S\$1.22 million in 1H2017, attributable mainly to net foreign exchange losses.
- (vii) The Group recorded a net profit after tax of S\$1.72 million for 1H2017. PE business achieved a net profit after tax of S\$3.90 million (S\$2.48 million for 1H2016, excluding the land compensation) and offset by a net loss of S\$0.87 million for O&G and corporate expenses of S\$1.31 million (including share option expense of S\$0.42 million).

Consolidated Statement of Financial Position

- (viii) Property, plant and equipment as at 30 June 2017 was S\$7.58 million. This is an increase of S\$1.21 million from 31 December 2016 and includes S\$1.08 million incurred for the construction of a new factory in Changzhou, China, S\$0.16 million to expand the production area in Batam, Indonesia and S\$0.66 million in new machineries and equipment, and partially offset by depreciation for the period.
- (ix) During 1Q2017 the Company acquired remaining interest in a joint venture, GSS-AFCO Pte. Ltd. Subsequent to the acquisition, the wholly-owned subsidiary changed its name to Nusantara Resources Pte. Ltd.
- (x) Inventories as at 30 June 2017 was S\$8.64 million, an increase of S\$2.15 million from 31 December 2016. This is due mainly to higher order forecast given by customers.

- 8 (xi) Trade receivables as at 30 June 2017 was S\$23.18 million. This is an increase of S\$4.27 million from 31 December 2016, due mainly to increase in turnover and change of payment arrangement by a major customer.
- (xii) Other receivables and deposits as at 30 June 2017 was S\$3.52 million, an increase of S\$2.76 million from 31 December 2016. This is due mainly to increase in the Kerja Sama Operasi ("KSO") recoverable cost, advance payment and deposits made.
- (xiii) Short-term investments as at 30 June 2017 was S\$3.86 million, an increase of S\$0.53 million from 31 December 2016.
- (xiv) Trade payables as at 30 June 2017 was S\$13.33 million, an increase of S\$1.53 million, due to increase in inventories.
- (xv) The net assets of the Group as at 30 June 2017 was S\$39.93 million, compared to S\$37.89 million at 31 December 2016. Net assets per share as at 30 June 2017 was S\$0.081.

Consolidated Statement of Cash Flows

- (xvi) The Group incurred a net operating cash outflow of S\$4.54 million during 1H2017, primarily due to the working capital changes for the period.
- (xvii) Net cash used in investing activities during the period was S\$2.49 million. This includes S\$1.08 million incurred for the construction of factory in Changzhou, China, S\$0.66 million for acquiring machineries and equipment for China and Batam operations, and S\$0.62 million for addition to short-term investments.
- (xviii) Net cash generated from financing activities during the period was S\$0.40 million, due mainly to the reduction of S\$0.30 million bank balances pledged upon full settlement of short-term bank loan and S\$0.14 million proceeds from issuance of ordinary shares to non-controlling interest of subsidiary, and offset by repayment of short-term loan and finance leases.
- (xix) Net cash and cash equivalents as at 30 June 2017 stood at S\$8.16 million, a decrease of S\$6.78 million from 31 December 2016.

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 continue to receive strong orders from existing customers, as well as orders from new customers. However, we may face material and component supply shortages as the global economy improves. We continue to explore suitable opportunities to expand our business through acquisitions and/or strategic and operational arrangements.

In the O&G business, preparation to commence production drilling in Trembul Operation Area are well advanced. On the West Jambi KSO block, we are in discussion with the operator, Ramba Energy West Jambi Limited, to explore the drilling of the second exploration well. 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 raised from IPO and any 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 second quarter and half year ended 30 June 2017 to be false or misleading in any material aspect.

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 August 2017

*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.*

The contact person for the Sponsor is Mr Bernard Lui: telephone no. (65) 6389 3000; email address bernard.lui@morganlewis.com