



GSS ENERGY LIMITED
RCB No: 201432529C

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 third quarter and nine months ended 30 September.

	3Q2019 ¹ (S\$'000)	3Q2018 ² (S\$'000)	Change in %	Group 9M2019 ³ (S\$'000)	9M2018 ⁴ (S\$'000)	Change in %
Revenue						
PE	28,657	29,169	(1.76)%	77,372	79,395	(2.55)%
O&G	-	-	NM	-	-	NM
Group	28,657	29,169	(1.76)%	77,372	79,395	(2.55)%
Cost of sales						
PE	(22,539)	(23,457)	(3.91)%	(63,585)	(62,717)	1.38%
O&G	-	-	NM	-	-	NM
Group	(22,539)	(23,457)	(3.91)%	(63,585)	(62,717)	1.38%
Gross profit						
PE	6,118	5,712	7.11%	13,787	16,678	(17.33)%
O&G	-	-	NM	-	-	NM
Group	6,118	5,712	7.11%	13,787	16,678	(17.33)%
Other items of income						
Other income						
PE	108	50	>100.00%	266	201	32.34%
O&G	-	-	NM	-	-	NM
Group	108	50	>100.00%	266	201	32.34%
Other items of expenses						
Distribution and selling expenses						
PE	(2,635)	(1,968)	33.89%	(7,000)	(5,744)	21.87%
O&G	-	(210)	(100.00)%	(13)	(758)	(98.28)%
Group	(2,635)	(2,178)	20.98%	(7,013)	(6,502)	7.86%
Administration expenses						
PE	(808)	(675)	19.70%	(2,623)	(2,401)	9.25%
O&G	(52)	(166)	(68.67)%	(437)	(689)	(36.57)%
Group	(860)	(841)	2.26%	(3,060)	(3,090)	(0.97)%
Other operating expenses						
PE	-	-	NM	(1)	-	NM
O&G	-	(30)	(100.00)%	-	(30)	(100.00)%
Group	-	(30)	(100.00)%	(1)	(30)	(96.67)%
Profit from operations before net foreign exchange						
PE	2,783	3,119	(10.77)%	4,429	8,734	(49.29)%
O&G	(52)	(406)	(87.19)%	(450)	(1,477)	(69.53)%
Group	2,731	2,713	0.66%	3,979	7,257	(45.17)%
Foreign exchange (loss)/gain, net	(318)	(244)	30.33%	(280)	371	NM
Profit from operations after net foreign exchange	2,413	2,469	(2.27)%	3,699	7,628	(51.51)%
Corporate Expenses	(494)	(937)	(47.28)%	(1,680)	(2,243)	(25.10)%
Impairment Expenses	-	-	NM	-	(2,950)	(100.00)%
Finance income	42	36	16.67%	97	154	(37.01)%
Finance costs	(146)	(48)	>100.00%	(229)	(92)	>100.00%
Profit before income tax	1,815	1,520	19.41%	1,887	2,497	(24.43)%
Income tax expense	(386)	(202)	91.09%	(833)	(1,115)	(25.29)%
Profit for the financial period	1,429	1,318	8.42%	1,054	1,382	(23.73)%
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translating of foreign operations	397	(92)	NM	(227)	(190)	NM
Other comprehensive income for the financial period, net of tax	397	(92)	NM	(227)	(190)	NM
Total comprehensive income for the financial period	1,826	1,226	48.94%	827	1,192	(30.62)%
Profit attributable to:-						
Owners of the parent	1,615	1,317	22.63%	1,502	1,449	3.66%
Non-controlling interests	(186)	1	NM	(448)	(67)	>100.00%
	1,429	1,318	8.42%	1,054	1,382	(23.73)%
Other comprehensive income attributable to:-						
Owners of the parent	2,020	1,228	64.50%	1,286	1,267	1.50%
Non-controlling interests	(194)	(2)	>100.00%	(459)	(75)	>100.00%
	1,826	1,226	48.94%	827	1,192	(30.62)%

1 (a) (ii) Other information

	3Q2019 ¹ (S\$'000)	3Q2018 ² (S\$'000)	Change in %	Group		Change in %
				9M2019 ³ (S\$'000)	9M2018 ⁴ (S\$'000)	
Finance income	42	36	16.67%	97	154	(37.01)%
Finance cost	(146)	(48)	>100.00%	(229)	(92)	>100.00%
Amortisation of intangible assets	(6)	(6)	0.00%	(18)	(18)	0.00%
Amortisation of land use rights	(14)	(14)	0.00%	(41)	(42)	(2.38)%
Amortisation of right-of-use assets	(256)	-	NM	(864)	-	NM
Depreciation of property, plant and equipment	(555)	(463)	19.87%	(1,666)	(1,379)	20.81%
Foreign exchange (loss)/gain, net	(318)	(244)	30.33%	(280)	371	NM
Impairment allowance for exploration and evaluation assets	-	-	NM	-	(2,950)	(100.00)%
Share option expenses	(175)	(423)	(58.63)%	(686)	(1,219)	(43.72)%

Notes

¹ "3Q2019": Period from 1 Jul 2019 to 30 Sep 2019

² "3Q2018": Period from 1 Jul 2018 to 30 Sep 2018

³ "9M2019": Period from 1 Jan 2019 to 30 Sep 2019

⁴ "9M2018": Period from 1 Jan 2018 to 30 Sep 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 period.

Statements of Financial Position

	Group As at			Company As at		
	30.09.2019 S\$ '000	31.12.2018 S\$ '000	Change in %	30.09.2019 S\$ '000	31.12.2018 S\$ '000	Change in %
ASSETS						
Non-current assets						
Property, plant and equipment	11,444	11,819	(3.17)%	-	-	NM
Intangible assets	31	48	(35.42)%	-	-	NM
Land use rights	1,378	1,455	(5.29)%	-	-	NM
Exploration and evaluation assets	-	12,973	(100.00)%	-	-	NM
Right-of-use assets	1,411	-	NM	-	-	NM
Investment in subsidiaries	-	-	NM	28,683	28,683	0.00%
Investment in an associated company	2,791	-	NM	2,791	-	NM
Goodwill	112	112	0.00%	-	-	NM
Due from subsidiaries	-	-	NM	181	15,311	(98.82)%
Due from an associated company	9,392	-	NM	9,392	-	NM
	<u>26,559</u>	<u>26,407</u>	0.58%	<u>41,047</u>	<u>43,994</u>	(6.70)%
Current assets						
Inventories	10,490	11,829	(11.32)%	-	-	NM
Trade receivables	29,596	24,356	21.51%	-	-	NM
Other receivables and deposits	5,358	3,623	47.89%	4	-	NM
Prepayment	227	192	18.23%	20	13	53.85%
Due from a subsidiary	-	-	NM	-	109	(100.00)%
Short-term investments	1,354	2,819	(51.97)%	-	-	NM
Pledge deposits	1,397	1,596	(12.47)%	-	-	NM
Cash and cash equivalents	5,454	6,111	(10.75)%	9	91	(90.11)%
	<u>53,876</u>	<u>50,526</u>	6.63%	<u>33</u>	<u>213</u>	(84.51)%
Total assets	<u>80,435</u>	<u>76,933</u>	4.55%	<u>41,080</u>	<u>44,207</u>	(7.07)%
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	18,102	16,170	11.95%	-	-	NM
Other payables and accruals	4,896	7,341	(33.31)%	315	413	(23.73)%
Due to a subsidiary	-	-	NM	21,146	19,403	8.98%
Current income tax payable	449	402	11.69%	-	-	NM
Lease liabilities	1,184	-	NM	-	-	NM
Loan and borrowings	5,809	5,033	15.42%	-	-	NM
	<u>30,440</u>	<u>28,946</u>	5.16%	<u>21,461</u>	<u>19,816</u>	8.30%
Net current assets/(liabilities)	<u>23,436</u>	<u>21,580</u>	8.60%	<u>(21,428)</u>	<u>(19,603)</u>	9.31%
Non-current liabilities						
Lease liabilities	246	-	NM	-	-	NM
Retirement benefit obligations	1,442	1,530	(5.75)%	-	-	NM
	<u>1,688</u>	<u>1,530</u>	10.33%	<u>-</u>	<u>-</u>	NM
Total liabilities	<u>32,128</u>	<u>30,476</u>	5.42%	<u>21,461</u>	<u>19,816</u>	8.30%
Net assets	<u>48,307</u>	<u>46,457</u>	3.98%	<u>19,619</u>	<u>24,391</u>	(19.56)%
Equity attributable to owners of the parent						
Share capital	58,522	58,522	0.00%	58,522	58,522	0.00%
Accumulated losses	(13,995)	(15,497)	(9.69)%	(42,336)	(36,878)	14.80%
Other reserves	4,313	3,843	12.23%	3,433	2,747	24.97%
	<u>48,840</u>	<u>46,868</u>	4.21%	<u>19,619</u>	<u>24,391</u>	(19.56)%
Non-controlling interests	<u>(533)</u>	<u>(411)</u>	29.68%	<u>-</u>	<u>-</u>	NM
Total equity	<u>48,307</u>	<u>46,457</u>	3.98%	<u>19,619</u>	<u>24,391</u>	(19.56)%
Total equity and liabilities	<u>80,435</u>	<u>76,933</u>	4.55%	<u>41,080</u>	<u>44,207</u>	(7.07)%

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

Amount repayable in one year or less, or on demand

As at 30.09.2019		As at 31.12.2018	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
5,809	-	5,033	-

Amount repayable after one year

As at 30.09.2019		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 subsidiary companies are secured by fixed deposit placed 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.

	3Q2019 ¹ (S\$'000)	3Q2018 ² (S\$'000)	Group 9M2019 ³ (S\$'000)	9M2018 ⁴ (S\$'000)
Operating activities				
Profit before income tax	1,815	1,520	1,887	2,497
Adjustments for:				
Amortisation of intangible assets	6	6	18	18
Amortisation of land use rights	14	14	41	42
Amortisation of right-of-use assets	256	-	864	-
Depreciation of property, plant and equipment	555	463	1,666	1,379
Allowances for exploration and evaluation assets	-	-	-	2,950
Finance costs	146	48	229	92
Finance income	(42)	(36)	(97)	(154)
Share option expenses	175	423	686	1,219
Operating cash flows before working capital changes	2,925	2,438	5,294	8,043
Working capital changes				
Inventories	2,051	1,024	652	(849)
Trade receivables	(2,529)	(3,999)	(4,798)	(7,267)
Other receivables and deposits	(1,724)	(1,231)	(2,930)	(1,672)
Prepayments	67	11	(56)	(36)
Trade payables	(106)	2,009	1,441	3,496
Other payables and accruals	200	(980)	1,313	(1,177)
Cash generated from/(used in) operations	884	(728)	916	538
Interest received	42	36	97	154
Interest paid	(68)	(48)	(151)	(92)
Income tax paid	(237)	(344)	(786)	(2,458)
Net cash generated from/(used in) operating activities	621	(1,084)	76	(1,858)
Investing activities				
Purchase of property, plant and equipment	(161)	(208)	(1,449)	(1,555)
Addition to exploration and evaluation assets	-	(439)	(389)	(2,739)
Addition to short-term investments	-	(693)	(199)	(693)
Proceed from short-term investments	392	-	1,636	5,413
Net cash generated from/(used in) investing activities	231	(1,340)	(401)	426
Financing activities				
Bank balances pledged	(34)	(4)	(57)	(38)
Proceeds from bank loans	10,159	7,397	26,758	14,570
Repayment of bank loans	(9,869)	(6,460)	(26,060)	(12,265)
Repayment of obligations under leases liabilities arising from right-of-use assets	(318)	-	(924)	-
Repayment of obligations under finance leases	-	(17)	-	(49)
Net cash (used in)/generated from financing activities	(62)	916	(283)	2,218
<i>Net increase/(decrease) in cash and cash equivalents</i>	790	(1,508)	(608)	786
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	37	(76)	(49)	(81)
<i>Cash and cash equivalents at beginning of period</i>	4,627	7,008	6,111	4,719
Cash and cash equivalents at end of the period	5,454	5,424	5,454	5,424

Notes

¹ "3Q2019": Period from 1 Jul 2019 to 30 Sep 2019

² "3Q2018": Period from 1 Jul 2018 to 30 Sep 2018

³ "9M2019": Period from 1 Jan 2019 to 30 Sep 2019

⁴ "9M2018": Period from 1 Jan 2018 to 30 Sep 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.

Statement of Changes in Equity for Third Quarter ended 30 September 2019

	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 loss for the financial period	-	-	-	-	-	(200)	-	(200)	(93)	(293)
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	(112)	-	-	-	(112)	3	(109)
Other comprehensive income for the financial period	-	-	-	(112)	-	-	-	(112)	3	(109)
Total comprehensive income for the financial period	-	-	-	(112)	-	(200)	-	(312)	(90)	(402)
Others										
Share option expense	-	-	-	-	336	-	-	336	-	336
Balance at 31 March 2019	58,522	-	1,156	(304)	3,083	(15,697)	132	46,892	(501)	46,391
Net profit/(loss) for the financial period	-	-	-	-	-	87	-	87	(169)	(82)
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	(509)	-	-	-	(509)	(6)	(515)
Other comprehensive income for the financial period	-	-	-	(509)	-	-	-	(509)	(6)	(515)
Total comprehensive income for the financial period	-	-	-	(509)	-	87	-	(422)	(175)	(597)
Changes in ownership interest in subsidiary										
Disposal of ownership interest in subsidiary	-	-	-	-	-	-	-	-	337	337
Total changes in ownership interest in subsidiary	-	-	-	-	-	-	-	-	337	337
Others										
Share option expense	-	-	-	-	175	-	-	175	-	175
Total others	-	-	-	-	175	-	-	175	-	175
Balance at 30 June 2019	58,522	-	1,156	(813)	3,258	(15,610)	132	46,645	(339)	46,306
Net profit/(loss) for the financial period	-	-	-	-	-	1,615	-	1,615	(186)	1,429
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	405	-	-	-	405	(8)	397
Other comprehensive income for the financial period, net of tax	-	-	-	405	-	-	-	405	(8)	397
Total comprehensive income for the financial period	-	-	-	405	-	1,615	-	2,020	(194)	1,826
Others										
Share option expense	-	-	-	-	175	-	-	175	-	175
Total transactions with owners	-	-	-	-	175	-	-	175	-	175
Balance at 30 September 2019	58,522	-	1,156	(408)	3,433	(13,995)	132	48,840	(533)	48,307

Statement of Changes in Equity for Third Quarter ended 30 September 2019 (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 2018	58,522	-	1,006	72	1,121	(17,502)	(3)	43,216	(82)	43,134
Net profit/(loss) for the financial period	-	-	-	-	-	670	-	670	(76)	594
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	324	-	-	-	324	5	329
Other comprehensive income for the financial period	-	-	-	324	-	-	-	324	5	329
Total comprehensive income for the financial period	-	-	-	324	-	670	-	994	(71)	923
Others										
Share option expenses	-	-	-	-	374	-	-	374	-	374
Balance at 31 March 2018	58,522	-	1,006	396	1,495	(16,832)	(3)	44,584	(153)	44,431
Net (loss)/profit for the financial period	-	-	-	-	-	(538)	-	(538)	8	(530)
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	(417)	-	-	-	(417)	(10)	(427)
Other comprehensive income for the financial period	-	-	-	(417)	-	-	-	(417)	(10)	(427)
Total comprehensive income for the financial period	-	-	-	(417)	-	(538)	-	(955)	(2)	(957)
Others										
Share option expense	-	-	-	-	422	-	-	422	-	422
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	135	135	(135)	-
Total others	-	-	-	-	422	-	135	557	(135)	422
Balance at 30 June 2018	58,522	-	1,006	(21)	1,917	(17,370)	132	44,186	(290)	43,896
Net profit/(loss) for the financial period	-	-	-	-	-	2,139	-	2,139	(40)	2,099
Other comprehensive income for the financial period										
Exchange differences arising from translation of foreign operations	-	-	-	103	-	-	-	103	2	105
Other comprehensive income for the financial period	-	-	-	103	-	-	-	103	2	105
Total comprehensive income for the financial period	-	-	-	103	-	2,139	-	2,242	(38)	2,204
Others										
Share option expenses	-	-	-	-	349	-	-	349	-	349
Balance at 30 September 2018	58,522	-	1,006	82	2,266	(15,231)	132	46,777	(328)	46,449

Statement of Changes in Equity for Second Quarter and Half Year ended 30 June 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
Loss for the financial period	-	-	(641)	(641)
Total comprehensive income for the financial period	-	-	(641)	(641)
Share option expenses	-	336	-	336
Balance at 31 March 2019	58,522	3,083	(37,519)	24,086
Loss for the financial period	-	-	(4,276)	(4,276)
Total comprehensive income for the financial period	-	-	(4,276)	(4,276)
Share option expenses	-	175	-	175
Balance at 30 June 2019	58,522	3,258	(41,795)	19,985
Loss for the financial period	-	-	(541)	(541)
Total comprehensive income for the financial period	-	-	(541)	(541)
Share option expenses	-	175	-	175
Balance at 30 September 2019	58,522	3,433	(42,336)	19,619
Balance at 1 January 2018	58,522	1,121	(30,650)	28,993
Loss for the financial period	-	-	(660)	(660)
Total comprehensive income for the financial period	-	-	(660)	(660)
Share option expenses	-	374	-	374
Balance at 31 March 2018	58,522	1,495	(31,310)	28,707
Loss for the financial period	-	-	(3,962)	(3,962)
Total comprehensive income for the financial period	-	-	(3,962)	(3,962)
Share option expenses	-	422	-	422
Balance at 30 June 2018	58,522	1,917	(35,272)	25,167
Loss for the financial period	-	-	(718)	(718)
Total comprehensive income for the financial period	-	-	(718)	(718)
Share option expenses	-	423	-	423
Balance at 30 September 2018	58,522	2,340	(35,990)	24,872

- 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, 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 30 September 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 3Q2019, no share options (3Q2018: Nil) were granted or exercised under GEL Scheme and GEL 2018 Scheme. As at 30 September 2019, the number of shares that may be issued on conversion of all the outstanding share options was 28,823,000 (30 September 2018: 73,423,000) which represented approximately 5.81% (30 September 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 3Q2019 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.07.2019	Number of options			Balance as at 30.09.2019	Balance as at 30.09.2018	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 30 September 2019 and 30 September 2018.

There were also no treasury shares or subsidiary holdings as at 30 September 2019 and 30 September 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	
	30 Sep 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.

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) ("SFR(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.

	Group			
	3Q2019 S'pore cents	3Q2018 S'pore cents	9M2019 S'pore cents	9M2018 S'pore cents
Earnings per ordinary share for the period:				
a) Based on weighted average number of shares in issue during the period	0.33	0.27	0.30	0.29
Weighted average number of ordinary shares	496,158,657	496,158,657	496,158,657	496,158,657
b) On a fully diluted basis	0.33	0.26	0.30	0.29
Adjusted weighted average number of ordinary shares	496,158,657	498,573,632	496,505,744	505,390,739

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 Sep 2019 S'pore cents	31 Dec 2018 S'pore cents	30 Sep 2019 S'pore cents	31 Dec 2018 S'pore cents
Net assets value per ordinary share (S'pore cents)	9.84	9.45	3.95	4.92
Net tangible assets value per ordinary share (S'pore cents)	9.23	6.51	3.95	4.92

The net assets/net tangible assets value per share for the period ended 30 September 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 (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 30 September 2019, the investment in GETL is accounted as investment in associated company.
- (ii) Following the disposal, the Group continues to be engaged in the precision engineering business ("PE").

Consolidated Income Statement

- (iii) The turnover for 9M2019 was S\$77.37 million. This was entirely contributed by the PE business and it is slightly lower compared to corresponding period in 2018.
- (iv) The Group achieved a gross margin of 17.82% for 9M2019, taking into account of different business model, product mix and price competition.
- (v) Total selling and administration expenses for 9M2019 was S\$10.07 million, similar to 9M2018. PE business had an increase of S\$1.48 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.
- (vi) The higher depreciation and amortisation in 9M2019 when compared to 9M2018, 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.
- (vii) The Group recorded a net foreign exchange loss of S\$0.28 million for 9M2019, compared to net foreign exchange gain of S\$0.37 million for 9M2018. This is mainly due to foreign exchange loss relating a disposed subsidiary, GETL.
- (viii) Corporate expenses for 9M2019 was S\$1.68 million, compared to S\$2.24 million in 9M2018. The decrease in corporate expenses was mainly due to lower share option expenses.

- 8 (ix) Finance income for 9M2019 was S\$0.10 million, compared to S\$0.15 million in 9M2018. The decrease in finance income was due to lower amount placed in the short-term investments.
- (x) Finance cost for 9M2019 was S\$0.23 million, compared to S\$0.09 million in 9M2018. 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.
- (xi) The Group recorded a net profit after tax of S\$1.05 million for 9M2019. PE business achieved a net profit after tax of S\$3.34 million (S\$7.87 million for 9M2018), and offset by a net loss of S\$0.61 million (S\$1.30 million for 9M2018) for O&G and corporate expenses of S\$1.68 million (S\$2.24 million for 9M2018).

Consolidated Statement of Financial Position

- (xii) Following the disposal of 80% shareholding in GETL, the exploration and evaluation assets was accounted as investment in associated company and loan receivable as at 30 September 2019. Please refer to subparagraph (i) above.
- (xiii) 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\$1.41 million as at 30 September 2019. Correspondingly, lease liabilities (both current and non-current) arising from the right-of-use assets with a net carrying value amount of S\$1.43 million was recognised as at 30 September 2019.
- (xiv) Inventories as at 30 September 2019 was S\$10.49 million, a decrease of S\$1.34 million from 31 December 2018. The reduction was due to clearing stock build-up based on forecast given by the customers.
- (xv) Trade receivables as at 30 September 2019 was S\$29.60 million. This is an increase of S\$5.24 million from 31 December 2018, due mainly to increase in turnover.
- (xvi) Other receivables and deposits as at 30 September 2019 was S\$5.36 million. This is an increase of S\$1.74 million from 31 December 2018 mainly attributable to advance payment of S\$0.49 million for purchase of inventories and deposit of S\$0.86 million for purchase of land and construction of new factory building at Batam Indonesia.
- (xvii) Prepayment as at 30 September 2019 was S\$0.23 million. This is an increase of S\$0.04 million from 31 December 2018, due mainly to additional prepaid expenses made during 9M2019.
- (xviii) Short-term investments as at 30 September 2019 was S\$1.35 million. This is a decrease of S\$1.47 million from 31 December 2018, due to releasing funds for working capital purposes.
- (xix) Trade payables as at 30 September 2019 was S\$18.10 million, an increase of S\$1.93 million, due to purchase materials and components to meet increase in orders.
- (xx) Other payables and accruals as at 30 September 2019 was S\$4.90 million. This is a decrease of S\$2.46 million from 31 December 2018 mainly attributable to deconsolidation of subsidiary due to changes in controlling interest. Please refer to subparagraph (i) above.
- (xxi) Income tax payable as at 30 September 2019 was S\$0.45 million. This is an increase of S\$0.05 million from 31 December 2018 mainly attributable to current income tax expenses of S\$0.83 million and offset by settlement of income tax liabilities.
- (xxii) The net assets of the Group as at 30 September 2019 was S\$48.31 million.

Consolidated Statement of Cash Flows

- (xxiii) The Group generated a net operating cash inflow of S\$0.08 million during 9M2019.
- (xxiv) Net cash used in investing activities during the period was S\$0.40 million. This includes S\$1.45 million for acquiring machines and equipment, and partially offset by proceed of S\$1.64 million from short-term investments.
- (xxv) Net cash used in financing activities amounted to S\$0.28 million for 9M2019. This consists of S\$0.92 million for repayment of obligations under lease liabilities arising from right-of-use assets and S\$26.06 million for repayment of loan and borrowings, and offset by proceed of S\$26.76 million drawdown from loan and borrowings.
- (xxvi) Net cash and cash equivalents as at 30 September 2019 stood at S\$5.45 million, a decrease of S\$0.66 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.

We are encouraged by prospective business from existing customers and new customers. 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 through acquisitions and/or strategic alliances, both locally and through overseas expansion.

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.

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

No dividend has been declared or recommended.

12 **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.

13 **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.

14 **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 third quarter and nine months ended 30 September 2019 to be false or misleading in any material aspect.

15 **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/Wong Liang Khooon
Company Secretaries

Date 14 November 2019

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

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