



**GSS ENERGY LIMITED**

RCB No: 201432529C

**UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018**

1 (a) (i)

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

Consolidated statement of comprehensive income for the third quarter and nine (9) months ended 30 September 2018.

	3Q2018 <sup>1</sup> (S\$'000)	3Q2017 <sup>2</sup> (S\$'000)	Change in %	Group 9M2018 <sup>3</sup> (S\$'000)	9M2017 <sup>4</sup> (S\$'000)	Change in %
<b>Revenue</b>						
PE	29,169	25,433	14.69%	79,395	70,180	13.13%
O&G	-	-	NM	-	-	NM
Group	<b>29,169</b>	<b>25,433</b>	<b>14.69%</b>	<b>79,395</b>	<b>70,180</b>	<b>13.13%</b>
<b>Cost of sales</b>						
PE	(23,457)	(20,349)	15.27%	(62,717)	(54,931)	14.17%
O&G	-	-	NM	-	-	NM
Group	<b>(23,457)</b>	<b>(20,349)</b>	<b>15.27%</b>	<b>(62,717)</b>	<b>(54,931)</b>	<b>14.17%</b>
<b>Gross profit</b>						
PE	5,712	5,084	12.35%	16,678	15,249	9.37%
O&G	-	-	NM	-	-	NM
Group	<b>5,712</b>	<b>5,084</b>	<b>12.35%</b>	<b>16,678</b>	<b>15,249</b>	<b>9.37%</b>
<b>Other items of income</b>						
Other income						
PE	50	1,912	NM	201	2,021	-90.05%
O&G	-	-	NM	-	1	(100.00)%
Group	<b>50</b>	<b>1,912</b>	<b>NM</b>	<b>201</b>	<b>2,022</b>	<b>(90.06)%</b>
<b>Other items of expenses</b>						
Distribution and selling expenses						
PE	(1,968)	(1,937)	1.60%	(5,744)	(5,490)	4.63%
O&G	(210)	(164)	28.05%	(758)	(198)	>100.00%
Group	<b>(2,178)</b>	<b>(2,101)</b>	<b>3.66%</b>	<b>(6,502)</b>	<b>(5,688)</b>	<b>14.31%</b>
Administration expenses						
PE	(675)	(772)	(12.56)%	(2,401)	(2,050)	17.12%
O&G	(166)	(354)	(53.11)%	(689)	(968)	(28.82)%
Group	<b>(841)</b>	<b>(1,126)</b>	<b>(25.31)%</b>	<b>(3,090)</b>	<b>(3,018)</b>	<b>2.39%</b>
Other operating expenses						
PE	-	(47)	(100.00)%	-	(47)	(100.00)%
O&G	(30)	-	NM	(30)	-	NM
Group	<b>(30)</b>	<b>(47)</b>	<b>(36.17)%</b>	<b>(30)</b>	<b>(47)</b>	<b>(36.17)%</b>
<b>Profit/(Loss) from operations before net foreign exchange</b>						
PE	3,119	4,240	(26.44)%	8,734	9,683	(9.80)%
O&G	(406)	(518)	(21.62)%	(1,477)	(1,165)	26.78%
Group	<b>2,713</b>	<b>3,722</b>	<b>(27.11)%</b>	<b>7,257</b>	<b>8,518</b>	<b>(14.80)%</b>
Foreign exchange (loss)/gain, net	(244)	(330)	(26.06)%	371	(1,546)	NM
<b>Profit from operations after net foreign exchange</b>	<b>2,469</b>	<b>3,392</b>	<b>(27.21)%</b>	<b>7,628</b>	<b>6,972</b>	<b>9.41%</b>
Corporate Expenses	(937)	(654)	43.27%	(2,243)	(1,820)	23.24%
Impairment Expenses	-	-	NM	(2,950)	-	NM
Finance income	36	60	(40.00)%	154	155	(0.65)%
Finance costs	(48)	(3)	>100.00%	(92)	(7)	>100.00%
<b>Profit before income tax</b>	<b>1,520</b>	<b>2,795</b>	<b>(45.62)%</b>	<b>2,497</b>	<b>5,300</b>	<b>(52.89)%</b>
Income tax expense	(202)	(696)	(70.98)%	(1,115)	(1,484)	(24.87)%
<b>Profit for the financial period</b>	<b>1,318</b>	<b>2,099</b>	<b>(37.21)%</b>	<b>1,382</b>	<b>3,816</b>	<b>(63.78)%</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences arising from translating of foreign operations	(92)	105	NM	(190)	(133)	42.86%
Reclassification relating to disposal of a subsidiary	-	-	NM	-	-	NM
<b>Other comprehensive income for the financial period, net of tax</b>	<b>(92)</b>	<b>105</b>	<b>NM</b>	<b>(190)</b>	<b>(133)</b>	<b>42.86%</b>
<b>Total comprehensive income for the financial period</b>	<b>1,226</b>	<b>2,204</b>	<b>(44.37)%</b>	<b>1,192</b>	<b>3,683</b>	<b>(67.64)%</b>
<b>Profit attributable to:-</b>						
Owners of the parent	1,317	2,139	(38.43)%	1,449	3,901	(62.86)%
Non-controlling interests	1	(40)	NM	(67)	(85)	(21.18)%
	<b>1,318</b>	<b>2,099</b>	<b>(37.21)%</b>	<b>1,382</b>	<b>3,816</b>	<b>(63.78)%</b>
<b>Other comprehensive income attributable to:-</b>						
Owners of the parent	1,228	2,242	(45.23)%	1,267	3,762	(66.32)%
Non-controlling interests	(2)	(38)	(94.74)%	(75)	(79)	(5.06)%
	<b>1,226</b>	<b>2,204</b>	<b>(44.37)%</b>	<b>1,192</b>	<b>3,683</b>	<b>(67.64)%</b>

1 (a) (ii) Other information

	3Q2018 <sup>1</sup> (S\$'000)	3Q2017 <sup>2</sup> (S\$'000)	Change in %	Group 9M2018 <sup>3</sup> (S\$'000)	9M2017 <sup>4</sup> (S\$'000)	Change in %
Finance income	36	60	(40.00)%	154	155	(0.65)%
Finance cost	(48)	(3)	>100.00%	(92)	(7)	>100.00%
Amortisation of intangible assets	(6)	(2)	>100.00%	(18)	4	NM
Amortisation of land use rights	(14)	(14)	0.00%	(42)	(145)	(71.03)%
Depreciation of property, plant and equipment	(463)	(396)	16.92%	(1,379)	(1,024)	34.67%
Foreign exchange (loss)/gain, net	(244)	(330)	(26.06)%	371	(1,546)	NM
Gain on disposal of property, plant and equipment	-	3	(100.00)%	-	3	(100.00)%
Impairment allowance for exploration and evaluation assets	-	-	NM	(2,950)	-	NM
Compensation for acquisition of land and building by Changzhou Government State Land Office, net of tax	-	1,293	(100.00)%	-	1,293	(100.00)%
Share option expenses	(423)	(349)	21.20%	(1,219)	(772)	57.90%

Notes

<sup>1</sup> "3Q2018": Period from 1 Jul 2018 to 30 Sep 2018

<sup>2</sup> "3Q2017": Period from 1 Jul 2017 to 30 Sep 2017

<sup>3</sup> "9M2018": Period from 1 Jan 2018 to 30 Sep 2018

<sup>4</sup> "9M2017": Period from 1 Jan 2017 to 30 Sep 2017

<sup>5</sup> "PE": Precision Engineering Business

<sup>6</sup> "O&G": Oil and Gas Business

<sup>7</sup> "NM": Not Meaningful

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

Statements of Financial Position

	Group			Company		
	30.09.2018	31.12.2017	Change in	30.09.2018	31.12.2017	Change in
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	10,000	10,179	(1.76)%	-	-	NM
Intangible assets	54	71	(23.94)%	-	-	NM
Land use rights	1,477	1,560	(5.32)%	-	-	NM
Exploration and evaluation assets	12,482	12,444	0.31%	-	-	NM
Investment in subsidiaries	-	-	NM	28,683	28,683	0.00%
Goodwill	112	112	0.00%	-	-	NM
Due from subsidiaries	-	-	NM	14,465	13,351	8.34%
	<u>24,125</u>	<u>24,366</u>	<u>(0.99)%</u>	<u>43,148</u>	<u>42,034</u>	<u>2.65%</u>
<b>Current assets</b>						
Inventories	10,824	10,003	8.21%	-	-	NM
Trade receivables	32,276	24,763	30.34%	-	-	NM
Other receivables and deposits	3,581	1,903	88.18%	-	3	(100.00)%
Prepayment	210	174	20.69%	20	10	100.00%
Short-term investments	2,614	7,381	(64.58)%	-	-	NM
Pledge deposits	1,702	1,659	2.59%	-	-	NM
Cash and cash equivalents	5,424	4,719	14.94%	4	11	(63.64)%
	<u>56,631</u>	<u>50,602</u>	<u>11.91%</u>	<u>24</u>	<u>24</u>	<u>0.00%</u>
<b>Total assets</b>	<u>80,756</u>	<u>74,968</u>	<u>7.72%</u>	<u>43,172</u>	<u>42,058</u>	<u>2.65%</u>
<b>EQUITY AND LIABILITIES</b>						
<b>Current liabilities</b>						
Trade payables	19,787	16,162	22.43%	-	-	NM
Other payables and accruals	7,844	9,013	(12.97)%	296	312	(5.13)%
Due to a subsidiary	-	-	NM	18,004	12,753	41.17%
Current income tax payable	1,013	2,348	(56.86)%	-	-	NM
Loan and borrowings	5,153	2,897	77.87%	-	-	NM
	<u>33,797</u>	<u>30,420</u>	<u>11.10%</u>	<u>18,300</u>	<u>13,065</u>	<u>40.07%</u>
<b>Net current assets/(liabilities)</b>	<u>22,834</u>	<u>20,182</u>	<u>13.14%</u>	<u>(18,276)</u>	<u>(13,041)</u>	<u>40.14%</u>
<b>Non-current liabilities</b>						
Retirement benefit obligations	1,414	1,414	0.00%	-	-	NM
	<u>1,414</u>	<u>1,414</u>	<u>0.00%</u>	<u>-</u>	<u>-</u>	<u>NM</u>
<b>Total liabilities</b>	<u>35,211</u>	<u>31,834</u>	<u>10.61%</u>	<u>18,300</u>	<u>13,065</u>	<u>40.07%</u>
<b>Net assets</b>	<u>45,545</u>	<u>43,134</u>	<u>5.59%</u>	<u>24,872</u>	<u>28,993</u>	<u>(14.21)%</u>
<b>Equity attributable to owners of the parent</b>						
Share capital	58,522	58,522	0.00%	58,522	58,522	0.00%
Accumulated losses	(16,053)	(17,502)	(8.28)%	(35,990)	(30,650)	17.42%
Other reserves	3,368	2,196	53.37%	2,340	1,121	>100.00%
	<u>45,837</u>	<u>43,216</u>	<u>6.06%</u>	<u>24,872</u>	<u>28,993</u>	<u>(14.21)%</u>
<b>Non-controlling interests</b>	<u>(292)</u>	<u>(82)</u>	<u>&gt;100.00%</u>	<u>-</u>	<u>-</u>	<u>NM</u>
<b>Total equity</b>	<u>45,545</u>	<u>43,134</u>	<u>5.59%</u>	<u>24,872</u>	<u>28,993</u>	<u>(14.21)%</u>

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

Amount repayable in one year or less, or on demand

As at 30.09.2018		As at 31.12.2017	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
5,153	-	2,897	-

Amount repayable after one year

As at 30.09.2018		As at 31.12.2017	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
-	-	-	-

Note:

Details of any collateral

- (i) The short-term bank loan of a subsidiary company is secured by fixed deposit placed with the bank.  
(ii) The short-term bank loan and invoice financing of a subsidiary company is secured by corporate guarantee of the Company.  
(iii) Finance lease liabilities as at 31 December 2017 was S\$0.05 million and secured by a subsidiary company's motor vehicles under a finance lease arrangement.

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

	Group			
	3Q2018 <sup>1</sup> (S\$'000)	3Q2017 <sup>2</sup> (S\$'000)	9M2018 <sup>3</sup> (S\$'000)	9M2017 <sup>4</sup> (S\$'000)
<b>Operating activities</b>				
Profit before income tax	1,520	2,795	2,497	5,300
Adjustments for:				
Allowance for inventory obsolescence	-	-	-	-
Allowance for inventory obsolescence written back				
Amortisation of intangible assets	6	2	18	(4)
Amortisation of land use rights	14	14	42	145
Compensation for acquisition of land and building by Changzhou Government State Land Office (Reclassify to cash from investing activities)	-	(1,784)	-	(1,784)
Depreciation of property, plant and equipment	463	396	1,379	1,024
Impairment allowances for exploration and evaluation assets	-	-	2,950	-
Finance costs	48	3	92	7
Gain on disposal of property, plant and equipment	-	(3)	-	(3)
Finance income	(36)	(60)	(154)	(155)
Share option expenses	423	349	1,219	772
<b>Operating cash flows before working capital changes</b>	<b>2,438</b>	<b>1,712</b>	<b>8,043</b>	<b>5,302</b>
<b>Working capital changes</b>				
Inventories	1,024	(20)	(849)	(2,203)
Trade receivables	(3,999)	(3,233)	(7,267)	(7,716)
Other receivables and deposits	(1,231)	792	(1,672)	(1,979)
Prepayments	11	(107)	(36)	(340)
Trade payables	2,009	1,487	3,496	3,507
Other payables and accruals	(980)	1,722	(1,177)	1,522
<b>Cash (used in)/generated from operations</b>	<b>(728)</b>	<b>2,353</b>	<b>538</b>	<b>(1,907)</b>
Interest received	36	60	154	155
Interest paid	(48)	(3)	(92)	(7)
Income tax paid	(344)	(160)	(2,458)	(528)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,084)</b>	<b>2,250</b>	<b>(1,858)</b>	<b>(2,287)</b>
<b>Investing activities</b>				
Payment for intangible assets	-	(24)	-	(24)
Purchase of property, plant and equipment	(208)	(2,191)	(1,555)	(4,103)
Payment to exploration and evaluation assets	(439)	(3,426)	(2,739)	(3,426)
Addition to short-term investments	(693)	-	(693)	(614)
Proceed from short-term investments	-	613	5,413	613
Net cash from acquisition of a joint venture	-	-	-	40
Proceed from disposal of property, plant and equipment	-	3	-	3
Compensation for acquisition of land and building by Changzhou Government State Land Office	-	1,784	-	1,784
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,340)</b>	<b>(3,241)</b>	<b>426</b>	<b>(5,727)</b>
<b>Financing activities</b>				
Bank balances pledged	(4)	(300)	(38)	32
Proceeds from issue of share	-	-	-	135
Proceeds from bank loans	7,397	785	14,570	785
Repayment of bank loans	(6,460)	(24)	(12,265)	(74)
Repayment of obligations under finance leases	(17)	(9)	(49)	(24)
<b>Net cash generated from financing activities</b>	<b>916</b>	<b>452</b>	<b>2,218</b>	<b>854</b>
<i>Net increase/(decrease) in cash and cash equivalents</i>	<i>(1,508)</i>	<i>(539)</i>	<i>786</i>	<i>(7,160)</i>
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	<i>(76)</i>	<i>45</i>	<i>(81)</i>	<i>(112)</i>
<i>Cash and cash equivalents at beginning of period</i>	<i>7,008</i>	<i>8,164</i>	<i>4,719</i>	<i>14,942</i>
<b>Cash and cash equivalents at end of the period</b>	<b>5,424</b>	<b>7,670</b>	<b>5,424</b>	<b>7,670</b>

Notes

<sup>1</sup> "3Q2018": Period from 1 Jul 2018 to 30 Sep 2018

<sup>2</sup> "3Q2017": Period from 1 Jul 2017 to 30 Sep 2017

<sup>3</sup> "9M2018": Period from 1 Jan 2018 to 30 Sep 2018

<sup>4</sup> "9M2017": Period from 1 Jan 2017 to 30 Sep 2017

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

	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
<b>The Group</b>										
<b>Balance at 1 January 2018</b>	58,522	-	1,006	72	1,121	(17,502)	(3)	43,216	(82)	43,134
<b>Net profit for the financial period</b>	-	-	-	-	-	670	-	670	(76)	594
<b>Other comprehensive income for the financial period</b>										
Exchange differences arising from translation of foreign operations	-	-	-	324	-	-	-	324	5	329
<b>Other comprehensive income for the financial period</b>	-	-	-	324	-	-	-	324	5	329
<b>Total comprehensive income for the financial period</b>	-	-	-	324	-	670	-	994	(71)	923
<b>Others</b>										
Share option expense	-	-	-	-	374	-	-	374	-	374
<b>Balance at 31 March 2018</b>	58,522	-	1,006	396	1,495	(16,832)	(3)	44,584	(153)	44,431
<b>Net profit for the financial period</b>	-	-	-	-	-	(538)	-	(538)	8	(530)
<b>Other comprehensive income for the financial period</b>										
Exchange differences arising from translation of foreign operations	-	-	-	(417)	-	-	-	(417)	(10)	(427)
<b>Other comprehensive income for the financial period</b>	-	-	-	(417)	-	-	-	(417)	(10)	(427)
<b>Total comprehensive income for the financial period</b>	-	-	-	(417)	-	(538)	-	(955)	(2)	(957)
<b>Changes in ownership interest in subsidiary</b>										
Acquisition of non controlling interests without a change in control	-	-	-	-	-	-	135	135	(135)	-
<b>Total changes in ownership interest in subsidiary</b>	-	-	-	-	-	-	135	135	(135)	-
<b>Others</b>										
Share option expense	-	-	-	-	422	-	-	422	-	422
<b>Balance at 30 June 2018</b>	58,522	-	1,006	(21)	1,917	(17,370)	132	44,186	(290)	43,896
<b>Net profit/(loss) for the financial period</b>	-	-	-	-	-	1,317	-	1,317	1	1,318
<b>Other comprehensive income for the financial period</b>										
Exchange differences arising from translation of foreign operations	-	-	-	(89)	-	-	-	(89)	(3)	(92)
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	-	(89)	-	-	-	(89)	(3)	(92)
<b>Total comprehensive income for the financial period</b>	-	-	-	(89)	-	1,317	-	1,228	(2)	1,226
<b>Others</b>										
Share option expense	-	-	-	-	423	-	-	423	-	423
<b>Balance at 30 September 2018</b>	58,522	-	1,006	(110)	2,340	(16,053)	132	45,837	(292)	45,545

Statement of Changes in Equity for Third Quarter Ended 30 September 2018 (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
<b>The Group</b>										
<b>Balance at 1 January 2017</b>	58,522	-	873	119	-	(21,535)	(3)	37,976	(85)	37,891
<b>Net profit/(loss) for the financial period</b>	-	-	-	-	-	1,049	-	1,049	(15)	1,034
<b>Other comprehensive income for the financial period</b>										
Exchange differences arising from translation of foreign operations	-	-	-	(274)	-	-	-	(274)	(1)	(275)
<b>Other comprehensive income for the financial period</b>	-	-	-	(274)	-	-	-	(274)	(1)	(275)
<b>Total comprehensive income for the financial period</b>	-	-	-	(274)	-	1,049	-	775	(16)	759
<b>Others</b>										
Share option expenses	-	-	-	-	138	-	-	138	-	138
<b>Balance at 31 March 2017</b>	58,522	-	873	(155)	138	(20,486)	(3)	38,889	(101)	38,788
<b>Net profit/(loss) for the financial period</b>	-	-	-	-	-	713	-	713	(30)	683
<b>Other comprehensive income for the financial period</b>										
Exchange differences arising from translation of foreign operations	-	-	-	32	-	-	-	32	5	37
<b>Other comprehensive income for the financial period</b>	-	-	-	32	-	-	-	32	5	37
<b>Total comprehensive income for the financial period</b>	-	-	-	32	-	713	-	745	(25)	720
<b>Others</b>										
Share option expense	-	-	-	-	285	-	-	285	-	285
Issue ordinary shares to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	135	135
<b>Total others</b>	-	-	-	-	285	-	-	285	135	420
<b>Balance at 30 June 2017</b>	58,522	-	873	(123)	423	(19,773)	(3)	39,919	9	39,928
<b>Net profit/(loss) for the financial period</b>	-	-	-	-	-	2,139	-	2,139	(40)	2,099
<b>Other comprehensive income for the financial period</b>										
Exchange differences arising from translation of foreign operations	-	-	-	103	-	-	-	103	2	105
<b>Other comprehensive income for the financial period</b>	-	-	-	103	-	-	-	103	2	105
<b>Total comprehensive income for the financial period</b>	-	-	-	103	-	2,139	-	2,242	(38)	2,204
<b>Others</b>										
Share option expenses	-	-	-	-	349	-	-	349	-	349
<b>Balance at 30 September 2017</b>	58,522	-	873	(20)	772	(17,634)	(3)	42,510	(29)	42,481

Statement of Changes in Equity for Third Quarter Ended 30 September 2018 (cont'd)

	Share capital	Share option reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Company</b>				
Balance at 1 January 2018	58,522	1,121	(30,650)	28,993
Loss for the financial period	-	-	(660)	(660)
Total comprehensive income for the financial period	-	-	(660)	(660)
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
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
Loss for the financial period	-	-	(671)	(671)
Total comprehensive income for the financial period	-	-	(671)	(671)
Share option expenses	-	349	-	349
Balance at 30 September 2017	58,522	772	(29,864)	29,430

- 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 September 2018.

**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 the financial period from July 2018 to September 2018, no share options were granted or exercised under the GEL Scheme and GEL 2018 Scheme. As at 30 September 2018, the number of shares that may be issued on conversion of all the outstanding share options was 74,423,000 (30 September 2017: 47,200,000).

The movement of share options of the Company during the financial period from July 2018 to September 2018 are as follows:

Date of grant of options	Exercise price per share	Balance as at 01.07.2018	Number of options			Balance as at 30.09.2018	Balance as at 30.09.2017	Exercise period
			Granted during the financial period	Exercised during the financial period	Cancelled/ lapsed during the financial period			
27.02.2017	S\$0.12320	10,000,000	-	-	-	10,000,000	10,000,000	28.02.2018 to 27.02.2022
27.02.2017	S\$0.09856	1,400,000	-	-	-	1,400,000	1,400,000	28.02.2019 to 27.02.2020
27.02.2017	S\$0.09856	35,800,000 <sup>1</sup>	-	-	-	35,800,000	35,800,000	28.02.2019 to 27.02.2022
23.02.2018	S\$0.12512	1,850,000	-	-	-	1,850,000	-	23.02.2020 to 22.02.2021
23.02.2018	S\$0.12512	25,373,000	-	-	-	25,373,000	-	23.02.2020 to 22.02.2023
Total		74,423,000	-	-	-	74,423,000	47,200,000	

Save as disclosed above, there were no other outstanding options and convertibles as at 30 September 2018 and 30 September 2017.

The Company has no treasury shares as at 30 September 2018 and 30 September 2017.

**Notes**

<sup>1</sup> 7,400,000 share options granted to Mr Yeung Kin Bond, Sydney was approved by the shareholders at the annual general meeting on 24 April 2017.

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

	Company	
	30 Sep 2018	31 Dec 2017
Total number of issued shares (excluding treasury shares)	496,158,657	496,158,657

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

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 30 September 2018.

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

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

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

Not applicable.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") including SFRS(I) interpretations, on 1 January 2018.

The Group has performed an assessment of the impact of SFRS(I) 1 for the transition to the new reporting framework and the Group does not expect to change its existing accounting policies on adoption of the new framework on 1 January 2018.

Except as disclosed in Note 5, the Group and the Company have adopted the same accounting policies and methods of computation for the current financial period as those for the financial year ended 31 December 2017.

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

In the current financial period, the Group and the Company adopted the new SFRS(I) and Amendments to SFRS(I) that are effective for annual periods beginning on or after 1 January 2018.

The adoptions of the new SFRS(I) and Amendments to SFRS(I) did not results in any substantial change to the Group and Company's accounting policies or any material impact on the financial statements of the Group.

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

	Group			
	3Q2018 S'pore cents	3Q2017 S'pore cents	9M2018 S'pore cents	9M2017 S'pore cents
Earnings per ordinary share for the period:				
a) Based on weighted average number of shares in issue during the period	0.27	0.43	0.29	0.79
Weighted average number of ordinary shares	496,158,657	496,158,657	496,158,657	496,158,657
b) On a fully diluted basis	0.26	0.43	0.29	0.78
Adjusted weighted average number of ordinary shares	498,573,632	501,869,840	505,390,739	500,233,078

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

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 September 2018 S'pore cents	31 December 2017 S'pore cents	30 September 2018 S'pore cents	31 December 2017 S'pore cents
Net assets value per ordinary share (S'pore cents)	9.24	8.71	5.01	5.84
Net tangible assets value per ordinary share (S'pore cents)	6.39	5.85	5.01	5.84

Item 7: The net assets/net tangible assets value per share for the period ended 30 September 2018 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 496,158,657 ordinary shares (31 December 2017: 496,158,657 ordinary shares).

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

**General**

(i) The Group continues to be engaged in the precision engineering business ("PE") and oil and gas services business ("O&G").

**Consolidated Income Statement**

(ii) The turnover for 9M2018 was S\$79.40 million, a 13.13% increase over the S\$70.18 million turnover for 9M2017. 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 21.01% for 9M2018 as compared to 21.73% in 9M2017. This was due to changes in product mix and stiffer pricing competition.

(iv) The Group recorded other income of S\$0.20 million in 9M2018 as compared to S\$2.02 million in 9M2017. The 9M2017 included the third tranche for land compensation (gross - S\$1.78 million, net - S\$1.29 million).

(v) Total selling and administration expenses for 9M2018 was S\$9.59 million, compared to S\$8.71 million for 9M2017. This includes S\$8.14 million for the PE business and S\$1.45 million for the O&G business. The increase for PE business was due to the higher turnover.

(vi) The Group recorded a net foreign exchange gain of S\$0.37 million for 9M2018, compared to net foreign exchange loss of S\$1.55 million for 9M2017. This was attributable to strengthening of United States dollars against Singapore dollars.



- 8 (vii) The corporate expense for 9M2018 was S\$2.24 million, compared to S\$1.82 million for 9M2017. The increase was attributable mainly to higher share option expenses for the period.
- (viii) As there is no further development in the West Jambi KSO block ("WJ KSO Block") in Indonesia which the Group has funded the drilling cost for exploration and operated by Ramba Energy West Jambi Limited, the Group has made an impairment provision of S\$2.95 million (the total drilling cost at WJ KSO Block) in 2Q2018.
- (ix) The finance cost for 9M2018 was S\$0.09 million, compared to S\$0.01 million for 9M2017. The increase was attributable to higher interest expenses incurred for increased in loan and borrowings.
- (x) The Group recorded a net profit after tax of S\$1.38 million for 9M2018. PE business achieved a net profit after tax of S\$7.87 million (S\$6.00 million excluding third tranche land compensation for 9M2017), and offset by a net loss of S\$1.30 million (S\$1.57 million for 9M2017) for O&G, corporate expenses of S\$2.24 million (S\$1.82 million for 9M2017) and impairment expenses of S\$2.95 million.

**Consolidated Statement of Financial Position**

- (xi) Intangible assets as at 30 September 2018 was S\$0.05 million, a decrease of S\$0.02 million from 31 December 2017. This is due to amortisation of intangible assets.
- (xii) Exploration and evaluation assets as at 30 September 2018 was S\$12.48 million, an increase of S\$0.04 million from 31 December 2017. The increase was attributable to capitalisation of S\$2.99 million expenses associated with Trembul Operation Area oil project in Indonesia. This was offset by an impairment allowance of S\$2.95 million provided in 2Q2018 for funding of drilling at West Jambi KSO block in Indonesia.
- (xiii) Trade receivables as at 30 September 2018 was S\$32.28 million. This is an increase of S\$7.51 million from 31 December 2017, due mainly to increase in turnover.
- (xiv) Other receivables and deposits as at 30 September 2018 was S\$3.58 million. This is an increase of S\$1.68 million from 31 December 2017 mainly attributable to deposit of S\$0.90 million for purchase of land and construction of new factory building at Batam Indonesia, advances of S\$0.37 million for designing new gasoline and electric scooters and license fees, and advances S\$0.41 million for renovation and purchase of machines to prepare our China subsidiary commence PCBA operation.
- (xv) Prepayment as at 30 September 2018 was S\$0.21 million. This is an increase of S\$0.04 million from 31 December 2017, due mainly to additional prepaid expenses made during 2Q2018.
- (xvi) Short-term investments as at 30 September 2018 was S\$2.61 million. This is a decrease of S\$4.77 million from 31 December 2017, due to releasing funds to settle Changzhou factory construction related payments.
- (xvii) Trade payables as at 30 September 2018 was S\$19.79 million, an increase of S\$3.63 million from 31 December 2017, due to purchase materials and components to meet increase in orders.
- (xviii) Other payables and accruals as at 30 September 2018 was S\$7.84 million. This is a decrease of S\$1.17 million from 31 December 2017 mainly due to settlement of payables.
- (xix) Income tax payable as at 30 September 2018 was S\$1.01 million. This is a decrease of S\$1.34 million from 31 December 2017 mainly attributable to settlement of income tax liabilities.
- (xx) Loan and borrowings as at 30 September 2018 was S\$5.15 million, an increase of S\$2.26 million from 31 December 2017 mainly for financing drilling cost in Trembul Operating Area oil project.
- (xxi) The net assets of the Group as at 30 September 2018 was S\$45.55 million, compared to S\$43.13 million at 31 December 2017. Net assets per share as at 30 June 2018 was S\$0.092.

**Consolidated Statement of Cash Flows**

- (xxii) The Group incurred a net operating cash outflow of S\$1.86 million during 9M2018, primarily due to the working capital changes for the period.
- (xxiii) Net cash generated in investing activities during the period was S\$0.43 million. This includes proceed of S\$5.41 million from short-term investment, and partially offset by S\$1.55 million for acquiring machineries and equipment, S\$2.74 million for expenditure on construction of facilities for oil well and obtaining certification to monetise gas in Trembul operation area and S\$0.69 million on addition to short-term investments.
- (xxiv) Net cash generated from financing activities during the period was S\$2.22 million, due mainly to proceed of S\$14.57 million from bank loan and borrowings, and was partially offset by S\$12.27 million for repayment of loan and borrowings.
- (xxv) Net cash and cash equivalents as at 30 September 2018 stood at S\$5.42 million, an increase S\$0.71 million from 31 December 2017.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group did not make any forecast or prospect statement for the current period to shareholders.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group continues to operate in the PE and O&G sectors.

In the PE business, while 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.

In the O&G business, we are actively working towards monetising oil and gas in Trembul Operation Area. Talks are also underway with several parties to work on our oil and gas assets.

**11 If a decision regarding dividend has been made:**

None.

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

- 11 **(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**  
Not applicable.
- 12 **If no dividend has been declared / recommended, a statement to that effect.**  
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 2018 to be false or misleading in any material aspect.
- 16 **Confirmation by the issuer pursuant to Rule 720(1)**  
The Company confirms that undertakings under Rule 720(1) have been obtained from its directors and executive officers in the format set out in Appendix 7H.

**BY ORDER OF THE BOARD**

**Ng Say Tiong**  
**Company Secretary**

**Date** 12 November 2018

*This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this document. This document has not been examined or approved by SGX-ST. The Sponsor and SGX-ST assume 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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