GSS ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201432529C)

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

GSS Energy Posts Revenue of S$16.9 million As Precision Engineering Business Continues to Deliver

- **Diversified business model enabled GSS Energy to maintain profitability amidst oil and gas downturn**
- **Group strengthened balance sheet further with a net cash position of S$15.9 million while total expenses reduced significantly as the Group focused on streamlining its Oil and Gas ("O&G") operations**
- **Precision engineering ("PE") business expected to scale-up production once new facility in China completes while the Group continues to take a cautious approach in exploring on new oil and gas projects to build the O&G Business**

Singapore, 13 May 2016 – The Board of Directors (the "**Board**") of GSS Energy Limited ("**GSS Energy**", and together with its subsidiaries, the "**Group**") has announced the Group's financial results for the three months ended 31 March 2016 ("**1Q2016**") today.

	1Q2016 (3 months)	1Q2015 (3 months)	Change
	(S$'000)	(S$'000)	%
Revenue	16,925	18,158	(6.8)
Gross Profit	4,026	5,549	(27.5)
Gross Profit Margin	***23.8%***	***30.6%***	***(6.8) ppt***
Other Income	112	343	(67.35)
Distribution & Selling Expenses	(1,560)	(2,204)	(29.2)
Administrative Expenses	(1,384)	(2,180)	(36.5)

Other Operating Expenses	(239)	(12)	NM
Profit before income tax	984	1,517	(35.1)
Profit / (Loss) attributable to shareholders of the company	662	957	(30.8)

Note: NM denotes not meaningful, ppt denotes percentage points

FINANCIAL REVIEW

GSS Energy achieved revenue of S$16.9 million for 1Q2016 (1Q2015: S$18.2 million), entirely contributed by the Group's PE business. Gross profit for the Group declined 27.5% year-on-year ("**yoy**") to S$4.0 million in 1Q2016 while gross profit margin decreased from 30.6% in 1Q2015 to 23.8% in 1Q2016. The Group's financial performance was affected by a shortage of revenue from the Group's O&G business as international oil prices continued to be subdued, further pressurising breakeven cost of production. The O&G business contributed S$3.9 million in revenue and approximately 16% in gross profit margin in 1Q2015. After completing the issuance of new shares and the capital reduction exercise in 1Q2016, the Group is in the midst of restructuring its O&G business and enhancing its capabilities across the O&G value chain.

The Group has been able to substantially reduce its operating costs in 1Q2016. In 1Q2016, distribution and selling expenses decreased 29.2% yoy to S$1.6 million while administrative expenses dropped 36.5% yoy to S$1.4 million. Moreover, the Group intends to step up its efforts in streamlining its operations and reducing its costs in light of further macroeconomic difficulties going forward.

Despite global uncertainties in the O&G market and difficult economic conditions, the Group managed to register a net profit attributable to shareholders of S$662,000 and basic earnings per share of 0.13 Singapore cents per share in 1Q2016.

Financial positions	As At 31 March 2016 (12 months)	As At 31 December 2015 (12 months)	Change
	(S$'000)	(S$'000)	%
Cash and cash equivalents	15,937	10,230	55.8
Total assets	46,528	38,121	22.1
Loan and borrowings	248	-	NM
Total liabilities	21,300	24,373	(12.6)
Total equity	25,228	13,748	83.5
Net asset value per share (Singapore cents)*	5.08	2.81	80.8

*The net assets value per share for the period ended 31 March 2016 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 496,158,657 ordinary shares (31 December 2015: 472,618,657 ordinary shares).

As at 31 March 2016, the Group maintained a healthy balance sheet holding cash and cash equivalents of S$15.9 million while having negligible borrowings. The Group further strengthened its cash position by 55.8% from S$10.2 million as at 31 December 2015 to S$15.9 million as at 31 March 2016. Net asset value has also increased significantly by 80.8% from 2.81 Singapore cents per share to 5.08 Singapore cents per share.

BUSINESS OUTLOOK

For the PE business, the Group is expecting more orders from existing and new customers going forward, especially from electronic giants in US and Japan. Also, in June 2015, the Group entered into an agreement with the Changzhou Government in China to acquire a new piece of land of approximately 19,000 square metres in Changzhou for a purchase price of RMB7.98 million. Construction of the factory on the new piece of land started in the 1st half of 2016 and the Group is expecting to move into the new factory by the middle of 2017. Once the factory is operating at full capacity, the Group is optimistic of ramping up production of the PE business.

On 12 January 2016, the Group issued 99,540,000 new ordinary shares at an offer price of S$0.079 per ordinary share. The funds raised were for (1) oil drilling services in West Jambi, Sumatra Indonesia; (2) expansion of oil drilling services operations and (3) general working capital of the Group. On 20 January 2016, the Group also completed a capital reduction exercise to cancel 76,000,000 ordinary shares issued to Java Petral Energy Pte Ltd following the termination of the cooperation agreement for the management of old oil wells at Dandangilo-Wonocolo and Ngrayong fields in Kedewan-Bonjonegoro, East Java Indonesia.

Both the issue and cancellation of shares allow the Group to refocus and restructure its O&G business as international oil prices continue to pose significant risks to crude oil production during this period. In addition, the Group will continue to identify attractive mergers and acquisition plus joint venture opportunities to grow the O&G business.

Commenting on the current set of financial results for 1Q2016 and the outlook for the Group, Mr. Sydney Yeung, CEO of GSS Energy, commented,

"Since Brent crude prices fell from US$100 per barrel in mid 2014 to US$40 per barrel by end 2015 (according Bloomberg), many capital projects have been either cancelled or put on hold across the O&G value chain globally. Nevertheless, this situation presents us with various opportunities to explore on new oil and gas assets at attractive valuation. Our Group will continue to take a cautious and prudent approach on any oil and gas investments around the region to shore up our O&G business.

Our Group is very pleased that our PE Business has continued to prove itself as our key revenue generator. With a new production facility in Changzhou expected to be completed in the first half of 2017, our Group will be able to secure larger contracts with existing and new customers to increase our revenue and improve our profit margins.

Barring any unforeseen circumstances, our Group expects the operating environment to improve and to remain profitable going forward."

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ABOUT GSS ENERGY LIMITED (Bloomberg Ticker: GSSE SP EQUITY)

GSS Energy has two core operating subsidiaries: CSE and Giken Sakata (S) Limited ("**Giken Sakata**"). CSE is engaged in oil production in Indonesia, and Giken Sakata is engaged in precision engineering, with a presence in Singapore, Indonesia and China.

GSS Energy officially started trading on SGX on February 12, 2015. Pursuant to a scheme of arrangement under Section 210 of the Companies Act, undertaken by Giken Sakata, Giken Sakata became a wholly-owned operating subsidiary of GSS Energy. Giken Sakata had been listed on SGX since 1993 and its listing status was transferred to GSS Energy with effect from February 12, 2015.

For more information, please visit www.gssenergy.com.sg

Issued for and on behalf of GSS Energy Limited

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