



GSS ENERGY LIMITED
RCB No: 201432529C

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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

Consolidated statement of comprehensive income for the first quarter ended 31 March.

	1Q2016 ¹ (S\$'000)	Group 1Q2015 ² (S\$'000)	Change in %
Revenue	16,925	18,158	(6.79)%
Cost of Sales	(12,899)	(12,609)	2.30%
Gross Profit	4,026	5,549	(27.45)%
Other items of income			
Other income	112	343	(67.35)%
Other items of expenses			
Distribution and selling expenses	(1,560)	(2,204)	(29.22)%
Administration expenses	(1,384)	(2,180)	(36.51)%
Other operating expenses	(239)	(12)	NM
Profit from operations	955	1,496	(36.16)%
Finance income	29	22	31.82%
Finance costs	-	(1)	(100.00)%
Share of results of joint venture (net of tax)	-	-	-
Profit before income tax	984	1,517	(35.14)%
Income tax expense	(319)	(458)	(30.35)%
Profit for the financial period	665	1,059	(37.20)%
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translating of foreign operations	(352)	147	NM
Other comprehensive income for the financial period, net of tax	(352)	147	NM
Total comprehensive income for the financial period	313	1,206	(74.05)%
Profit attributable to:-			
Owners of the parent	662	957	(30.83)%
Non-controlling interests	3	102	(97.06)%
	665	1,059	(37.20)%
Other comprehensive income attributable to:-			
Owners of the parent	315	1,135	(72.25)%
Non-controlling interests	(2)	71	NM
	313	1,206	(74.05)%

1 (a) (ii) Other information

	1Q2016 ¹ (S\$'000)	Group 1Q2015 ² (S\$'000)	Change in %
Finance income	29	22	31.82%
Finance cost	-	(1)	(100.00)%
Amortisation of intangible assets	(84)	(397)	(78.84)%
Depreciation of property, plant and equipment	(314)	(297)	5.72%
Foreign exchange (loss)/gain, net	(239)	230	NM
Gain on disposal of property, plant and equipment	-	18	(100.00)%

Notes

¹ "1Q2016": Period from 1 Jan 2016 to 31 Mar 2016

² "1Q2015": Period from 1 Jan 2015 to 31 Mar 2015

³ "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		
	31.03.2016 S\$ '000	31.12.2015 S\$ '000	Change in %	31.03.2016 S\$ '000	31.12.2015 S\$ '000	Change in %
ASSETS						
Non-current assets						
Property, plant and equipment	4,102	3,936	4.22%	-	-	NM
Intangible assets	25	39	(35.90)%	-	-	NM
Land use rights	1,954	2,117	(7.70)%	-	-	NM
Investment in subsidiaries	-	-	NM	28,603	28,603	-
Investment in joint venture	42	42	-	42	42	-
Goodwill	112	112	0.00%	-	-	NM
Other deposits	2,999	2,091	43.42%	-	-	NM
Due from subsidiaries	-	-	NM	3,211	2,061	55.80%
	9,234	8,337	10.76%	31,856	30,706	3.75%
Current assets						
Inventories	4,298	4,987	(13.82)%	-	-	NM
Trade receivables	15,134	13,585	11.40%	-	-	NM
Other receivables and deposits	446	410	8.78%	5	-	NM
Prepayment	223	135	65.19%	7	6	16.67%
Held-to maturity financial assets	1,253	437	NM	-	-	NM
Cash and cash equivalents	15,937	10,230	55.79%	4,067	-	NM
	37,291	29,784	25.20%	4,079	6	NM
Total assets	46,525	38,121	22.05%	35,935	30,712	17.01%
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	9,536	9,689	(1.58)%	-	-	NM
Other payables and accruals	6,068	5,636	7.67%	178	134	32.84%
Due to a former non-controlling shareholder of a subsidiary	-	3,757	(100.00)%	-	-	NM
Due to a subsidiary	-	-	NM	3,934	5,951	(33.89)%
Current income tax payable	4,348	4,191	3.75%	-	-	NM
Loan and borrowings	248	-	NM	-	-	NM
	20,200	23,273	(13.20)%	4,112	6,085	(32.42)%
Net current assets/(liabilities)	17,091	6,511	NM	(33)	(6,079)	(99.46)%
Non-current liabilities						
Provisions	1,100	1,100	-	-	-	NM
	1,100	1,100	-	-	-	NM
Total liabilities	21,300	24,373	(12.61)%	4,112	6,085	(32.42)%
Net assets	25,225	13,748	83.48%	31,823	24,627	29.22%
Equity attributable to owners of the parent						
Share capital	58,522	73,458	(20.33)%	58,522	73,458	(20.33)%
Accumulated losses	(31,058)	(31,720)	(2.09)%	(26,699)	(26,031)	2.57%
Other reserves	(2,239)	(28,446)	(92.14)%	-	(22,800)	(100.00)%
	25,225	13,292	89.78%	31,823	24,627	29.22%
Non-controlling interests	-	456	(100.00)%	-	-	NM
Total equity	25,225	13,748	83.48%	31,823	24,627	29.22%
Total equity and liabilities	46,525	38,121	22.05%	35,935	30,712	17.01%

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

Amount repayable in one year or less, or on demand

As at 31.03.2016		As at 31.12.2015	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
248	-	-	-

Amount repayable after one year

As at 31.03.2016		As at 31.12.2015	
Secured S\$ ' 000	Unsecured S\$ ' 000	Secured S\$ ' 000	Unsecured S\$ ' 000
-	-	-	-

Note:

Details of any collateral

The short-term bank loan of a subsidiary company is secured by fixed deposit placed with the bank.

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	
	1Q2016 ¹ (S\$'000)	1Q2015 ² (S\$'000)
Operating activities		
Profit before income tax	984	1,517
Adjustments for:		
Amortisation of intangible assets	84	397
Depreciation of property, plant and equipment	314	297
Finance costs	-	1
Gain on disposal of property, plant and equipment	-	(18)
Finance income	(29)	(22)
Operating cash flows before working capital changes	1,353	2,172
Working capital changes		
Inventories	640	(261)
Trade receivables	(1,608)	(4,953)
Other receivables and deposits	(23)	103
Prepayments	(88)	(76)
Trade payables	(153)	1,761
Other payables and accruals	687	411
Cash used in operations	808	(843)
Interest received	29	22
Interest paid	-	(1)
Income tax paid	(109)	(50)
Net cash generated from/(used in) operating activities	728	(872)
Investing activities		
Deposit paid to a third party	(1,071)	-
Payment for purchase of intangible assets	-	(582)
Payment for purchase of property, plant and equipment	(523)	(358)
Addition to held-to-maturity financial assets	(866)	-
Proceed from disposal of property, plant and equipment	-	18
Payment for acquisition of additional equity interest from a non-controlling shareholder	(457)	-
Net cash used in investing activities	(2,917)	(922)
Financing activities		
Bank balances pledged	(300)	-
Proceeds from issue of shares	7,864	-
Proceeds from bank loans	270	-
Proceeds from loan from a related company	-	1,030
Repayment of bank loans	(22)	(24)
Repayment of obligations under finance leases	-	(10)
Net cash generated from financing activities	7,812	996
<i>Net increase/(decrease) in cash and cash equivalents</i>	<i>5,623</i>	<i>(798)</i>
<i>Effect of foreign exchange rate changes in cash and cash equivalents</i>	<i>(216)</i>	<i>85</i>
<i>Cash and cash equivalents at beginning of period</i>	<i>10,230</i>	<i>9,619</i>
Cash and cash equivalents at end of the period	15,637	8,906
Reconciliation of cash and cash equivalents		
Cash and bank balances	11,249	6,317
Fixed deposits	4,688	2,699
	15,937	9,016
Less: Bank balances pledged	(300)	(110)
	15,637	8,906

Notes

¹ "1Q2016": Period from 1 Jan 2016 to 31 Mar 2016

² "1Q2015": Period from 1 Jan 2015 to 31 Mar 2015

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

Statement of Changes in Equity for First Quarter ended 31 March 2016

	Share capital	Capital reserve	Statutory reserve fund	Foreign currency translation reserves	Accumulated losses	Equity Non-controlling interests	Total attributable to owners of the parent	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group									
Balance at 1 January 2016	73,458	(22,800)	702	254	(31,720)	(6,602)	13,292	456	13,748
Net profit for the financial period	-	-	-	-	662	-	662	3	665
Other comprehensive income for the financial period									
Exchange differences arising from translation of foreign operations	-	-	-	(347)	-	-	(347)	(5)	(352)
Other comprehensive income for the financial period, net of tax	-	-	-	(347)	-	-	(347)	(5)	(352)
Total comprehensive income for the financial period	-	-	-	(347)	662	-	315	(2)	313
Contributions by owners									
Issue of ordinary shares	7,864	-	-	-	-	-	7,864	-	7,864
Capital reduction	(22,800)	22,800	-	-	-	-	-	-	-
	(14,936)	22,800	-	-	-	-	7,864	-	7,864
Changes in ownership interest in subsidiary									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	(3)	(3)	(454)	(457)
Others									
Waiver of debt by former non-controlling interest	-	-	-	-	-	3,757	3,757	-	3,757
Balance at 31 March 2016	58,522	-	702	(93)	(31,058)	(2,848)	25,225	-	25,225
Balance at 1 January 2015	73,458	(22,800)	380	393	(11,748)	-	39,683	3,600	43,283
Net profit for the financial period	-	-	-	-	957	-	957	102	1,059
Other comprehensive income for the financial period									
Exchange differences arising from translation of foreign operations	-	-	-	178	-	-	178	(31)	147
Other comprehensive income for the financial period, net of tax	-	-	-	178	-	-	178	(31)	147
Total comprehensive income for the financial period	-	-	-	178	957	-	1,135	71	1,206
Balance at 31 March 2015	73,458	(22,800)	380	571	(10,791)	-	40,818	3,671	44,489

Statement of Changes in Equity for First Quarter ended 31 March 2016 (cont'd)

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

Note

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

- 1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issue of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 12 January 2016, the Group completed the placement of 99,540,000 new ordinary shares at an offer price of S\$0.079 per ordinary share. This was to raise funds for (i) oil drilling services in West Jambi, Sumatra, Indonesia, (ii) expansion of oil drilling services operations and (iii) general working capital of the Group.

On 20 January 2016, the Group completed the selective capital reduction to cancel 76,000,000 ordinary shares in the capital of the Company issued and allotted to Java Petral Energy Pte Ltd ("JPEPL"). Details can be referred in previous announcements dated 23 October 2015 and 27 November 2015, and its circular to shareholders dated 5 November 2015.

Following the completion of the selective capital reduction of 76,000,000 shares and the placement of 99,540,000 new shares, the issued and paid-up share capital of the Company is 496,158,657 ordinary shares as at 31 March 2016.

The Company has no outstanding convertibles or treasury shares as at 31 March 2016 and 31 March 2015.

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

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

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

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

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 31 March 2016.

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

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

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

Not applicable.

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

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

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

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

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

	Group	
	1Q2016 S'pore cents	1Q2015 S'pore cents
Based on the number of shares in issue during the period	0.13	0.20
On fully diluted basis	0.13	0.20

Item 6: The earnings per share for the period from 1 January 2016 to 31 March 2016 is calculated based on the weighted average share capital in issue during the period of 499,994,481 ordinary shares (1 January 2015 to 31 March 2015: 472,618,657 ordinary shares).

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital (excluding treasury shares) of the issuer at the end of the :-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	31 March 2016 S'pore cents	31 December 2015 S'pore cents	31 March 2016 S'pore cents	31 December 2015 S'pore cents
Net assets valued per ordinary share based on issued share of the company at the end of the financial period/year (S'pore cents)	5.08	2.81	6.41	5.21

Item 7: 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).

- 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 business ("O&G").
- (ii) On 12 January 2016, the Company issued 99,540,000 new ordinary shares at S\$0.079 per share. On 20 January 2016, the Company completed the capital reduction of 76,000,000 shares. As at 31 March 2016, the issued and paid-up share capital of the Company is 496,158,657 ordinary shares.

Consolidated Income Statement

- (iii) The turnover of S\$16.93 million for 1Q2016 was contributed entirely by the PE business. The turnover for 1Q2015 was S\$18.16 million, including S\$14.26 million from the PE business and S\$3.90 million from the O&G business.
- (iv) The Group, principally the PE business, achieved a gross margin of 23.79% for the quarter under review. The gross margin for 1Q2015 was 30.56%, comprising 24.49% for the PE business and 52.74% for the O&G business.
- (v) Total selling and administration expenses for 1Q2016 was S\$2.94 million. This includes S\$2.37 million for the PE business, S\$0.25 million for the O&G business and S\$0.32 million for corporate expenses including the share placement and capital reduction exercise.
- (vi) Other income and other operating expenses for the quarter under review was S\$0.11 million and S\$0.24 million respectively. This is due mainly to government grant and foreign exchange differences.
- (vii) The group recorded a net profit after tax S\$0.67 million for 1Q2016. PE achieved a net profit after tax of S\$1.43 million and the profit was partially offset by a net loss after tax of S\$0.44 million incurred by O&G and corporate expenses of S\$0.32 million.

Consolidated Statement of Financial Position

- (viii) The Group's share capital as at 31 March 2016 was S\$58.52 million, a net decrease of S\$14.94 million from 31 December 2015. The changes are detailed in para 8(ii).
- (ix) Trade receivables as at 31 March 2016 was S\$15.13 million. This is an increase of S\$1.55 million from 31 December 2015, due mainly to the higher PE sales in February 2016 and March 2016.
- (x) Other receivables and deposits (non-current and current assets) as at 31 March 2016 was S\$3.45 million. This is an increase of S\$0.94 million from 31 December 2015, attributed mainly due to a S\$1.07 million deposit for the drilling of two wells West Jambi, Sumatra, Indonesia, paid in January 2016.
- (xi) The amount due to Java Petral Energy Pte Ltd, a former shareholder of a subsidiary company, Cepu Sakti Energy Pte Ltd, was fully waived on 20 January 2016 upon completion of the Settlement Arrangement. Details can be found in our previous announcements dated 23 October 2015 and 27 November 2015, and our circular to shareholders dated 5 November 2015.
- (xii) The net assets of the Group as at 31 March 2016 was S\$25.23 million.

Consolidated Statement of Cash Flows

- (xiii) The Group incurred a net operating cash inflow of S\$0.73 million during the quarter, primarily due to the operating profit for the period.
- (xiv) Net cash used in investing activities during the period was S\$2.92 million. This includes S\$1.07 million deposit paid to Ramba Energy West Jambi Limited for drilling of two wells located in West Jambi, Sumatra, Indonesia, S\$0.52 million used for purchase of property, plant and equipment, S\$0.87 million additional held-to-maturity financial assets and S\$0.46 million used in acquiring the balance 5% shareholding interest in Changzhou Giken Precision Co. Ltd ("CGP").
- (xv) Net cash generated by financing activities during the period was S\$7.81 million, due mainly to the S\$7.86 million proceeds from the issue of shares on 12 January 2016.
- (xvi) Net cash and cash equivalents as at 31 March 2016 stood at S\$15.64 million, an increase of S\$5.41 million from 31 December 2015.

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

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

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

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

In the PE business, we are cautiously optimistic about the outlook with the guidance given by our existing and potential customers.

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

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

None.

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared / recommended.

13 **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No general mandate for IPTs has been obtained from shareholders. There are no IPTs of S\$100,000 or more during the period under review.

14 **Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

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

As at the date of this announcement, the use of the proceeds are as follows:

Use of Proceeds	Percentage Allocation	Amount	Percentage utilisation
Net proceeds from placement		S\$7,820,000	
Amount utilised as at the date of this announcement			
Oil drilling services in West Jambi, Sumatra Indonesia	Approximately 55% to 65%	S\$3,139,000	Approximately 40%
Expansion of oil drilling services operations	Approximately 25% to 30%	S\$196,000	Approximately 3%
General working capital of the Group	Approximately 5% to 20%	S\$355,000	Approximately 5%
		S\$3,690,000	
Amount unutilised		S\$4,130,000	

15 **Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual**

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

16 **Confirmation by the issuer pursuant to Rule 720(1)**

The Company confirms that undertakings under Rule 720(1) have been obtained from its directors and executive officers in the format set out in Appendix 7H.

BY ORDER OF THE BOARD

Ng Say Tiong
Company Secretary

Date 13 May 2016

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

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