

## **GSS ENERGY LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 201432529C)



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

### **GSS Energy’s Turnover Increased 27.3% to S\$44.7 million in 1H2017, Contributed by Growth in its Precision Engineering Business**

- **Group’s net profit was S\$1.7 million in 1H2017 as net profit for its Precision Engineering (“PE”) business grew significantly from S\$2.5 million in 1H2016 to S\$3.9 million in 1H2017**
- **Group is preparing to commence production drilling for its Oil and Gas (“O&G”) business in the Trembul Production Area**

**Singapore, 14 August 2017** – The Board of Directors (the “**Board**”) of **GSS Energy Limited** (“**GSS Energy**”, and together with its subsidiaries, the “**Group**”) is pleased to report its financial results for the six months ended 30 June 2017 (“**1H2017**”).

#### **FINANCIAL REVIEW**

The Group’s revenue rose by 27.3% from S\$35.1 million in 1H2016 to S\$44.7 million in 1H2017 as the Group’s PE business secured more orders from existing customers and generated orders from new customers. The PE business continues to provide high quality products and services as a one-stop integrated contract manufacturer to major international electronic customers.

|   | 2Q2017       | 2Q2016       | Change           | 1H2017       | 1H2016       | Change           |
|---|--------------|--------------|------------------|--------------|--------------|------------------|
|   | 3 months     | 3 months     |                  | 6 months     | 6 months     |                  |
|   | (S\$'000)    | (S\$'000)    | %                | (S\$'000)    | (S\$'000)    | %                |
| Revenue   | 23,041       | 18,221       | 26.5             | 44,747       | 35,146       | 27.3             |
| Gross Profit  | 5,075        | 4,441        | 14.3             | 10,165       | 8,467        | 20.1             |
| Gross Profit Margin   | <b>22.0%</b> | <b>24.4%</b> | <b>(2.4) ppt</b> | <b>22.7%</b> | <b>24.1%</b> | <b>(1.4) ppt</b> |
| Other Income  | 53           | 9,364        | NM               | 110          | 9,614        | NM               |
| Total Expenses  | (4,166)      | (3,421)      | 21.8             | (7,861)      | (6,742)      | 16.6             |
| EBITDA  | 1,342        | 10,771       | NM               | 3,167        | 12,124       | NM               |
| Net profit attributable to shareholders of the company                          | 713          | 9,131        | NM               | 1,762        | 9,793        | NM               |
| Net profit attributable to shareholders of the company (excluding other income) | 660          | (233)        | NM               | 1,652        | 179          | NM               |

Note: NM denotes not meaningful, ppt denotes percentage points

The Group registered a 20.1% increase in gross profit from S\$8.5 million in 1H2016 to S\$10.2 million in 1H2017 because of higher volume of orders from both existing and new customers. However, gross profit margin declined from 24.1% in 1H2016 to 22.7% due to changes in product mix and stiffer pricing competition.

The Group recorded other income of S\$110,000 in 1H2017 as compared to S\$9.6 million in 1H2016 which included an accounting gain of S\$6.1 million from the disposal of a wholly-owned subsidiary, Cepu Sakti Energy Pte Ltd (“CSE”), and the second tranche land compensation of S\$3.2 million from the Changzhou Government State Land Office to relocate the Group’s factory in China in 1H2016.

The Group incurred higher total expenses reflecting increased sale orders and business activities for the Group’s PE business. Distribution and selling expenses increased from S\$3.3 million in 1H2016 to S\$3.6 million in 1H2017. Administration expenses rose from S\$2.6 million in 1H2016 to S\$3.1 million in 1H2017. The Group will continue to pursue a prudent cost management strategy and will remain mindful of the cost effectiveness of its operations and

its pursuit of business opportunities.

Net profit after tax for the Group's PE Business jumped 57.3% from S\$2.5 million in 1H2016 to S\$3.9 million in 1H2017 excluding the land compensation gain. Overall, the Group posted a net profit attributable to shareholders of S\$1.8 million for 1H2017. Excluding other income, the Group's net profit attributable to shareholders rose sharply from S\$0.2 million in 1H2016 to S\$1.6 million in 1H2017.

| <i>Financial positions</i>                              | As At<br>30 June<br>2017 | As At<br>31 December<br>2016 | Change |
|---|--------------------------|------------------------------|--------|
|   | (S\$'000)                | (S\$'000)                    | %      |
| <b>Cash and cash equivalents</b>                        | 8,164                    | 14,942                       | (45.4) |
| <b>Total assets</b>                                     | 61,102                   | 57,493                       | 6.3    |
| <b>Loan and borrowings</b>                              | 49                       | 114                          | (57.0) |
| <b>Total liabilities</b>                                | 21,174                   | 19,602                       | 8.0    |
| <b>Total equity</b>                                     | 39,928                   | 37,891                       | 5.4    |
| <b>Net asset value per share<br/>(Singapore cents)*</b> | 8.05                     | 7.65                         | 5.2    |

\*The net assets value per share for the period ended 30 June 2017 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 496,158,657 ordinary shares (31 December 2016: 496,158,657 ordinary shares)

The Group's balance sheet remains robust as cash and cash equivalents stood at S\$8.2 million as of 30 June 2017.

The Group's net asset value per share increased from 7.65 Singapore cents per share as of 31 December 2016 to 8.05 Singapore cents per share as of 30 June 2017.

## **BUSINESS UPDATES AND OUTLOOK**

On the PE business, the Group has commenced operating at its new China factory in August 2017. The Group expects the new facility to expand its production scale, manufacturing capabilities and enhance cost and production efficiency.

For the O&G business, the Group is at an advanced stage of kick-starting oil production drilling at the Trembul Operation Area to execute its Operation Cooperation (Kerja Sama Operasi) Agreement with Indonesia's state-owned oil giant, PT Pertamina EP, signed in November 2016.

Commenting on the financial results and positive outlook for the Group, Mr. Sydney Yeung, CEO of GSS Energy, commented,

***“Despite a challenging macro environment, our PE business is delivering positive results while our O&G business is making good progress towards first oil.***

***Our PE business continues to prove its resilience and provide strong support for our Group's growth trajectory. Our new factory at Changzhou will scale up our production capacity and enable us to lower our cost of production and improve our margins as we seek greater production efficiency and develop more manufacturing capabilities.***

***Our Group expects to remain profitable as we propel our unique twin businesses to pursue more growth.”***

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

GSS Energy has two core operating businesses: Oil and Gas (“**O&G**”) and Precision Engineering (“**PE**”). The O&G business is engaged in oil production in Indonesia, while the PE business is engaged in precision engineering, with a presence in Singapore, Indonesia and China.

GSS Energy officially started trading on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) 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](http://www.gssenergy.com.sg)

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This announcement 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 the SGX-ST. The Company's Sponsor has not independently verified the contents of this announcement.

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