

## **GSS ENERGY LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 201432529C)



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

### **GSS Energy Reports Strong Earnings of S\$ 10.6 million for FY2016**

- **Precision Engineering (“PE”) business revenue continues to grow steadily, increasing 19.9% to S\$ 75.7 million in FY2016**
- **Net profit after tax turned around to S\$ 10.6 million**
- **For the Oil and Gas (“O&G”) business, the Group plan to embark on production for the Trembul Operation Area**
- **The Group is well positioned to take on new business opportunities with strong balance sheet**

**Singapore, 28 February 2017** – The Board of Directors (the “**Board**”) of **GSS Energy Limited** (“**GSS Energy**”, and together with its subsidiaries, the “**Group**”) is pleased to report the financial results for the three / twelve months ended 31 December 2016 (“**4Q2016**”/ “**FY2016**”, respectively).

#### **FINANCIAL REVIEW**

The Group recorded revenue of S\$ 75.7 million in FY2016, entirely contributed by the PE business, which grew 19.9% from S\$ 63.1 million in FY2015. Similarly, the Group’s PE business contributed gross profit of S\$ 17.9 million in FY2016, increasing 9.8% from S\$ 16.3 million in FY2015. On total basis, total Group revenue grew 11.9% in FY2016. Operating expenses of S\$ 13.2 million in FY2016 was S\$ 1.2 million lower than S\$ 14.4 million in FY2015. In summary, the Group’s net profit attributable to shareholders was S\$ 10.6 million, as compared to losses of S\$ 18.8 million in FY2015.

	4Q2016 (3 months)	4Q2015 (3 months)	Change	FY2016 (12 months)	FY2015 (12 months)	Change
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
Revenue	20,413	15,561	31.2	75,709	67,642	11.9
Gross Profit	4,637	3,163	46.6	17,902	18,148	(1.4)
<i>Gross Profit Margin</i>	<b>22.7%</b>	<b>20.3%</b>	<b>2.4 ppt</b>	<b>23.6%</b>	<b>26.8%</b>	<b>(3.2 ppt)</b>
Other Income	457	396	15.4	7,227	3,387	113.4
Distribution & Selling Expenses	(2,836)	(1,190)	138.3	(7,877)	(3,994)	97.2
Administrative Expenses	(1,495)	(1,650)	(9.4)	(5,350)	(9,592)	(44.2)
Other Expenses	877	475	84.6	(2)	(853)	(99.8)
Profit / (Loss) attributable to shareholders of the company	2,190	(1,234)	NM	10,616	(18,572)	NM
Earnings per share (Singapore cents)*	0.44	(0.26)	NM	2.14	(3.97)	NM

\*The earnings per share for the period 1 October 2016 to 31 December 2016 and 1 January 2016 to 31 December 2016 are calculated based on the weighted average share capital in issue during the period of 496,158,657 and 497,112,373 ordinary shares (1 October 2015 to 31 December 2015 and 1 January 2015 to 31 December 2015: 472,618,657 ordinary shares).

\*NM denotes not meaningful

\*Ppt denotes percentage points

Under other income, the O&G business recorded a one-off gain of S\$ 3.2 million from the disposal of a subsidiary, while the PE business also recorded an after-tax gain of S\$ 2.4 million as compensation for land acquisition from the Changzhou Government State Land Office.

<i>Financial positions</i>	As At 31 December 2016	As At 31 December 2015	Change
	(S\$'000)	(S\$'000)	%
Cash and cash equivalents	14,942	10,230	46.1
Total assets	57,493	38,121	50.8
Loan and borrowings	114	0	NM
Total liabilities	19,602	24,373	(19.6)
Total equity	37,891	13,748	175.6
Net asset value per share (Singapore cents)*	7.65	2.81	172.2

\*The net assets value per share for the period ended 31 December 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)

The Group's balance sheet has materially strengthened in FY2016. Total assets grew 50.8% to S\$ 57.5 million as of 31 December 2016, while the Group's total liabilities decreased 19.6% to S\$ 19.6 million. The Group's cash balance increased 46.1% to S\$ 14.9 million as of 31 December 2016. With negligible total borrowings, Group remains in a net cash position of S\$ 14.9 million as of 31 December 2016.

As a result, the Group's net asset value per share rose from 2.81 Singapore cents per share as of 31 December 2015 to 7.65 Singapore cents per share as of 31 December 2016.

## **BUSINESS REVIEW AND OUTLOOK**

The Group is positive with the overall business outlook. The PE business continues to face challenging global conditions and keen competition but our focus on quality products and established business relationship, we are well placed to face the current challenges. It remains on track to begin operations at its new factory in China by mid 2017. The Group is expanding its Electronic Manufacturing Services business, currently operating in Indonesia, to China in 2017.

The Group's successful conclusion of the Operation Cooperation (Kerja Sama Operasi) Agreement with PT Pertamina EP in November 2016 is a milestone for our O&G business segment. Preparations are well underway to commence operations to drill for oil under KSO arrangements and boost to the Group's overall performance.

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

***“We are very pleased to return to profitability in FY2016, driven by the steady revenue growth of our PE business. It has remained a pillar of strength for the Group through a challenging global environment of slower growth. Our net cash balance sheet also positions us to take on new business opportunities.***

***We are pleased with the Group’s successful conclusion of the Operation Cooperation Agreement with PT Pertamina EP and look forward to finalising plan to commence production drilling. We will also continue on our search for new growth and value opportunities.”***

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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 12 February 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 12 February 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.

This announcement has not been examined or approved by SGX-ST and the 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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