GSS ENERGY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201432529C)

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

GSS Energy Maintains Revenue of S$68 Million Supported by Precision Engineering Business, while Bottom Line Impacted by Impairment

- **Precision Engineering ("PE") business continues to deliver strong results as gross profit increased 30% year-on-year to S$16.3 million; gross margin improved on better productivity**
- **One-off impairment loss during the year in the Group's Oil and Gas ("O&G") business resulted in net loss to shareholders of S$18.8 million – but for the impairment, Group would have achieved a net profit of S$14.1 million**
- **Diversified business model and PE business with strong fundamentals will help Group weather the oil industry's downturn, while Group continues to explore opportunities with its O&G assets**

Singapore, 1 March 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 twelve (12) months ended 31 December 2015 ("**FY2015**").

	4Q2015 (3 months)	4Q2014 (3 months)	Change	12M2015 (12 months)	12M2014 (12 months)	Change
	(S$'000)	(S$'000)	*%*	(S$'000)	(S$'000)	*%*
Revenue	15,561	19,584	*(20.5)*	67,642	68,728	*(1.6)*
Gross Profit	3,163	6,254	*(49.4)*	18,148	16,379	*10.8*
Gross Profit Margin	***20.3%***	***31.9%***	***(11.6ppt)***	***26.8%***	***23.8%***	***3.0ppt***
Other Income	396	122	NM	3,387	554	NM
Distribution & Selling Expenses	(1,190)	(1,638)	(27.4)%	(3,994)	(7,942)	(49.7)%
Administrative Expenses	(1,650)	(2,286)	(27.8)	(9,592)	(5,296)	81.1%
Other Operating Expenses	475	(26)	NM	(853)	(458)	86.2%
Impairment Losses	-	-	NM	(32,884)	-	NM
Profit / (Loss) before income tax	1,261	2,434	(48.2)%	(25,659)	3,260	NM
Profit / (Loss) after income tax	(1,206)	1,713	NM	(28,253)	2,045	NM
Profit / (Loss) attributable to shareholders of the company	(1,234)	1,190	NM	(18,752)	1,335	NM
Earnings per share (Singapore cents)*	(0.26)	0.25	NM	(3.97)	0.38	NM

*The earnings per share for the period from 1 October 2015 to 31 December 2015 and 1 January 2015 to 31 December 2015 are calculated based on the weighted average share capital in issue during the period of 472,618,657 ordinary shares (1 October 2014 to 31 December 2014: 472,618,657 ordinary shares and 1 January 2014 to 31 December 2014: 352,982,493 ordinary shares)

*NM denotes not meaningful

*ppt denotes percentage points

FINANCIAL REVIEW

The Group maintained its revenue for FY2015, which amounted to S$67.6 million (FY2014: S$68.7 million). This was mainly contributed by strong performance from the Group's PE business. Gross profit for the Group increased 10.8% year-on-year ("**yoy**") to S$18.1 million in FY2015 while gross profit margin increased 3.0 ppts yoy to 26.8%. However, the Group reported a net loss attributable to shareholders of S$18.8 million in FY2015 mainly due to the impairment loss of S$32.9 million resulting from its recent capital reduction exercise to cancel the 76 million shares issued to Java Petral Energy Pte Ltd ("**JPEL**")[1].

The Group's PE business recorded revenue of S$63.1 million in FY2015, an increment of 3.1% yoy due to enhanced productivity through higher level of automation, shifting to products with lower material cost and continued support from existing major electronic brands. The PE business also received other income of S$3.7 million which was mainly due to the first tranche land compensation of S$2.8 million by the Changzhou Government State Land Office. The Group is also expecting to receive subsequent tranches of land compensation on a milestone basis as the Group relocates and expands its production facilities in China.

The Group's O&G business registered revenue of S$4.5 million in FY2015. In August 2015, the Group reached a settlement agreement with JPEL to complete a 100% acquisition of Cepu Sakti Energy Pte Ltd ("**CSE**"). The Group is in the process of streamlining its O&G business operations, examining its existing assets and exploring new oil fields and opportunities in the region. In May 2015, the Group entered into an agreement with Ramba Energy West Jambi Limited and Ramba Energy Exploration Limited to drill two (2) onshore oil wells in West Jambi, Sumatra Indonesia. In June 2015, the Group entered into a joint venture agreement with AFCO Energy Pte Ltd to engage in the marketing and distribution of mineral oil and crude oil, and related business, in Indonesia.

Financial positions	**As At 31 December 2015 (12 months)**	**As At 31 August 2014* (12 months)**	**Change**
	(S$'000)	(S$'000)	%
Cash and cash equivalents	10,230	4,444	130.2
Total assets	38,121	28,594	33.3
Loan and borrowings	-	31	(100.0)
Total liabilities	24,373	13,031	87.0
Total equity	13,748	15,563	(11.7)
Net asset value per share (Singapore cents)**	2.8	4.9	(42.9)

*The company was incorporated on 31 October 2014 and had upon incorporation adopted 31 December as its financial year-end.
**The net assets value per share for the period ended 31 December 2015 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 472,618,657 ordinary shares (31 August 2014: 315,018,657 ordinary shares).

[1] *In July 2015, 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, the Group took a prudent step to impair the losses. Please refer to the Company's announcement dated 24 July 2015.*

As at 31 December 2015, the Group maintained a robust balance sheet holding cash and cash equivalents of S$10.2 million with negligible borrowings.

OUTLOOK

The Group's PE business continues to deliver strong performance anchored by key existing relationships with major electronic brands. However, the Group takes a cautious view with regard to its O&G business as international oil prices remain low. The Group is closely monitoring the Indonesian government's policies on the operation of oilfields, examining its assets and exploring business opportunities.

Commenting on the financial results for FY2015 and the outlook for the Group, Mr. Sydney Yeung, CEO of GSS Energy, commented,

"As we have seen over the last twelve months, oil prices have remained persistently low, impacting many major upstream producers[2]. Many capital projects have been cancelled or put on hold, and many oil producers have cut back their production levels to cope with tighter margins.

On a positive note, the policy environment is expected to improve, as the Indonesian government has considered some short term measures to help the sluggish oil and gas sector[3]. Suggestions include allowing cash-strapped but serious exploration and production players to have a moratorium on their exploration programmes (or risk having their 'production sharing contracts' cancelled), and enabling companies to transfer high-risk exploration commitments to lower-risk programmes. If implemented, it should have a positive bearing on O&G companies operating in Indonesia.

With our new production facility in Changzhou, China, we are able to secure larger contracts with existing or new customers to expand our revenue streams in our PE business. Barring any unforeseen circumstances, we expect our PE business to continue to be our key revenue contributor in the foreseeable future, until the oil industry starts to recover. We will also continue to work on the restructuring of our O&G business, and we will actively explore other opportunities of growth in the region."

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[2]*Goldman Sachs, The New Oil Order, Lower for Even Longer, 11 September 2015*
[3]*DBS Group Research, DBS Diller, Extracting Value from Oil and Gas News Flow, 15 February 2016*

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

GSS Energy has two (2) 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.giken.com.sg

Issued for and on behalf of GSS Energy Limited

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