

## **GSS ENERGY LIMITED**

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



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

### **GSS Energy’s Financial Performance Remains Steady**

- **First half-year performance showed modest growth in revenue, entirely from the Precision Engineering (“PE”) business, compared to same period last year**
- **Profit before tax was recorded at S\$8.6 million for 1H2016, including S\$3.2 million pursuant to the second tranche payment under the land acquisition agreement with the Changzhou Government State Land Office, China and an accounting gain of S\$3.2 million from disposal of a subsidiary**
- **Earnings per share for 1H2016 rose to 1.39 Singapore cents, and net asset value per share more than doubled to 6.90 Singapore cents**
- **PE business remains robust with existing and promising projects in the pipeline**
- **Discussions on several operations in the oil and gas (“O&G”) sector are ongoing satisfactorily**

**Singapore, 12 August 2016** – The Board of Directors (the “**Board**”) of **GSS Energy Limited** (“**GSS Energy**”, and together with its subsidiaries, the “**Group**”) is pleased to announce the financial results for the three / six months ended 30 June 2016 (“**2Q2016**”/ “**1H2016**”, respectively).

#### **1H2016 FINANCIAL REVIEW**

The Group’s revenue of S\$35.2 million for 1H2016 was entirely from the PE business, and represents an increase of about 17.7% from the PE business’ revenue of S\$29.9 million in 1H2015. The increase is attributable to larger orders placed by existing customers.

	2Q2016 (3 months)	2Q2015 (3 months)	Change	1H2016 (6 months)	1H2015 (6 months)	Change
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
<b>Revenue</b>	18,221	16,410	11.0	35,146	34,568	1.7
<b>Gross Profit</b>	4,441	4,632	(4.1)	8,467	10,181	(16.8)
<b>Gross Profit Margin</b>	<b>24.4%</b>	<b>28.2%</b>	<b>(3.8) ppt</b>	<b>24.1%</b>	<b>29.5%</b>	<b>(5.4) ppt</b>
<b>Other Income</b>	6,519	65	NM	6,769	408	NM
<b>Distribution &amp; Selling Expenses</b>	(1,699)	(1,891)	(10.2)	(3,259)	(4,095)	(20.4)
<b>Administrative Expenses</b>	(1,046)	(1,751)	(40.3)	(2,568)	(3,931)	(34.7)
<b>Profit before income tax</b>	7,574	(32,225)	NM	8,558	(30,708)	NM
<b>Profit / (Loss) attributable to shareholders of the company</b>	6,286	(21,533)	NM	6,948	(20,576)	NM

Note: NM denotes not meaningful, ppt denotes percentage points

The Group's PE business gross margin declined marginally to 24.1% for 1H2016 as against 25.1% for 1H2015.

The Group recorded "other income (pre-tax) gain" of S\$6.8 million in 1H2016 from an accounting gain of S\$3.2 million from the disposal of a wholly-owned subsidiary, Cepu Sakti Energy Pte Ltd ("**CSE**")<sup>1</sup>, and the receipt of S\$3.3 million from the Changzhou Government State Land Office, being the second tranche of compensation under the land acquisition agreement entered in 2015.

The Group trimmed its operational and administrative expenses aggressively during 1H2016 (mainly in its O&G business), which decreased by 20.4% and 34.7%, respectively, to account for the current depressed O&G market.

<sup>1</sup> Please refer to the Company's announcement dated 31 May 2016 for more information on disposal of CSE

Overall, the Group recorded net profit after tax of S\$6.9 million attributable to shareholders for 1H2016, as against a loss of S\$20.6 million for 1H2015.

<b>Financial positions</b>	<b>As At 30 June 2016</b>	<b>As At 31 December 2015</b>	<b>Change</b>
	(S\$'000)	(S\$'000)	%
<b>Cash and cash equivalents</b>	15,028	10,230	46.9
<b>Total assets</b>	50,324	38,121	32.0
<b>Loan and borrowings</b>	258	-	NM
<b>Total liabilities</b>	16,093	24,373	(34.0)
<b>Total equity</b>	34,231	13,748	NM
<b>Net asset value per share (Singapore cents)*</b>	6.90	2.81	145.6

\*The net assets value per share for the period ended 30 June 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 continues to strengthen with total assets as at 30 June 2016 totalling S\$50.3 million, an increase of 32.0% over that at 31 December 2015 and cash and cash equivalents rising to S\$15.0 million, an increase of 46.9% over the period. The Group's total liabilities of S\$16.1 million also declined by 34.0% for 1H2016 compared with that at 31 December 2015.

Consequently, the Group's net asset value per share as at 30 June 2016, is 6.90 Singapore cents, as against 2.8 Singapore cents as at 31 December 2015; an increase of nearly 150.0%. Fully diluted earnings per share now stands at 1.30 Singapore cents for 1H2016 and represents a price-earnings of 4.2 times<sup>2</sup>

## **BUSINESS REVIEW AND OUTLOOK**

The Group's overall business outlook is positive, aided by its continued business prospects in its PE business, to overcome the continued weakness in the O&G sector.

The PE business continues to benefit from established long-term relationships with electronic giants in the United States and Japan while order flows remain healthy. Further to the land acquisition agreement with the Changzhou Government, People's Republic of China, the

<sup>2</sup> Based on the Company's share price of 5.8 Singapore Cents as at 10 August 2016.

construction of the PE business' new factory has started in the 1Q2016. The Group expects to move into the new factory by the middle of 2017, and further expand its PE business.

The Group hopes to make headways in the O&G sector despite the prevailing weak global oil prices. The Group has taken decisive steps to streamline its operations including disposing of its subsidiary and actively pursuing new business prospects in the sector.

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

***“Our Group’s twin business model – PE and O&G – has given us the resilience to operate in this current challenging business environment.***

***The state of the O&G sector in Singapore and elsewhere is well documented. Alongside our streamlining of operations in this sector, we are actively pursuing new business opportunities in this sector with prudence.***

***The PE business will be the mainstay of our Group’s operations in the short term. We will continue to work with our existing clients on product diversification, expansion and move to higher value added products and expand our client base.”***

- End -

**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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Issued for and on behalf of GSS Energy Limited  
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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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