

GSS ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201432529C)



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

GSS Energy Reports Earnings of S\$3.9 million for 9M2017

- **9M2017 revenue increased by 26.9% to S\$70.2 million as the Group’s precision engineering (“PE”) business received higher orders from existing customers as well as orders from new customers. PE business continues profitability with earnings at S\$7.3 million.**
- **With regard to the Group’s oil and gas (“O&G”) business, the Group has completed its first oil drilling operations in Trembul fields, Central Java. Technical evaluation is being carried out and the results of which will be known soon.**

Singapore, 14 November 2017 – The Board of Directors (the “**Board**”) of **GSS Energy Limited** (“**GSS Energy**”, and together with its subsidiaries, the “**Group**”) is pleased to announce its financial results for the nine months ended 30 September 2017 (“**9M2017**”).

FINANCIAL REVIEW

	3Q2017	3Q2016	Change	9M2017	9M2016	Change
	3 months	3 months		9 months	9 months	
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
	25,433	20,150	26.2	70,180	55,296	26.9
Gross Profit	5,084	4,798	6.0	15,249	13,265	15.0
Gross Profit Margin	20.0%	23.8%	(3.8) ppt	21.7%	24.0%	(2.3) ppt
Other Income	1,912	1	NM	2,022	9,614	(79.0)
Total Expenses	(4,258)	(3,033)	40.4	(12,119)	(9,775)	24.0
EBITDA	3,150	2,160	45.8	6,317	14,284	(55.8)
Net Profit After Tax for PE Business (excluding net land compensation)	2,099	1,985	5.7	6,004	4,502	33.4
Net Loss after tax for O&G Business (excluding gain on disposal of subsidiary)	(697)	(256)	172.3	(1,569)	(710)	121.0
Net profit attributable to shareholders of the company	2,139	1,478	44.7	3,901	11,271	(65.4)

Note: NM denotes not meaningful, ppt denotes percentage points

The Group's gross profit for 9M2017 reached S\$15.2 million, an increase of 15.0% from S\$13.1 million in 9M2016. Gross profit declined marginally from 24.0% in 9M2016 to 21.7% in 9M2017 because of changes in product mix and prices.

The Group's other income for 9M2017 was S\$2.0 million, largely from the third tranche of land compensation received from the Changzhou Government State Land Office ("CGSLO") in connection with its acquisition of land occupied by the Group, and consequent relocation of the Group's factory thereon. In comparison, the Group's other income of S\$9.6 million in 9M2016 mainly comprised an accounting gain of S\$6.1 million from the disposal of its wholly-owned subsidiary, Cepu Sakti Energy Pte Ltd ("**CSE**"), and S\$3.2 million, being the second tranche of the land compensation from CGSLO. The Group's relocated factory is currently fully operational, and the final tranche of the land compensation is expected to be received by the first quarter of 2018.

The Group's total expenses of S\$12.1 million in 9M2017 represented an increase of 24.0% from 9M2016 due to higher operation expenses associated with increased sales from the PE

business, start-up drilling costs for the O&G business and slightly higher corporate expenses. The Group incurred S\$10.5 million in distribution, selling and administration expenses for 9M2017, of which, S\$7.5 million was utilised for the Group's growing PE business while S\$1.1 million was utilised for its O&G business expenses. The Group also incurred S\$1.7 million of other expenses in 9M2017 mainly related to net foreign exchange adjustments.

<i>Financial positions</i>	As At 30 September 2017	As At 31 December 2016	Change
	(S\$'000)	(S\$'000)	%
Cash and cash equivalents	7,670	14,942	(48.7)
Total assets	69,476	57,493	20.8
Loan and borrowings	801	114	601.0
Total liabilities	26,995	19,602	37.7
Total equity	42,481	37,891	12.1
Net asset value per share (Singapore cents)*	8.57	7.65	12.0

*The net assets value per share for the period ended 30 September 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 healthy with S\$7.7 million in cash and cash equivalents as of 30 September 2017 and minimal debt.

The Group's net asset value per share stood at 8.57 Singapore cents per share as of 30 September 2017, representing a 12.0% increase from 7.65 Singapore cents as of 31 December 2016.

BUSINESS UPDATES AND OUTLOOK

The third quarter of 2017 was an exciting time for the Group. It successfully relocated its PE factory in Changzhou, China to its new location and the same is now fully operational and ready to take on new business and products. The Group also completed the first oil drilling operations in Trembul and is now preparing for the second drilling operations whilst awaiting the outcome of the technical evaluation.

Commenting on the financial results and outlook for the Group, Mr. Sydney Yeung, CEO of GSS Energy, commented, ***“Our PE business continues to deliver strong results and has proven its resiliency. Our Group is in active discussions with our long-term customers to seek valuable partnership.*”**

With the completion of the first oil drilling operations in Trembul, we are preparing to drill the second well after the outcome of the first drilling has been evaluated.

We appreciate the patience and support of our investors during this period. Our commitment and strategy remains intact.”

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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

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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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