

GSS ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201432529C)



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

GSS Energy Group Revenue reached S\$100.8 million for Gross Profit of S\$20.7 million for FY2018

- **Group’s overall revenue grew by 6.9% to register S\$100.8 million, solely from its Precision Engineering (“PE”) business division. Overall, the Group’s net profits after tax reached S\$8.2 million but lowered to S\$2.31 million, from \$6.1 million of expenses associated with a one-time impairment expenses from the O&G business division and amortisation expenses associated with the approved corporate share option scheme**
- **The PE Division is forecasted to grow steadily from increased sales and higher valued orders from existing and new customers and new lines of operations from factories in Batam and Changzhou, China**
- **Group is at an advanced stage of regulatory approvals to monetise the two proven hydrocarbon deposits wells in the Trembul Operating areas with revenue contributions in FY 2019**
- **The Group is pleased with developments in the two areas of business operations and is positive in its outlook for improved level of profitability in FY2019**

Singapore, 28 February 2019 – 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 twelve months ended 31 December 2018 (“**FY2018**”).

FINANCIAL REVIEW

Financial Highlights	4Q2018 3 months	4Q2017 3 months	Change	FY2018 12 months	FY2017 12 months	Change
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
Revenue	21,437	24,147	(11.2)	100,832	94,327	6.9
Gross Profit	3,986	3,852	3.5	20,664	19,101	8.2
<i>Gross Profit Margin</i>	18.6%	16.0%	2.6 ppt	20.5%	20.2%	0.3 ppt
Other Income	507	1,417	(64.2)	708	3,439	(79.4)
Total Operating Expenses	(3,042)	(3,726)	(18.4)	(12,664)	(12,460)	1.6
EBITDA	899	1,139	(21.1)	4,773	7,455	(36.0)
Corporate Expenses	(861)	(508)	69.5	(3,104)	(2,348)	32.2
Impairment Expenses	(49)	-	NM	(2,999)	-	NM
Net profit attributable to shareholders of the company	862	454	89.9	2,311	4,355	(46.9)
Net profit attributable to shareholders of the company (excluding corporate & impairment expenses)	1,772	962	84.2	8,414	6,683	25.9

Note: NM denotes not meaningful, ppt denotes percentage points

The Group's FY2018 revenue of S\$100.8 million was mainly from its PE business an increase of 6.9% from S\$94.3 million in FY2017. Gross profit increased by 8.2% to S\$20.7 million in FY2018 from S\$19.1 million in FY2017. The Group's other income of S\$0.7 million was mainly from an incentive scheme of S\$0.4 million for expansion of our Changzhou factory, China.

The Group managed to hold its operating expenses relatively stable at about S\$12.6 million for the past two years, despite increases in expenses associated with the relocation and additional machines of the PE factories and costs with the exploration of the second well in Trembul Area.

The FY2017 profit included the third and final tranche of land compensation payment from the Changzhou Government State Land Office totalling S\$3.1 million, while in FY2018, the Group

incurred increase in amortization expenses under the share option scheme and made a \$3.0 million impairment expenses associated with its West Jambi operation. In the absence of these, the Group's profit of S\$8.41 million in FY2018 would have outperformed the S\$6.68 million profit for FY2017.

Financial position	As At 31 Dec 2018	As At 31 Dec 2017	Change
	(S\$'000)	(S\$'000)	%
Cash and cash equivalents	6,111	4,719	29.5
Total assets	76,933	74,968	2.6
Loan and borrowings	5,033	2,897	73.7
Total liabilities	30,476	31,834	(4.3)
Total equity	46,457	43,134	7.7
Net asset value per share (Singapore cents)*	9.45	8.71	8.5

*The net assets value per share for the period ended 31 December 2018 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 2017: 496,158,657 ordinary shares)

The Group's balance sheet remains healthy with cash and cash equivalents of S\$6.1 million as of 31 December 2018 with loans increasing to S\$5.0 million to finance additional drilling cost associated with the costs for drilling operations and logistic for the second oil in the Trembul Operating Area.

The Group's net asset value per share stood at 9.45 Singapore cents per share as of 31 December 2018, an improvement of 8.5% from 8.71 Singapore cents as of 31 December 2017.

BUSINESS UPDATES AND OUTLOOK

Commenting on the financial results and positive outlook for the Group, Mr. Sydney Yeung, CEO of GSS Energy, commented, ***“The year FY 2018 has been particularly challenging. Management had to prudently managed Group’s limited financial resources in the face of financing requirements associated with its oil exploratory operations in the Trembul Area and expansion of its PE operations.***

The O&G business faces an operationally tight schedule to adhere to its exploratory timetable under the KSO arrangement for the Trembul Area and the protracted process in securing timely regulatory approvals to commercial the hydrocarbon potential in the two drilled wells.

At the same time, additional investment were needed for machinery for new and expanded product lines in the Changzhou and Batam facilities. We are confident with the continued contribution from the PE business from the current business potential.

Looking forward, the Group is cautiously optimistic with the finalization of the arrangements with regulatory authorities and potential partners for commercialization of the two proven oil and gas wells and also from new exploratory wells to be undertaken this year.

We remain vigilant in managing our financial resources and ensure that we will continue to deliver another year of profitable outcome to enable us to fulfil our commitment under our dividend policy approved last year.”

- 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

Issued for and on behalf of GSS Energy Limited
By Financial PR Pte Ltd
For more information, please contact:

Romil SINGH / Reyna MEI / Colin LUM
gssenergy@financialpr.com.sg
Tel: (65) 6438 2990, Fax: (65) 6438 0064

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.

The details of the contact person for the Sponsor is Mr Bernard Lui
Tel: (65) 6389 3000
Email: bernard.lui@morganlewis.com