GSS ENERGY LIMITED

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

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

GSS Energy's Revenue Grew 12.2% to S$50.23 million for 1H2018 as PE Business Continues to Deliver

- **The Group achieved gross profit of nearly S$11 million in 1H2018, comparable to 1H2017. Net profit attributable to shareholders declined to S$0.13 million from S$1.76 million in 1H2017 due largely to S$2.95 million impairment provision for the West Jambi KSO project in Indonesia**

- **The Precision Engineering ("PE") business continued to receive healthy order flows from both existing and new customers as new facility to boost capacity is expected to be completed by 1H2019**

- **In the Oil and Gas ("O&G") business segment, the Group expects the investment in Trembul Operating Area will yield returns from the commercialisation of hydrocarbon in 2H2018 and also the near completion of the work program with oil potential to come on stream during the same period**

Singapore, 14 August 2018 – The Board of Directors (the "**Board**") of **GSS Energy Limited** ("**GSS Energy**", and together with its subsidiaries, the "**Group**") announced its financial results for the six months ended 30 June 2018 ("**1H2018**").

	2Q2018 3 months	2Q2017 3 months	Change	1H2018 6 months	1H2017 6 months	Change
	(S$'000)	(S$'000)	%	(S$'000)	(S$'000)	%
Revenue	25,831	23,041	12.1	50,226	44,747	12.2
Gross Profit	5,272	5,075	3.9	10,966	10,165	7.9
Gross Profit Margin	***20.4%***	***22.0%***	***(1.6) ppt***	***21.8%***	***22.7%***	***(0.9) ppt***
Other Income	79	52	51.9	151	110	37.3
Total Expenses[1]	(3,087)	(2,754)	12.1	(6,573)	(5,479)	20.0
Foreign Exchange gain/(loss), net	1,029	(664)	NM	615	(1,216)	NM
Corporate Expenses	(726)	(747)	(2.8)	(1,306)	(1,166)	12.0
Impairment Expenses	(2,950)	-	NM	(2,950)	-	NM
EBITDA	(102)	1,342	(92.4)	1,859	3,179	(41.5)
EBITDA less Corporate & Impairment Expenses	3,778	2,089	80.9	6,115	4,345	40.7
Net profit attributable to shareholders of the company	(538)	713	NM	132	1,762	(92.5)

Note: ppt denotes percentage points, NM denotes Not Meaningful

FINANCIAL REVIEW

In 1H2018, the Group's revenue grew to S$50.23 million from S$44.75 million in 1H2017. This was entirely contributed by the Group's PE business with increased orders from existing customers and new customers. The Group also realised foreign exchange gains of S$0.62 million.

Total expenses increased to S$6.57 million in 1H2018 compared with S$5.48 million in the previous period, due to higher turnover. The Group made S$2.95 million impairment provisions associated with the operations in West Jambi. Corporate expenses of S$1.31 million was largely for share options expenses in 1H2018.

[1] Total Expenses = Distribution and Selling Expenses + Administration Expenses + Other Operating Expenses.

The Group had an investment arrangement with the KSO operator ("**Operator**") for West Jambi block[2]. Following the outcome of the first drill[3] and the Operator's other business priorities caused uncertainties in continuing further effort in the West Jambi block. In this connection, the Group considered it prudent to make impairment for this investment accordingly. Notwithstanding this, the Group's EBITDA increased by 40.7% to S$6.12 million for 1H2018 from S$4.35 million in 1H2017.

Financial positions	**As At 30 June 2018**	**As At 31 December 2017**	**Change**
	(S$'000)	(S$'000)	%
Cash and cash equivalents	7,008	4,719	48.5
Total assets	77,731	74,968	3.7
Loan and borrowings	4,233	2,897	46.1
Total liabilities	33,835	31,834	6.3
Total equity	43,896	43,134	1.8
Net asset value per share (Singapore cents)*	8.91	8.71	2.3

*The net assets value per share for the period ended 30 June 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 S$7.01 million in cash and cash equivalents, as of 30 June 2018. The Group's borrowings increased from S$2.90 million to S$4.23 million due to higher capital expenses associated with the final phase of the drilling of the Well SGT-01 at the Trembul Operating Area and expects cost recovery under the KSO arrangement.

The Group's net asset value per share strengthened by 2.3% to 8.91 Singapore cents per share as of 30 June 2018 from 8.71 Singapore cents a year earlier.

BUSINESS UPDATES AND OUTLOOK

The Group further consolidated its operations in 2018. In the PE business, the new factory in Changzhou, China[4] has ramped up for new orders and diversified product range. The Group

[2] See Press Release dated 19 May 2015 on SGX Net.

[3] See Press Release dated 15 April 2016 on SGX Net.

[4] The Factory in Changzhou, relocated by the Chinese authorities to its present premise in third quarter of 2017.

fulfilled its strategic goal to own rather than rent land and factory in Batam. On 3 May 2018[5], we entered into an agreement for this. The new factory is now under construction and targeted to be operational by mid-2019. With the new factories in Changzhou and Batam, we expect further increase in contributions of PE in our Group in the years ahead.

The O&G business has faced difficult operating environment with low oil prices in past years. The sustained higher level of oil prices from late last year has renewed global interest in oil exploratory activities again. The Group will benefit from the changed and positive outlook for global energy prices. Revenue contribution from our investment in the Trembul Operating Area in Central Java is projected to materialise as soon as legal and regulatory compliance arrangements are finalised in 2H2018.

Commenting on the results of 1H2018 and outlook for the Group, Mr. Sydney Yeung, CEO remarked; ***"I am very pleased to see the realisation of the Group's twin business approach in sustaining our profit momentum in a generally difficult business environment in the past three years. We can look forward to enhanced contributions from our operations in PE and O&G business.***

On the Group's O&G business, the completion of the regulatory requirements will greatly boost our operating performance for Trembul Operating Area. In the meantime, the Group is focused on early conclusion of the regulatory compliance for the Trembul field and hydrocarbon proceeds in line with KSO arrangements.

I am hopeful with the positive business outlook for our twin businesses for 2H2018."

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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.

[5] See Press Release dated 3 May 2018 on SGX Net.

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.

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