

# GSS ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201432529C)



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

## GSS Energy posts net profit of S\$1.45 million and record revenue of S\$79.40 million for 9M2018

- Operating profit grew 9.4% to S\$7.63 million in 9M2018 as Precision Engineering (“PE”) business continues to deliver solid performance

Singapore, 12 November 2018 – 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 nine months ended 30 September 2018 (“9M2018”).

### FINANCIAL REVIEW

	3Q2018	3Q2017	Change	9M2018	9M2017	Change
	3 months	3 months		9 months	9 months	
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
Revenue	29,169	25,433	14.7	79,395	70,180	13.1
Gross Profit	5,712	5,084	12.4	16,678	15,249	9.4
Gross Profit Margin	19.6%	20.0%	(0.4) ppt	21.0%	21.7%	(0.7) ppt
Other Income	50	1,912	NM	201	2,022	NM
Total Operating Expenses	(3,049)	(3,274)	(6.9)	(9,622)	(8,753)	9.9
EBITDA	2,015	3,150	(36.0)	3,874	6,317	(38.7)
Corporate Expenses	(937)	(654)	43.3	(2,243)	(1,820)	23.2
Impairment Expenses	-	-	NM	(2,950)	-	NM
Net profit attributable to shareholders of the company	1,317	2,139	(38.4)	1,449	3,901	(62.9)
Net profit attributable to shareholders of the company (excluding other income, corporate & impairment expenses)	2,204	881	150.2	6,441	3,699	74.1

Note: NM denotes not meaningful, ppt denotes percentage points

The PE business remains the sole contributor to the Group's performance with revenue reaching S\$79.40 million in 9M2018, 13.1% increase when compared with S\$70.18 million for in 9M2017.

The Group's operating expenses increased by 9.9% from S\$8.75 million in 9M2017 to S\$9.62 million in 9M2018 due to higher PE expenses associated with the increase in turnover.

The Group's net profit for 9M2018 rose to S\$6.44 million, an increase of 74.1% from S\$3.70 million in 9M2017. This would have been remarkable but for the provisioning of impairment expenses of S\$2.95 million in 2Q2018 for the lack of progress in West Jambi KSO block in Indonesia, S\$2.24 million in corporate expenses for the share option exercises and zero revenue for other income enjoyed in 9M2017 with the final payment of S\$1.29 million (net of tax) from the land compensation received from Changzhou Government State Land Office. As a result, the net profit of S\$1.45 million was recorded for 9M2018.

<i>Financial positions</i>	As At 30 Sep 2018	As At 31 Dec 2017	Change
	(S\$'000)	(S\$'000)	%
Cash and cash equivalents	5,424	4,719	14.9
Total assets	80,756	74,968	7.7
Loan and borrowings	5,153	2,897	77.9
Total liabilities	35,211	31,834	10.6
Total equity	45,545	43,134	5.6
Net asset value per share (Singapore cents)*	9.24	8.71	6.1

\*The net assets value per share for the period ended 30 September 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 has a robust balance sheet with cash and cash equivalents at S\$5.42 million as of 30 September 2018 and a modest debt to equity ratio of 11.3%.

Overall, the Group's net asset backing is 9.24 Singapore cents as of 30 September 2018, an increase of 6.1% from 8.71 Singapore cents as of 31 December 2017.

## **BUSINESS UPDATES AND OUTLOOK**

Reflecting on the business outlook for the Group, Mr. Sydney Yeung, CEO of GSS Energy, commented, ***“Our Group had a busy nine months gearing up for transformative change in our PE business. We have stepped up our business development activities to***

*consolidate our established client base, pursue new markets and clients to expand our product range and increased value added and moving away from original equipment manufacturer to close collaboration with clients in the design and integration into their supply chain production for our six factories in the PE business. Overall, these will transform our Group's PE business to a higher level of manufacturing and upgrade the skills of our force work that will contribute to the Group's performance in the coming years.*

*On the Oil and Gas ("O&G") business, talks are also underway with several parties to work on our oil and gas assets."*

- 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

By Financial PR Pte Ltd

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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 Singapore Exchange Securities Trading Limited ("**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. The Sponsor 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.

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