

## **GSS ENERGY LIMITED**

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



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

# **Strong Oil and Engineering Business Boosts GSS Energy's Net Profit by 52% Year-on-Year to S\$1.4 Million**

- **Group has changed financial year end to end of December, and reported financial results for the 7-months period from September 2014 to March 2015**
- **Inclusion of the Oil & Gas business significantly boosted gross profit by 116% to S\$13.8 million; gross profit margin more than doubled to 31.1%**
- **Group to further leverage on the oil field assets in Indonesia**

**Singapore, 11 May 2015** – The Board of Directors (the “**Board**”) of **GSS Energy Limited** (“**GSS Energy**”, and together with its subsidiaries, the “**Group**”) announced the financial results for a period of seven months (“**Reporting Period**”) today. The seven months comprised the four months from September to December 2014, which was the transitional period for the Group’s change of financial year end from end of August to end of December, and the first three months in 2015 (“**1Q2015**”). For the Reporting Period, the Group delivered profit before income tax of S\$2.8 million, an increase of 185% compared to the same period last year.

During the seven months, the Group achieved revenue of S\$44.3 million (the seven months previous year: S\$44.4 million). This comprised S\$32.8 million from the Precision Engineering (“**PE**”) business and S\$11.5 million from the Oil & Gas (“**O&G**”) business. The Group reported gross profit of S\$13.8 million, an increase of 116% year-on-year, of which the PE and O&G businesses contributed S\$7.8 million and S\$6.0 million, respectively.

	1Q2015	1Q2014	Change	1 Sep 2014 - 31 Mar 2015	1 Sep 2013 - 31 Mar 2014	Change
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
<b>Revenue</b>	18,158	17,947	1.2	44,322	44,399	(0.2)
<b>Gross Profit</b>	5,549	2,805	97.8	13,776	6,392	115.5
<b>Gross Profit Margin</b>	<b>30.6%</b>	<b>15.6%</b>	<b>15.0ppt</b>	<b>31.1%</b>	<b>14.4%</b>	<b>16.7ppt</b>
<b>Other Income</b>	343	116	195.7	488	281	73.7
<b>Other expenses</b>	(4,397)	(2,409)	82.5	(11,483)	(5,708)	101.2
<b>Profit before income tax</b>	1,517	527	187.9	2,814	987	185.1
<b>Net profit for the financial period</b>	1,059	499	112.2	1,434	946	51.6
<b>Net profit attributable to shareholders of the company</b>	957	496	92.9	636	943	(32.6)
<b>Earnings per share (SGD cents)</b>	0.22	0.18	22.2	0.31	0.40	(25.0)

\*Other expenses include distribution and selling expenses, administration expenses, other operating expenses and finance costs.

\*The earnings per share for the period ended 31 March 2015 and 31 December 2014 is calculated based on the weighted average share capital in issue during the period of 472,618,657 ordinary shares and 460,992,427 ordinary shares, respectively.

\*ppt means percentage point change

The increases in revenue and profit were in part contributed by the inclusion of the O&G business, following the Group's acquisition of a 53.68% stake in Cepu Sakti Energy ("CSE"), an oil and gas business with operations in Indonesia, in September 2014.

PE and O&G had a gross profit margin of 23.8% and 51.8% respectively. The higher margin of both businesses substantially improved the overall gross profit margin of the Group from 14.4% for the corresponding seven months last year to 31.1% for the Reporting Period.

The Group reported a net profit after tax (before non-controlling interests) of S\$1.4 million for the seven months, with S\$2.8 million achieved by the PE business and S\$1.4 million by the O&G business respectively, before deducting net corporate expense of S\$2.8 million including expenses associated with the acquisition of CSE and other corporate actions.

<i>Financial positions</i>	As of 31 March 2015	As of 31 August 2014	Change
	(S\$'000)	(S\$'000)	%
Cash and cash equivalents	9,016	4,444	102.9
Total assets	104,399	28,594	265.1
Loan and borrowings	73	31	135.5
Total liabilities	37,110	13,031	184.8
Total equity	67,289	15,563	332.4
Net gearing	0.11%	0.20%	(0.09)ppt
Net asset value per share (NAV) *	0.14	4.85	Not meaningful

\*The net assets value per share for the period ended 31 March 2015 is calculated based on the share capital (excluding treasury shares) in issue at the end of the period of 472,618,657 ordinary shares (31 August 2014: 315,018,657 ordinary shares). Percentage of change not meaningful due to different numbers of issued shares

The Group's financial position further improved during the Reporting Period. As at 31 March 2015, the Group had net cash and cash equivalents of S\$8.7 million, and total loan and borrowings of only S\$73,000, with a net gearing of 0.11%.

## **Business Review and Outlook**

The precision engineering business of the Group has over 30 years of operating history in providing one-stop integrated solution in mechanism and precision engineering. It has continued to deliver a healthy stream of revenue during the Reporting Period, while management continues actively sourcing for new growth opportunities.

Over the period, the Group's average daily oil production was 900 barrels, bringing in a sustained revenue stream. So far three out of the five oil fields that the Group has the operating rights in have received the Qualified Person's Report ("QPR"), according to which, aggregated Proved, Probable and Possible Reserves and high estimate Contingent Resources of the Group account for 13.4 million and 15.8 million stock tank barrels, respectively.

Commenting on the financial results for the Reporting Period, Mr. Sydney Yeung, CEO of GSS Energy, said,

***"We are pleased to report that both our businesses have done well & with the Oil & Gas business starting to contribute to the Group's earnings from September 2014, this marked a significant milestone brought by our diversification strategy to deliver a more resilient and balanced earnings growth.***

***While the decline of oil prices in the second half of 2014 cast a shadow on the entire industry, our business model provided some cushion to the financials. Oil & Gas will remain a key business focus for our Group, and in this environment of depressed asset prices, we are looking for opportunities to add value to our portfolio, as part of our strategy to expand and grow."***

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#### **ABOUT GSS ENERGY LIMITED (Bloomberg Ticker: GSSE SP EQUITY)**

GSS Energy has two core operating subsidiaries: CSE and Giken Sakata (S) Limited ("Giken Sakata"). CSE is engaged in oil production in Indonesia, and Giken Sakata is engaged in precision engineering, with a presence in Singapore, Indonesia and China.

GSS Energy officially started trading on SGX 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.giken.com.sg](http://www.giken.com.sg)

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Issued for and on behalf of GSS Energy Limited

By Financial PR Pte Ltd

For more information, please contact:

Romil SINGH / Reyna MEI / Kathy ZHANG

[romil@financialpr.com.sg](mailto:romil@financialpr.com.sg) / [reyna@financialpr.com.sg](mailto:reyna@financialpr.com.sg) / [staff@financialpr.com.sg](mailto:staff@financialpr.com.sg)

Tel: (65) 6438 2990, Fax: (65) 6438 0064

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The contact person for the Sponsor is Mr Bernard Lui

Tel: (65) 6389 3000

Email: [bernard.lui@stamfordlaw.com.sg](mailto:bernard.lui@stamfordlaw.com.sg)