

KS ENERGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198300104G)

**QUARTERLY UPDATE DISCLOSURE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL OF THE
SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")**

The Board of Directors (the **"Board"**) of KS Energy Limited (the **"Company"** and together with its subsidiaries the **"Group"**) refers to the Company's announcement dated 3 June 2017 in relation to the Company being placed on the minimum trading price (**"MTP"**) entry criterion watch-list under Rule 1311(2) of the Listing Manual of the SGX-ST (the **"Listing Manual"**) with effect from 5 June 2017.

Pursuant to Rule 1313(2) of the Listing Manual, which requires the Company to provide a quarterly update on the efforts and the progress made by the Company in meeting the exit criteria of the MTP watch-list, including where applicable its financial situation, its future direction, or other material developments that may have a significant impact on its financial position, the Board wishes to provide the following updates on the Group to complement the unaudited financial statements and dividend announcement for the 3-months ended 31 March 2018 (**"Q1 2018"**) which was announced on 11 May 2018 (the **"Q1 2018 Results Announcement"**).

Update on Financial Position and Outlook

The Group recorded a net loss of \$17.6 million for Q1 2018 compared to the consolidated loss after tax of \$20.0 million reported for Q1 2017, an improvement of \$2.4 million. The improvement was mainly due to:

- i. smaller losses from operating activities which reduced by \$2.9 million and was mainly due to:
 - a. a \$0.9 million improvement in gross profit from a \$6.9 million loss in Q1 2017 to a \$6.0 million loss in Q1 2018;
 - b. a \$0.1 million decrease in Administrative Expenses from \$4.6 million in Q1 2017 to \$4.5 million in Q1 2018;
 - c. a \$2.6 million decrease in Other Operating Expenses from \$3.4 million in Q1 2017 to \$0.8 million in Q1 2018; and offset by
 - d. a \$0.7 million decrease in Other Income from \$0.7 million in Q1 2017 to \$0 in Q1 2018.
- ii. a \$1.3 million smaller loss from share of results from joint ventures, from a \$3.0 million loss in Q1 2017 to a \$1.7 million loss in Q1 2018;
- iii. a \$0.2 million increase in Finance Costs from \$4.5 million in Q1 2017 to \$4.7 million in Q1 2018; and
- iv. a \$0.3 million increase in tax expense from a \$0.1 million credit in Q1 2017 to a \$0.2 million expense in Q1 2018; offset by
- v. a \$1.5 million decrease in Finance Income from \$1.6 million in Q1 2017 to \$0.1 million in Q1 2018.

The Group's shareholders' funds fell from \$52.3 million as at 31 December 2017 to \$33.5 million as at 31 March 2018 mainly due to a loss of \$17.6 million for Q1 2018 and foreign currency translation impacts.

As at 31 March 2018, the Company had a net current liability of \$20.8 million and the Group had a net current liability of \$14.9 million.

As at 31 March 2018, the Group's current assets were \$32.0 million, a decrease of \$10.3 million from \$42.3 million as at 31 December 2017. Amounts due to joint ventures decreased by \$8.3 million, other current assets decreased by \$3.5 million, asset held for sale decreased by \$0.7 million and trade receivables decreased by \$0.4 million; whereas cash and cash equivalents increased by \$2.4 million; and contract work in progress increased by \$0.2 million.

As at 31 March 2018, the Group's current liabilities stood at \$46.8 million as compared to \$44.7 million as at 31 December 2017. The increase was mainly due to the loans from a related party and the reclassification of unsecured bank loans from non-current borrowings to current borrowings.

For more details on the financial position of the Company, please refer to the Q1 2018 Results Announcement.

Update on Future Direction and Other Material Developments

The Group has made the following announcements so far during FY2018 in relation to contracts awarded to the Drilling business unit:

- i. On 18 January 2018, a contract extension for the "KS Java Star 2" jack-up drilling rig with an expected value of approximately US\$3.0 million;
- ii. On 21 March 2018, a new contract for the "KS Medstar 1" jack-up drilling rig with an expected value of approximately US\$4.0 million; and
- iii. On 6 April 2018, a new contract for the "KS Discoverer 6" land drilling rig with an expected value of approximately US\$5 million.

The Group remains focused on continuous cost cutting efforts and improving the performance of the Group's existing businesses.

The Company intends to continue to carry on business through its Drilling and Distribution business units and maintain its listing status on the SGX-ST and will take active steps to be removed from the watch-list based on the MTP exit criteria within 36 months from 5 June 2017.

The Company will make further announcements to update shareholders of the Company as and when there are any material developments.

BY ORDER OF THE BOARD
KS ENERGY LIMITED

Lai Kuan Loong Victor
Company Secretary
11 May 2018