

**Financial Statement and Dividend Announcement for the Year Ended 31 December 2014**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (Year-to-date)		Increase/ (Decrease)
	12 months ended		
	31.12.2014	31.12.2013	
	\$'000	\$'000	
Revenue	227,330	161,770	40.5%
Cost of sales	(111,568)	(93,203)	19.7%
<b>Gross profit before direct depreciation</b>	<b>115,762</b>	<b>68,567</b>	<b>68.8%</b>
Direct depreciation	(50,720)	(34,196)	48.3%
<b>Gross profit after direct depreciation</b>	<b>65,042</b>	<b>34,371</b>	<b>89.2%</b>
Other income	56,565	3,060	N/M
Administrative expenses	(37,810)	(28,304)	33.6%
Other operating expenses	(29,441)	(12,175)	141.8%
Finance income	2,707	3,384	(20.0%)
Finance costs	(19,160)	(14,207)	34.9%
Share of results of joint ventures (net of tax)	11,027	18,528	(40.5%)
<b>Profit before income tax</b>	<b>48,930</b>	<b>4,657</b>	N/M
Income tax expense	(2,519)	(4,145)	(39.2%)
<b>Profit for the year</b>	<b>46,411</b>	<b>512</b>	<b>N/M</b>
Results attributable to:			
<b>Owners of the Company</b>	<b>30,128</b>	<b>23</b>	<b>N/M</b>
Non-controlling interests	16,283	489	N/M
<b>Profit for the year</b>	<b>46,411</b>	<b>512</b>	<b>N/M</b>

N/M – Not Meaningful

See Note 8 for more explanation on the income statement review

**1(a)(i) Profit/(loss) for the year is arrived at after crediting/(charging):-**

	<b>Group (Year-to-date)</b>		<b>Increase/ (Decrease)</b>
	<b>12 months ended</b>		
	<b>31.12.2014</b>	<b>31.12.2013</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Amortisation of intangible assets	(568)	(494)	15.0%
Depreciation of property, plant and equipment	(56,092)	(37,902)	48.0%
Impairment loss on property, plant and equipment	(12,188)	-	N/M
Finance costs on convertible bonds	(6,830)	(6,763)	1.0%
(Allowance for)/Write-back doubtful trade receivables	(1,961)	2,577	N/M
(Allowance for)/Write-back doubtful non-trade receivables	(4,965)	269	N/M
Bad trade debts written off	(204)	(697)	N/M
Foreign exchange gain/(loss)	374	(6,794)	N/M
Gain on disposal of plant and equipment	54,073	49	N/M
Plant and equipment written off	(35)	(953)	(96.3%)
Gain on disposal/liquidation of joint ventures	9	1,051	(99.1%)

*N/M – Not Meaningful*

*See Note 8 for more explanation on the income statement review*

1(b) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>				
Cash and cash equivalents	78,210	43,166	3,778	1,957
Amounts due from subsidiaries	-	-	11,050	10,245
Trade receivables	64,460	47,867	-	-
Inventories	1,131	745	-	-
Other current assets	19,268	33,077	197	2,538
	<b>163,069</b>	<b>124,855</b>	<b>15,025</b>	<b>14,740</b>
<b>Non-Current Assets</b>				
Associates and joint ventures	144,539	128,925	124,609	132,562
Subsidiaries	-	-	246,719	243,252
Property, plant and equipment	572,453	395,225	779	1,005
Intangible assets	4,162	4,415	-	-
Other non-current assets	35,186	36,905	301	301
Deferred tax assets	2,601	-	-	-
	<b>758,941</b>	<b>565,470</b>	<b>372,408</b>	<b>377,120</b>
<b>Total assets</b>	<b>922,010</b>	<b>690,325</b>	<b>387,433</b>	<b>391,860</b>
<b>Current Liabilities</b>				
Trade and other payables	44,700	46,875	3,265	2,973
Provision for current tax	13,209	10,729	1,025	408
Amounts due to subsidiaries	-	-	6,792	4,725
Borrowings	116,139	73,685	21,579	3,161
	<b>174,048</b>	<b>131,289</b>	<b>32,661</b>	<b>11,267</b>
<b>Non-Current Liabilities</b>				
Trade and other payables	4,579	3,783	3,302	3,161
Borrowings	297,615	169,227	47,724	62,389
Deferred tax liabilities	712	810	593	593
	<b>302,906</b>	<b>173,820</b>	<b>51,619</b>	<b>66,143</b>
<b>Total liabilities</b>	<b>476,954</b>	<b>305,109</b>	<b>84,280</b>	<b>77,410</b>
<b>Net assets</b>	<b>445,056</b>	<b>385,216</b>	<b>303,153</b>	<b>314,450</b>
<b>Equity Attributable to Owners of the Company:</b>				
Share capital	359,973	359,973	359,973	359,973
Equity reserve	24,717	24,717	24,717	24,717
Other reserve	(3,750)	(1,144)	-	-
Treasury shares	(34,510)	(34,510)	(34,510)	(34,510)
Foreign currency translation reserve	(31,353)	(45,498)	-	-
Accumulated profits	55,575	25,447	(47,027)	(35,730)
	<b>370,652</b>	<b>328,985</b>	<b>303,153</b>	<b>314,450</b>
Non-controlling interests	74,404	56,231	-	-
<b>Total equity</b>	<b>445,056</b>	<b>385,216</b>	<b>303,153</b>	<b>314,450</b>

See note 8 for more explanation on the balance sheet review

**1(b) (i) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

	<b>Group 31.12.2014</b>	<b>Group 31.12.2013</b>
	\$'000	\$'000
Secured	94,121	70,045
Unsecured	22,018	3,640
Total	<u>116,139</u>	<u>73,685</u>

**Amount repayable after one year**

	<b>Group 31.12.2014</b>	<b>Group 31.12.2013</b>
	\$'000	\$'000
Secured	249,891	106,838
Unsecured	47,724	62,389
Total	<u>297,615</u>	<u>169,227</u>

**Details of the collaterals:**

Secured borrowings are generally bank loans secured on plant and equipment and pledge of cash deposits in the borrowing companies.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding year.**

	<b>Group (12 months ended)</b>	
	<b><u>31.12.2014</u></b>	<b><u>31.12.2013</u></b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Operating activities</u></b>		
Profit before tax	48,930	4,657
Adjustments for:		
Amortisation of intangible assets	568	494
Depreciation of property, plant and equipment	56,092	37,902
Impairment loss on property, plant and equipment	12,188	-
Impairment loss/ (Write-back of impairment loss) on non-trade receivables	4,965	(269)
Interest income	(2,707)	(3,384)
Interest expense	12,330	7,444
Finance cost on convertible bonds	6,830	6,763
Share of results of joint ventures	(11,027)	(18,528)
Gain on disposal of joint ventures	(9)	(1,051)
(Gain) on disposal of plant and equipment	(54,073)	(49)
Plant and equipment written off	35	953
Operating profit before changes in working capital	<u>74,122</u>	<u>34,932</u>
Changes in working capital:		
Inventories	(386)	(635)
Trade receivables	(14,180)	3,169
Other current assets	(952)	2,640
Trade and other payables	(1,528)	6,361
Cash generated from operations	<u>57,076</u>	<u>46,467</u>
Income tax paid	(3,212)	(5,072)
<b>Cash flows from operating activities</b>	<b><u>53,864</u></b>	<b><u>41,395</u></b>
<b><u>Investing activities</u></b>		
Payments for purchase of plant and equipment	(288,724)	(97,627)
Proceeds from disposal of plant and equipment	115,457	50
Dividends received from joint ventures	2,214	1,660
Payments for purchase of intangible assets	(170)	(95)
Interest received	2,707	3,384
Repayment of quasi equity loan to joint ventures	695	23,056
Decrease in non-trade receivables with joint ventures and related parties	6,986	42,267
<b>Cash flows used in investing activities</b>	<b><u>(160,835)</u></b>	<b><u>(27,305)</u></b>
<b><u>Financing activities</u></b>		
Repayment of finance lease liabilities	(13)	(12)
Proceeds from bank loans	233,608	131,335
Repayment of bank loans	(71,975)	(122,344)
Proceeds from issue of convertible bonds	-	45,000
Repayment of convertible bonds, excluding interest	-	(90,000)
Payment of transaction cost related to issue of convertible bonds	-	(864)
Proceeds from issue of new shares (net)	-	40,896
Proceeds from bills payable to bank	3,065	3,686
Repayment of bills payable to bank	(3,113)	(3,558)
Decrease/(increase) in deposits pledged	1,706	133
Dividends paid to non-controlling shareholders of subsidiaries	(4,214)	-
Decrease in non-trade payables with joint ventures and related parties	(1,508)	(58)
Interest paid	(15,365)	(10,930)
<b>Cash flows used in financing activities</b>	<b><u>142,191</u></b>	<b><u>(6,716)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b><u>35,220</u></b>	<b><u>7,374</u></b>
Cash and cash equivalents at beginning of the year	29,485	20,999
Effect of exchange rate changes on balances held in foreign currencies	1,530	1,112
<b>Cash and cash equivalents at end of the year</b>	<b><u>66,235</u></b>	<b><u>29,485</u></b>
<b>Cash and cash equivalents at end of the year includes the following:</b>		
Cash and cash equivalents	78,210	43,166
Deposits pledged	(11,975)	(13,681)
<b>Cash and cash equivalents at end of the year</b>	<b><u>66,235</u></b>	<b><u>29,485</u></b>

See note 8 for explanation on the statement of cash flow review

## 1(d) Statement of Comprehensive Income

	Group (Year-to-date) 12 months ended		Increase/ (Decrease) %
	31.12.2014	31.12.2013	
	\$'000	\$'000	
<b>Profit attributable to:</b>			
Owners of the Company	30,128	23	N/M
Non-controlling interests	16,283	489	N/M
<b>Profit for the year</b>	<b>46,411</b>	<b>512</b>	N/M
<b>Other comprehensive income for the year:</b>			
Foreign currency translation differences on translation of financial statements of foreign subsidiaries	17,643	20,075	(12.1)
<b>Other comprehensive income for the year</b>	<b>17,643</b>	<b>20,075</b>	(12.1)
<b>Total comprehensive income for the year</b>	<b>64,054</b>	<b>20,587</b>	211.1
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	44,273	18,253	142.6
Non-controlling interests	19,781	2,334	747.5
<b>Total comprehensive income for the year</b>	<b>64,054</b>	<b>20,587</b>	211.1

**1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>Group</b>	Share capital	Equity reserve	Other reserve	Treasury shares	Foreign currency translation reserve	Accumulated profits	Total attributable to equity holders of the parent	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2014</b>	359,973	24,717	(1,144)	(34,510)	(45,498)	25,447	328,985	56,231	385,216
Profit for the year	-	-	-	-	-	30,128	30,128	16,283	46,411
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	-	-	-	-	14,145	-	14,145	3,498	17,643
Total other comprehensive income	-	-	-	-	14,145	-	14,145	3,498	17,643
<b>Total comprehensive income for the year</b>	-	-	-	-	14,145	30,128	44,273	19,781	64,054
Acquisition of non-controlling interests	-	-	(2,606)	-	-	-	(2,606)	2,606	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4,214)	(4,214)
<b>Total contributions by and distributions to owners of the Company</b>	-	-	(2,606)	-	-	-	(2,606)	(1,608)	(4,214)
<b>At 31 December 2014</b>	<b>359,973</b>	<b>24,717</b>	<b>(3,750)</b>	<b>(34,510)</b>	<b>(31,353)</b>	<b>55,575</b>	<b>370,652</b>	<b>74,404</b>	<b>445,056</b>
<b>At 1 January 2013</b>	319,077	22,922	(1,144)	(34,510)	(63,728)	25,424	268,041	53,897	321,938
Profit/(loss) for the year	-	-	-	-	-	23	23	489	512
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	-	-	-	-	18,230	-	18,230	1,845	20,075
Total other comprehensive expense	-	-	-	-	18,230	-	18,230	1,845	20,075
<b>Total comprehensive expense for the year</b>	-	-	-	-	18,230	23	18,253	2,334	20,587
Right issues	40,896	-	-	-	-	-	40,896	-	40,896
Changes in equity reserve due to equity component of convertible bonds	-	1,795	-	-	-	-	1,795	-	1,795
<b>Total contributions by and distributions to owners of the Company</b>	<b>40,896</b>	<b>1,795</b>	-	-	-	-	<b>42,691</b>	-	<b>42,691</b>
<b>At 31 December 2013</b>	<b>359,973</b>	<b>24,717</b>	<b>(1,144)</b>	<b>(34,510)</b>	<b>(45,498)</b>	<b>25,447</b>	<b>328,985</b>	<b>56,231</b>	<b>385,216</b>

<u>Company</u>	Share capital \$'000	Equity reserve \$'000	Treasury shares \$'000	Accumulated (losses)/profits \$'000	Total Equity \$'000
<b>At 1 January 2014</b>	359,973	24,717	(34,510)	(35,730)	314,450
Loss for the year	-	-	-	(11,297)	(11,297)
<b>Total comprehensive expense for the year</b>	-	-	-	<b>(11,297)</b>	<b>(11,297)</b>
<b>At 31 December 2014</b>	<b>359,973</b>	<b>24,717</b>	<b>(34,510)</b>	<b>(47,027)</b>	<b>303,153</b>
<b>At 1 January 2013</b>	319,077	22,922	(34,510)	(5,941)	301,548
Loss for the year	-	-	-	(29,789)	(29,789)
<b>Total comprehensive expense for the year</b>	-	-	-	<b>(29,789)</b>	<b>(29,789)</b>
Right issues	40,896	-	-	-	40,896
Change in equity reserve due to equity component of convertible bonds	-	1,795	-	-	1,795
<b>Total contributions by and distributions to owners of the Company</b>	<b>40,896</b>	<b>1,795</b>	-	-	<b>42,691</b>
<b>At 31 December 2013</b>	<b>359,973</b>	<b>24,717</b>	<b>(34,510)</b>	<b>(35,730)</b>	<b>314,450</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's issued and paid-up capital for the period from 1 January 2014 to 31 December 2014.

#### Convertible Bonds

On 26 March 2010, the Company issued \$50 million of 3.0% convertible bonds with a maturity in March 2015 (the "2015 Bonds"). On 14 May 2010, the Company issued \$57 million additional 2015 Bonds. The 2015 Bonds were initially convertible into 66,875,000 fully-paid ordinary shares of the Company at an initial conversion price of \$1.60 per new share.

On 26 March 2013, the Company redeemed \$90 million in principal amount of the 2015 Bonds. As at 31 December 2014, the Company has \$17 million 2015 Bonds outstanding which are convertible into 11,724,084 fully-paid ordinary shares of the Company at a conversion price of \$1.45 per new share.

On 21 March 2013, the Company issued \$45 million of 6.0% convertible bonds with a maturity in March 2016 (the "2016 Bonds"). As at 31 December 2014, the Company has \$45 million 2016 Bonds outstanding which are convertible into 54,216,720 fully-paid ordinary shares of the Company at a conversion price of \$0.83 per new share.

As at 31 December 2014, the convertible bonds outstanding are convertible into 65,940,804 fully-paid ordinary shares of the Company (31 December 2013: 65,940,804 ordinary shares).



**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2014, the share capital less treasury shares of the Company was 512,932,215 ordinary shares (524,240,215 issued ordinary shares less 11,308,000 treasury shares).

As at 31 December 2013, the share capital less treasury shares of the Company was 512,932,215 ordinary shares (524,240,215 issued ordinary shares less 11,308,000 treasury shares).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The movement of treasury shares is as follows:

As at 1 January 2014:	11,308,000 shares
Purchase of treasury shares:	Nil
As at 31 December 2014:	11,308,000 shares

**2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed under item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for the audited financial statements for the financial year ended 31 December 2013.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current financial period, the Group adopted all the applicable new and revised Singapore Financial Reporting Standards ("FRSs") and related Interpretations ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the financial statements.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group (Year-to-date)</b>	
	<b>12 months ended</b>	
	<b><u>31.12.2014</u></b>	<b><u>31.12.2013</u></b>
Earnings per ordinary share:	Cents	Cents
(a) Based on weighted average number of ordinary shares in issue	5.87	-*
(b) On a fully diluted basis	5.87	-*
* Less than 0.01 cents		

The basic and diluted earnings per share for the twelve months ended 31 December 2014 was calculated by dividing the profit attributable to shareholders of \$30,128,000 (31.12.2013: \$23,000) by the weighted average number of shares of 512,932,215 (31.12.2013: 486,793,751) in issue during the financial year.

The diluted earnings per share computations have not taken into consideration the effects of outstanding convertible bonds as they are anti-dilutive pursuant to para 41 of FRS 33.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	<b><u>31.12.2014</u></b>	<b><u>31.12.2013</u></b>	<b><u>31.12.2014</u></b>	<b><u>31.12.2013</u></b>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	<u>72.3</u>	<u>64.1</u>	<u>59.1</u>	<u>61.3</u>

Net asset value per ordinary share is calculated by dividing the equity attributable to the owners of the Company (excluding non-controlling interests) of \$370,652,000 (31.12.2013: \$328,985,000) by the number of ordinary shares issued as at 31 December 2014 of 512,932,215 (31.12.2013: 512,932,215).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### **INCOME STATEMENT REVIEW**

#### **Financial year ended 31 December 2014**

	<b>Group (Year-to-date)</b>		<b>Change</b>
	<b><u>12 months ended</u></b>		
	<b><u>31.12.2014</u></b>	<b><u>31.12.2013</u></b>	
<b>Revenue by segment</b>	<b>\$'000</b>	<b>\$'000</b>	
Drilling	209,502	144,035	45.5%
Engineering	7,698	8,568	(10.2%)
Corporate	11,351	10,390	9.2%
Less: Inter-segment revenue	(1,221)	(1,223)	(0.2%)
	<b><u>227,330</u></b>	<b><u>161,770</u></b>	<b>40.5%</b>

### **Overview**

Consolidated revenue was \$227.3 million for the year ended 31 December 2014 ("FY2014"), an increase of \$65.5 million, or 40.5%, above that of \$161.8 million reported for the year ended 31 December 2013 ("FY2013"), driven mainly by the Drilling business.

Consolidated profit after tax was \$46.4 million for FY2014, an increase of \$45.9 million, above that of \$0.5 million reported for FY2013. The increase in consolidated profit after tax for FY2014 was mainly due to the gain booked on the disposal of plant and equipment.

### **Revenue**

Revenue from the Drilling business grew \$65.5 million, or 45.5%, from \$144.0 million in FY2013 to \$209.5 million for FY2014. The revenue increase was mainly generated by the commencement of charter contracts in Indonesia and Vietnam during FY2014. Revenue contribution from the Drilling business makes up about 92.2% of the Group's consolidated revenue for FY2014.

Revenue from the Engineering business fell \$0.9 million, or 10.2%, from \$8.6 million in FY2013 to \$7.7 million in FY2014. Revenue contribution from the Engineering business makes up about 3.4% of the Group's consolidated revenue for FY2014.

Revenue generated by the Group but not attributable to either the Drilling segment or the Engineering segment grew \$1.0 million, or 9.2%, from \$10.4 million in FY2013 to \$11.4 million in FY2014. Revenue contribution from this segment makes up about 5.0% of the Group's consolidated revenue for FY2014.

### **Gross Profit**

The Group's gross profit after direct depreciation was \$65.0 million for FY2014, an increase of \$30.6 million above that of \$34.4 million reported for FY2013. The increase in gross profit after direct depreciation is mainly attributable to the higher revenue booked in the Drilling segment. The Group's gross profit margin improved from 21.3% in FY2013 to 28.6% in FY2014.

### **Other Income**

Other Income increased \$53.5 million from \$3.1 million for FY2013 to \$56.6 million for FY2014, mainly due to the gain on disposal of plant and equipment amounting to \$54.1 million in FY2014. In addition to the gain on disposal of plant and equipment, other Income mainly comprises management fees and other income that is not directly related to the revenue generated from our day-to-day operations.

### **Operating Expenses and Direct Depreciation**

Administrative expenses increased \$9.5 million from \$28.3 million in FY2013 to \$37.8 million in FY2014, mainly due to higher staff costs in the growing Drilling business.

Other Operating Expenses increased \$17.2 million from \$12.2 million in FY2013 to \$29.4 million in FY2014, mainly due to impairment charges on property, plant and equipment amounting of \$12.2 million and impairment charges on non-trade receivables of \$5.0 million in FY2014.

When capital equipment is off-hire, depreciation charges are allocated to Other Operating Expenses whereas when on-hire, depreciation charges are allocated to Direct Depreciation. Depreciation charges allocated to both Other Operating Expenses and Direct Depreciation totalled \$56.1 million in FY2014 compared to \$37.9 million in FY2013, an increase of \$18.2 million. The higher depreciation charge for FY2014 is attributable to the capital expenditure on property, plant and equipment incurred since last year.

### **Finance Income and Costs**

Finance Income decreased \$0.7 million from \$3.4 million in FY2013 to \$2.7 million in FY2014, mainly due to lower interest income on a loan provided to a joint venture in December 2012 following loan repayments.

Finance Costs increased \$5.0 million from \$14.2 million in FY2013 to \$19.2 million in FY2014. The increase in Finance Costs in FY2014 was mainly due to new secured term loan facilities obtained by the Drilling business this year.

### **Share of results of associates and joint ventures**

The Group's share of results from joint ventures decreased \$7.5 million from a gain of \$18.5 million in FY2013 to a gain of \$11.0 million in FY2014, mainly due to a one-time gain arising from the sale of a jointly-owned asset in FY2013. The Group's share of results from KS Distribution Pte Ltd and its subsidiaries (the "KS Distribution Group") decreased by \$0.3 million from \$2.8 million in FY2013 to \$2.5 million in FY2014.

### **Result Attributable to Shareholders**

The result attributable to the owners of the Group increased from a profit of \$23,000 in FY2013 to a profit of \$30.1 million in FY2014.

### **STATEMENT OF FINANCIAL POSITION REVIEW**

The Group's total non-current assets increased 34.2% from \$565.5 million as at 31 December 2013 to \$758.9 million as at 31 December 2014. The increase was principally attributable to the acquisition of plant and equipment during the year. Non-current assets comprised mainly plant and equipment in our Drilling business. The carrying value of Rigs increased from \$390.2 million as at 31 December 2013 to \$568.2million as at 31 December 2014.

Investments in joint ventures increased from \$128.9 million as at 31 December 2013 to \$144.5 million as at 31 December 2014 attributed mainly to the Group's share of results for the period. Investments in joint ventures comprised the Group's 55.35% equity interest in KS Distribution Pte Ltd, with a carrying amount of S\$122.6 million as at 31 December 2014, and other joint ventures.

Total current assets increased 30.6% from \$124.9 million as at 31 December 2013 to \$163.1 million as at 31 December 2014. The increase in current assets was mainly due to higher trade receivables which increased \$16.6 million from \$47.9 million as at 31 December 2013 to \$64.5 million as at 31 December 2014; and higher cash and cash equivalents which increased \$35.0 million from \$43.2 million as at 31 December 2013 to \$78.2 million as at 31 December 2014.

Total liabilities increased \$171.9 million from \$305.1 million as at 31 December 2013 to \$477.0 million as at 31 December 2014. This was principally attributable to the \$170.9 million increase in borrowings from \$242.9 million as at 31 December 2013 to \$413.8 million as at 31 December 2014 arising mainly due to capital expenditure in FY2014.

Current liabilities increased from \$131.3 million as at 31 December 2013 to \$174.0 million as at 31 December 2014, an increase of \$42.7 million. This was principally attributable to the increase in current borrowings arising due to the reclassification of the 2015 Bonds from non-current to current liabilities and the current portion of the new secured term loan facilities obtained by the Drilling business this year.

The Group and Company have negative net current asset positions (current liabilities greater than current assets) of \$11.0 million and \$17.6 million, respectively, as at 31 December 2014. This was mainly attributable to convertible bonds due for redemption on 26 March 2015. Steps will be taken to improve the net current asset position of the Group and Company.

The Group's net gearing (defined as net borrowings to equity) stood at 0.75 as at 31 December 2014 compared to 0.52 as at 31 December 2013.

Equity attributable to the owners of the Company increased \$41.7 million from \$329.0 million as at 31 December 2013 to \$370.7 million as at 31 December 2014. This increase was mainly due to favourable movements in the foreign currency translation reserve and to profits earned during FY2014.

## **STATEMENT OF CASH FLOWS REVIEW**

As at 31 December 2014, cash and cash equivalents amounted to \$78.2 million (31 December 2013: \$43.2 million), of which unpledged cash and cash equivalents amounted to \$66.2 million (31 December 2013: \$29.5 million).

### **Cash Flow from Operating Activities**

Operating activities generated a net cash inflow of \$53.9 million for FY2014. The net cash flow from Operating Activities comprised a cash inflow of \$74.1 million arising due to operating profits before changes in working capital; a cash outflow of \$17.1 million arising due to changes in working capital; and a cash outflow of \$3.2 million arising due to income taxes paid.

### **Cash Flow from Investing Activities**

Net cash flows used in investing activities amounted to \$160.8 million for FY2014. This is attributable mainly to purchases of plant and equipment which generated a cash outflow of \$288.7 million for FY2014, partially offset by decrease in non-trade receivables with joint ventures which generated a cash inflow of \$7.0 million for FY2014 and proceeds from the disposal of plant and equipment which generated a cash inflow of \$115.5 million.

### **Cash Flow from Financing Activities**

Net cash flows from financing activities amounted to \$142.2 million. The aggregate repayment of bank loans by the Group during FY2014 totalled \$72.0 million (\$122.3 million for FY2013). The aggregate proceeds from new bank loans entered into by the Group during FY2014 totalled \$233.6 million (\$131.3 million for FY2013). Total interest paid by the Group increased from \$10.9 million for FY2013 to \$15.4 million for FY2014.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast was made. However, the Group's performance for full year 2014 was in line with the views expressed in a statement in Para 10 of the Company's announcement dated 14th November 2014.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The outlook for the offshore services sector continues to be affected by lower oil prices. However, the Group believes the long term economic fundamentals remain supportive for oil and gas services.

The Group expects its Distribution business to continue to be important to the Group's overall performance.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

### 13. Interested persons transactions

The Group has the following interested person transactions (“IPT”) for the twelve months ending 31 December 2014:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders’ mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than \$100,000)
<b>PT Dwi Sumber Arca Waja, its subsidiaries and its associates (“DSAW Group”)</b> <ul style="list-style-type: none"> <li>• Provision of goods and services to and from the DSAW Group</li> <li>• Provision of other Equipment and services by the DSAW Group</li> </ul>	- -	S\$10,743,852 -
<b>PT KS Drilling Indonesia and its subsidiaries (“JVC Group”)</b> <ul style="list-style-type: none"> <li>• the buying, selling and chartering of Rigs and Equipment</li> <li>• the provision of Management Services</li> <li>• net repayment of interest, guarantee fees and Shareholders’ loan provided by KS Drilling to PT KS Drilling Indonesia and its subsidiaries</li> <li>• Agregate guarantee fee in respect of bank loan facilities extended to PT KS Drilling Indonesia and its subsidiaries</li> <li>• Interest bearing loans to PT KS Drilling Indonesia and its subsidiaries - Principal and accrued interest and unpaid guarantee fees as at end of period *</li> <li>• Corporate guarantees extended in favour of banks in respect of loan facilities extended to PT KS Drilling Indonesia and its subsidiaries - Principal and accrued interest in respect of the bank loan facilities as at end of period **</li> </ul>	- S\$ 893,179 - - N/A N/A	- - US\$4,166,649 US\$678,532 US\$27,919,638 US\$19,761,980

\* With reference to the IPT Mandate approved by shareholders at the EGM held on 7 December 2012 and the Circular dated 22 November 2012, the Group provided financing to PT KS Drilling Indonesia and its subsidiaries by way of shareholder loans that accrues interest at the rate of 7% per year. The principal amount outstanding in respect of such shareholder loans from KS Drilling Pte Ltd, an 80% subsidiary of the Company, to PT Java Star Rig, to finance the acquisition of the jack-up rig named “KS Java Star” was US\$26.4 million as at 31 December 2014.

\*\* KS Drilling Pte Ltd, an 80% subsidiary of the Company, has extended a corporate guarantee in favour of a bank lending to PT Java Star Rig for 100% of the bank loan facility. The principal amount outstanding in respect of the bank loan facility to finance the jack-up rig named “KS Java Star” was US\$19.7 million as at 31 December 2014.

### 14. Negative confirmation pursuant to Rule 705 (5)

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Primary reporting format - business segment**

Business segments	Drilling		Engineering		Others		Inter-Segment Adjustments		Total	
	2014 \$' 000	2013 \$' 000	2014 \$' 000	2013 \$' 000	2014 \$' 000	2013 \$' 000	2014 \$' 000	2013 \$' 000	2014 \$' 000	2013 \$' 000
External revenues	208,280	142,812	7,698	8,568	11,352	10,390	-	-	227,330	161,770
Inter-segment revenues	1,221	1,223	-	-	-	-	(1,221)	(1,223)	-	-
<b>Total revenue</b>	<b>209,501</b>	<b>144,035</b>	<b>7,698</b>	<b>8,568</b>	<b>11,352</b>	<b>10,390</b>	<b>(1,221)</b>	<b>(1,223)</b>	<b>227,330</b>	<b>161,770</b>
Finance income	2,704	3,377	1	32	85	3	(83)	(28)	2,707	3,384
Finance costs	(11,645)	(6,471)	(21)	(25)	(7,577)	(7,739)	83	28	(19,160)	(14,207)
Reportable segment (loss)/profit before income tax	59,177	4,037	(905)	(1,941)	(20,369)	(15,967)	-	-	37,903	(13,871)
Share of results of associates and joint ventures	9,157	9,931	-	-	1,870	8,597	-	-	11,027	18,528
Consolidated profit before tax	68,334	13,968	(905)	(1,941)	(18,499)	(7,370)	-	-	48,930	4,657
Income tax	(2,004)	(5,127)	74	(95)	(589)	1,077	-	-	(2,519)	(4,145)
<b>Other material non-cash items:</b>										
Depreciation of property, plant and equipment	45,059	29,667	65	63	10,968	8,172	-	-	56,092	37,902
Amortisation of intangible assets	529	476	39	18	-	-	-	-	568	494
Impairment losses/(write back) on property, plant and equipment and	-	-	-	-	-	-	-	-	-	-
(Write-back)/Allowance for impairment loss on receivables	4,724	(2,359)	-	(29)	2,202	(458)	-	-	6,926	(2,846)



**Primary reporting format - business segment (Balance Sheet)**

Business segments	Drilling		Engineering		Others		Total	
	2014 \$' 000	2013 \$' 000	2014 \$' 000	2013 \$' 000	2014 \$' 000	2013 \$' 000	2014 \$' 000	2013 \$' 000
<b>Assets and Liabilities</b>								
Reportable segment assets	726,766	495,539	6,059	4,777	42,045	61,084	774,870	561,400
Investment in associates and joint ventures	18,290	3,464	-	-	126,249	125,461	144,539	128,925
Deferred tax assets	2,601	-	-	-	-	-	2,601	-
<b>Total assets</b>	<b>747,657</b>	<b>499,003</b>	<b>6,059</b>	<b>4,777</b>	<b>168,294</b>	<b>186,545</b>	<b>922,010</b>	<b>690,325</b>
Reportable segment liabilities	367,650	196,724	5,219	2,469	90,164	94,377	463,033	293,570
Provision for tax	6,949	5,115	(13)	(13)	6,273	5,627	13,209	10,729
Defered tax liabilities	107	205	12	11	593	594	712	810
<b>Total liabilities</b>	<b>374,706</b>	<b>202,044</b>	<b>5,218</b>	<b>2,467</b>	<b>97,030</b>	<b>100,598</b>	<b>476,954</b>	<b>305,109</b>
<b>Other Segment Information</b>								
Capital expenditure	288,700	97,504	17	110	7	13	288,724	97,627

**Secondary reporting format - geographical segments**

	Revenue		Other non-current assets		Capital expenditure	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	2,086	73	130,657	134,896	73	229
The People's Republic of China	-	-	65,582	70,305	89,035	44,705
Cyprus	11,351	10,390	29,892	38,243	-	-
Kurdistan	26,905	33,385	46,155	21,212	1,209	10,428
Egypt	47,752	40,552	88,626	97,470	799	765
Vietnam	47,339	-	230,537	37	197,145	-
Indonesia	76,773	56,239	140,904	134,948	-	41,433
Other countries	15,124	21,131	26,588	68,359	463	67
	<b>227,330</b>	<b>161,770</b>	<b>758,941</b>	<b>565,470</b>	<b>288,724</b>	<b>97,627</b>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer paragraph 8 above.

17. A breakdown of sales

	Group		
	2014	2013	Increase/ (decrease)
	\$'000	\$'000	%
<b>First Half</b>			
(a) Revenue	105,736	74,504	42
(b) Profit/(Loss) after tax before deducting non-controlling interests	60,423	2,935	1,959
<b>Second Half</b>			
(a) Revenue	121,594	87,266	39
(b) Profit/(Loss) after tax before deducting non-controlling interests	(14,012)	(2,423)	478

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).**

List of Persons occupying Managerial Positions who are related to a Director or Chief Executive Officer or Substantial Shareholder of KS Energy Limited and any of its principal subsidiaries:

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Kris Taenar Wiluan	66	Father of Richard James Wiluan and father-in-law of Samuel Paul Oliver Carew-Jones, Deemed interested in the shares owned by Pacific One Energy Limited, a controlling shareholder of the Company.	<u>KS Energy Limited:</u> Executive Chairman & Chief Executive Officer of KS Energy Limited since 2006.	Nil  Nil
Richard James Wiluan	36	Son of Kris Taenar Wiluan, Executive Chairman & Chief Executive Officer of KS Energy Ltd. Deemed interested in the shares owned by Pacific One Energy Limited, a controlling shareholder of the Company.	<u>KS Energy Limited</u> Appointed as an Executive Director of the Company on 1 May 2014.  Director, Corporate Development since 6 July 2012.  Responsible for developing and providing corporate and business level strategies and initiatives.	Appointed as an Executive Director of the Company on 1 May 2014.
Samuel Paul Oliver Carew-Jones	40	Son-in-law of Kris Taenar Wiluan, Executive Chairman & Chief Executive Officer of KS Energy Limited and deemed interested in the shares owned by Pacific One Energy Limited, a controlling shareholders of the Company.	<u>KS Energy Limited:</u> Chief Financial Officer of the Group since 1 October 2012.  Responsible for overseeing the accounting and finance matters of the Company.	Nil

**BY ORDER OF THE BOARD**

**Caroline Yeo**  
Company Secretary  
27 February 2015