

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 and 4 June 2018 in relation to the Company being placed on the minimum trading price (“**MTP**”) entry criterion watch-list under Rule 1311(2) and financial entry criteria watch list under Rule 1311(1) of the Listing Manual of the SGX-ST (the “**Listing Manual**”) with effect from 5 June 2017 and 5 June 2018, respectively.

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 watch-lists, 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 2019 (“**Q1 2019**”) which was announced on 13 May 2019 (the “**Q1 2019 Results Announcement**”).

Update on Financial Position and Outlook

The Group recorded a net loss of \$13.3 million for Q1 2019 compared to the consolidated loss after tax of \$17.6 million reported for Q1 2018, an improvement of \$4.3 million. The improvement was mainly due to:

- i. a \$1.5 million smaller losses from operating activities which reduced from a \$11.1 million loss in Q1 2018 to a \$9.6 million loss in Q1 2019.
- ii. a \$1.7 million smaller loss from share of results from joint ventures, from a \$1.7 million loss in Q1 2018 to a \$0.0 in Q1 2019 due to the disposal of joint venture in FY 2018; and
- iii. a \$1.2 million decrease in Finance Costs from \$4.7 million in Q1 2018 to \$3.5 million in Q1 2019.

Partially offset by

- iv. a \$0.1 million decrease in Finance Income from \$0.1 million in Q1 2018 to \$0.0 in Q1 2019.

The Group’s shareholders’ funds fell from positive \$1.2 million as at 31 December 2018 to negative \$12.2 million as at 31 March 2019 mainly due to a loss of \$10.3 million for Q1 2019 offset by foreign currency translation impacts.

As at 31 March 2019, the Company had a net current liability of \$3.3 million and the Group had a net current liability of \$11.2 million. In addition, as at 31 March 2019, the Group had negative shareholder's equity of \$20.7 million and the Company was in a net liability position (total liabilities exceeded total assets) of \$22.9 million.

As at 31 March 2019, the Group's current assets were \$20.5 million, a decrease of \$3.4 million from \$23.9 million as at 31 December 2018. Cash and cash equivalents decreased by \$6.7 million; whereas trade receivables increased by \$2.6 million, contract assets increased by \$0.5 million and other current assets decreased by \$0.2 million.

As at 31 March 2019, the Group's current liabilities stood at \$31.6 million as compared to \$42.2 million as at 31 December 2018. The decrease was mainly due to the reclassification of secured bank loans from current borrowings to non-current borrowings.

For more details on the financial position of the Company, please refer to the Q1 2019 Results Announcement.

Update on Future Direction and Other Material Developments

On 9 November 2018, the Company announced that:

- i. the Company has on 9 November 2018 entered into bond purchase agreements (the "**Bond Purchase Agreements**") with each of Pacific One Energy Limited ("**POEL**") and Ms Hedy Wiluan ("**HW**") (collectively, the "**Existing Bondholders**", each an "**Existing Bondholder**"), pursuant to which an aggregate of S\$31,000,000 in principal amount of Existing KSE Bonds outstanding as at the date of the Bond Purchase Agreements shall be purchased by the Company; and
- ii. the Company has on 9 November 2018 entered into a subscription agreement with the Existing Bondholders ("**Subscription Agreement**"), pursuant to which the Existing Bondholders will subscribe for, and the Company will allot and issue to the Existing Bondholders, an aggregate of 794,871,795 new ordinary shares in the capital of the Company ("**Consideration Shares**"). The Consideration Shares are issued to the Existing Bondholders as consideration for the payment of the Company for the purchase of the Existing KSE Bonds.

The completion of the Proposed KSE Bond Purchase from the Existing Bondholders and the Proposed Issuance of Consideration Shares are conditional upon each other.

The Proposed Issuance of Consideration Shares is subject to, inter alia, the approval of shareholders of the Company ("**Shareholders**"), which was obtained at an extraordinary general meeting ("**EGM**") held on 18 April 2019.

The Proposed KSE Bond Purchase from the Existing Bondholders and the Proposed Issuance of Consideration Shares were completed on 26 April 2019.

The Group has recently made the following announcements in relation to contracts awarded to the Drilling business unit:

- i. On 4 April 2019, a new contract for the “KS Java Star” jack-up drilling rig with an expected value of approximately US\$4.9 million;
- ii. On 22 February 2019, a contract extension for the “KS Java Star 2” jack-up drilling rig with an expected value of approximately US\$6.7 million; and
- iii. On 21 December 2018, a new contract for the “KS Java Star 2” jack-up drilling rig with an expected value of approximately US\$2.6 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 business unit 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 and financial exit criteria within 36 months from 5 June 2017 and 5 June 2018, respectively.

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
13 May 2019