KS ENERGY LIMITED
An Integrated Energy Services Hub
(Company Registration No. 198300104G)

Financial Statement and Dividend Announcement for the Period Ended 31 March 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 (1st Quarter) 3 months ended		
	31.03.2014	31.03.2013 Restated	Increase/ (Decrease)
	$'000	$'000	
Revenue	45,977	33,024	39.2%
Cost of sales	(24,510)	(18,914)	29.6%
Gross profit before direct depreciation	**21,467**	**14,110**	**52.1%**
Direct depreciation	(9,119)	(6,764)	34.8%
Gross profit after direct depreciation	**12,348**	**7,346**	**68.1%**
Other income	257	378	(32.0%)
Administrative expenses	(7,168)	(7,146)	0.3%
Other operating expenses	(2,310)	(7,067)	(67.3%)
Finance income	713	1,270	(43.9%)
Finance costs	(3,140)	(3,298)	(4.8%)
Share of results of joint ventures (net of tax)	2,577	8,674	N/M
Profit before tax	**3,277**	**157**	**N/M**
Tax expense	(2,083)	391	N/M
Profit for the period	**1,194**	**548**	117.9%
Results attributable to:			
Owners of the Company	**205**	**898**	**(77.2%)**
Non-controlling interests	989	(350)	N/M
Profit for the period	**1,194**	**548**	**117.9%**

N/M – Not Meaningful
See Note 8 for more explanation on the income statement review

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

	31.03.2014	31.03.2013 Restated	(Decrease)
	$'000	$'000	
Amortisation of intangible assets	(120)	(116)	3.4%
Depreciation of property, plant and equipment	(9,834)	(7,749)	26.9%
Finance costs on convertible bonds	(1,655)	(1,692)	(2.2%)
Allowance for doubtful receivables	265	(376)	N/M
Bad trade debts written off	(210)	-	N/M
Foreign exchange loss	(208)	(4,055)	N/M
Plant and equipment written off	-	(2)	N/M

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	
	31.03.2014 $'000	31.12.2013 $'000	31.03.2014 $'000	31.12.2013 $'000
Current Assets				
Cash and cash equivalents	35,362	43,166	2,170	1,957
Amounts due from subsidiaries	-	-	9,052	10,245
Trade receivables	51,874	47,867	-	-
Inventories	1,144	745	-	-
Other current assets	33,282	33,077	306	2,538
	121,662	**124,855**	**11,528**	**14,740**
Non-Current Assets				
Joint ventures	131,606	128,925	132,583	132,562
Subsidiaries	-	-	242,939	243,252
Property, plant and equipment	402,207	395,225	944	1,005
Intangible assets	4,297	4,415	-	-
Other non-current assets	36,575	36,905	301	301
	574,685	**565,470**	**376,767**	**377,120**
Total assets	**696,347**	**690,325**	**388,295**	**391,860**
Current Liabilities				
Trade and other payables	43,987	46,875	2,091	2,973
Provision for current tax	12,111	10,729	408	408
Amounts due to subsidiaries	-	-	4,764	4,725
Borrowings	113,521	73,685	20,871	3,161
	169,619	**131,289**	**28,134**	**11,267**
Non-Current Liabilities				
Trade and other payables	3,834	3,783	3,152	3,161
Borrowings	136,717	169,227	45,521	62,389
Deferred tax liabilities	784	810	593	593
	141,335	**173,820**	**49,266**	**66,143**
Total liabilities	**310,954**	**305,109**	**77,400**	**77,410**
Net assets	**385,393**	**385,216**	**310,895**	**314,450**
Equity Attributable to Owners of the Company:				
Share capital	359,973	359,973	359,973	359,973
Equity reserve	24,717	24,717	24,717	24,717
Other reserve	(3,780)	(1,144)	-	-
Treasury shares	(34,510)	(34,510)	(34,510)	(34,510)
Foreign currency translation reserve	(46,552)	(45,498)	-	-
Accumulated profits	25,652	25,447	(39,285)	(35,730)
	325,500	**328,985**	**310,895**	**314,450**
Non-controlling interests	59,893	56,231	-	-
Total equity	**385,393**	**385,216**	**310,895**	**314,450**

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

	Group 31.03.2014 $'000	Group 31.12.2013 $'000
Secured	92,116	70,045
Unsecured	21,405	3,640
Total	113,521	73,685

Amount repayable after one year

	Group 31.03.2014 $'000	Group 31.12.2013 $'000
Secured	91,196	106,838
Unsecured	45,521	62,389
Total	136,717	169,227

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.

	Group (Year-To-Date)	
	31.03.2014	31.03.2013 Restated
Operating activities	$'000	$'000
Profit before tax	3,277	157
Adjustments for:		
Amortisation of intangible assets	120	116
Depreciation of property, plant and equipment	9,834	7,749
Interest income	(713)	(1,270)
Interest expense	1,485	1,606
Finance cost on convertible bonds	1,655	1,692
Share of results of joint ventures	(2,577)	(8,674)
Foreign exchange loss	208	4,055
Plant and equipment written off	-	2
Operating profit before changes in working capital	13,289	5,433
Changes in working capital:		
Inventories	(398)	(2,588)
Trade receivables	(4,144)	6,868
Other current assets	(4,077)	(3,289)
Trade and other payables	(2,022)	4,050
Cash generated from operations	2,648	10,474
Tax paid	(702)	(1,048)
Cash flows from operating activities	**1,946**	**9,426**
Investing activities		
Payments for purchase of plant and equipment	(18,026)	(43,776)
Dividends received	2,214	1,660
Payments for purchase of intangible assets	(12)	-
Interest received	713	1,270
Decrease in non-trade receivables with joint ventures and related parties	1,785	45,603
(Increase in)/repayment of quasi equity loans to joint ventures	(18)	23,244
Cash flows (used in)/from investing activities	**(13,344)**	**28,001**
Financing activities		
Repayment of finance lease liabilities	(3)	(3)
Proceeds from bank loans	19,012	76,306
Repayment of bank loans	(11,946)	(54,199)
Proceeds from issue of convertible bonds	-	45,000
Repayment of convertible bonds, excluding interest	-	(90,000)
Proceeds from bills payable to bank	533	928
Repayment of bills payable to bank	(477)	(397)
Increase in deposits pledged	(827)	(2,177)
Increase in non-trade payables with joint ventures and related parties	(65)	7,193
Interest paid	(3,228)	(2,822)
Cash flows from/(used in) financing activities	**2,999**	**(20,171)**
Net (decrease)/increase in cash and cash equivalents	**(8,399)**	**17,256**
Cash and cash equivalents at beginning of the period	29,485	20,999
Effect of exchange rate changes on balances held in foreign currencies	(232)	338
Cash and cash equivalents at end of the period	**20,854**	**38,593**
Cash and cash equivalents at end of the period includes the following:		
Cash and cash equivalents	35,362	54,584
Deposits pledged	(14,508)	(15,991)
Cash and cash equivalents at end of the period	**20,854**	**38,593**

See note 8 for explanation on the cash flow statement review

1(d) Statement of Comprehensive Income

	Group (1st Quarter) 3 months ended		
	31.03.2014	31.03.2013 Restated	Increase/ (Decrease)
	$'000	$'000	%
Profit/(Loss) attributable to:			
Owners of the Company	205	898	(77.2)
Non-controlling interests	989	(350)	N/M
Profit for the period	**1,194**	**548**	117.9
Other comprehensive income/(expense) for the period:			
Foreign currency translation differences on translation of financial statements of foreign subsidiaries	(1,017)	10,018	N/M
Other comprehensive income/(expense) for the period	**(1,017)**	**10,018**	N/M
Total comprehensive income for the period	**177**	**10,566**	(98.3)
Total comprehensive income/(expense) attributable to:			
Owners of the Company	(849)	10,081	N/M
Non-controlling interests	1,026	485	111.5
Total comprehensive income for the period	**177**	**10,566**	(98.3)

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.

Group	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
At 1 January 2014	359,973	24,717	(1,144)	(34,510)	(45,498)	25,447	328,985	56,231	385,216
Profit for the period	-	-	-	-	-	205	205	989	1,194
Other comprehensive income/(expense)									
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	-	-	-	-	(1,054)	-	(1,054)	37	(1,017)
Total other comprehensive expense	-	-	-	-	(1,054)	-	(1,054)	37	(1,017)
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**-**	**(1,054)**	**205**	**(849)**	**1,026**	**177**
Acquisition of non-controlling interest	-	-	(2,636)	-	-	-	(2,636)	2,636	-
Total contributions by and distributions to owners of the Company	**-**	**-**	**(2,636)**	**-**	**-**	**-**	**(2,636)**	**2,636**	**-**
At 31 March 2014	**359,973**	**24,717**	**(3,780)**	**(34,510)**	**(46,552)**	**25,652**	**325,500**	**59,893**	**385,393**
At 1 January 2013 (restated)	319,077	22,922	(1,144)	(34,510)	(63,728)	25,424	268,041	53,897	321,938
Profit/(loss) for the period	-	-	-	-	-	898	898	(350)	548
Other comprehensive income/(expense)									
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	-	-	-	-	9,183	-	9,183	835	10,018
Total other comprehensive expense	-	-	-	-	9,183	-	9,183	835	10,018
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**-**	**9,183**	**898**	**10,081**	**485**	**10,566**
Change in equity reserve due to equity component of convertible bonds	-	1,795	-	-	-	-	1,795	-	1,795
Total contributions by and distributions to owners of the Company	**-**	**1,795**	**-**	**-**	**-**	**-**	**1,795**	**-**	**1,795**
At 31 March 2013 (restated)	**319,077**	**24,717**	**(1,144)**	**(34,510)**	**(54,545)**	**26,322**	**279,917**	**54,382**	**334,299**

Company	Share capital	Equity reserve	Treasury shares	Accumulated profits	Total Equity
	$'000	$'000	$'000	$'000	$'000
At 1 January 2014	359,973	24,717	(34,510)	(35,730)	314,450
Loss for the period	-	-	-	(3,555)	(3,555)
Total comprehensive expense for the period	**-**	**-**	**-**	**(3,555)**	**(3,555)**
At 31 March 2014	**359,973**	**24,717**	**(34,510)**	**(39,285)**	**310,895**
At 1 January 2013	319,077	22,922	(34,510)	(5,941)	301,548
Profit for the period	-	-	-	1,000	1,000
Total comprehensive income for the period	**-**	**-**	**-**	**1,000**	**1,000**
Change in equity reserve due to equity component of convertible bonds	-	1,795	-	-	1,795
Total contributions by and distributions to owners of the Company	**-**	**1,795**	**-**	**-**	**1,795**
At 31 March 2013	**319,077**	**24,717**	**(34,510)**	**(4,941)**	**304,343**

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 is no change in the Company's issued and paid up capital for the period from 1 January 2014 to 31 March 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 March 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"). The 2016 Bonds are initially convertible into 54,216,720 fully-paid ordinary shares of the Company at an initial conversion price of $0.83 per new share.

As at 31 March 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 March 2014 and 31 December 2013, the total number of issued shares excluding 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 March 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 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.

		Group (1st Quarter) 3 months ended	
		31.03.2014	31.03.2013 Restated
Earnings per ordinary share:		Cents	Cents
(a)	Based on weighted average number of ordinary shares in issue	0.04	0.22
(b)	On a fully diluted basis	0.04	0.22

The basic and diluted earnings per share for the three months ended 31 March 2014 was calculated by dividing the profit attributable to shareholders of $205,000 (31.03.2013: $898,000) by the weighted average number of shares of 512,932,215 (31.03.2013: 410,345,772) in issue during the financial period.

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

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	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	63.5	64.1	60.6	61.3

Net asset value per ordinary share is based on 512,932,215 (31.12.2013: 512,932,215) ordinary shares issued as at 31 March 2014.

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: -

a) 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

b) 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

1st Quarter ended 31 March 2014

Overview

	Group (1st Quarter) 3 months ended		
	31.03.2014	31.03.2013 Restated	Change
Revenue by segment	**$'000**	**$'000**	
Drilling	40,513	30,664	32.1%
Engineering	2,806	179	N/M
Others	2,971	2,488	19.4%
Less: Inter-segment revenue	(313)	(307)	2.0%
	45,977	**33,024**	**39.2%**

Consolidated revenue grew 39.2% to $46.0 million for the quarter ended 31 March 2014 ("1Q14") driven mainly by the Drilling business. Net profit after tax for 1Q14 was $1.2 million compared to $0.5 million reported in the quarter ended 31 March 2013 ("1Q13").

Revenue

Revenue from the Drilling business grew 32.1% to $40.5 million in 1Q14 compared to 1Q13, generated by the commencement of charter contracts for assets recently deployed in Indonesia. Revenue contribution from the Drilling business made up about 88.1% of the Group's total revenue.

Revenue from the Engineering business increased $2.6 million to $2.8 million in 1Q14 compared to $0.2 million in 1Q13. Revenue contribution from the Engineering business made up about 6.1% of the Group's total revenue.

Revenue generated by the Group but not attributable to either the Drilling or the Engineering segment increased 19.4% to $3.0 million in 1Q14 compared to 1Q13. Revenue contribution from this segment made up about 6.5% of the Group's total revenue.

Gross Profit

The Group's gross profit after direct depreciation increased $5.0 million, or 68.1%, to $12.3 million in 1Q14 from $7.3 million in 1Q13. The higher gross profit after direct depreciation is mainly attributable to the higher revenue booked in the Drilling segment. The Group's gross profit after direct depreciation margin improved from 22.2% in 1Q13 to 26.9 % in 1Q14.

Other Income

Other income decreased from $0.4 million in 1Q13 to $0.3 million in 1Q14. Other Income mainly comprised management fees and other income not directly related to the revenue generated from our day-to-day operations.

Operating Expenses and Direct Depreciation

Other Operating Expenses decreased by 67.3% from $7.1 million in 1Q13 to $2.3 million in 1Q14 mainly due to non-recurring foreign exchange losses of $4.4 million realised in 2013 on a US$ denominated investment provided to a joint venture.

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. Total depreciation charges allocated to both Other Operating Expenses and Direct Depreciation amounted to $9.8 million in 1Q14 compared to $7.7 million in 1Q13, an increase of $2.1 million. The higher overall depreciation charge in 1Q14 is attributable to the capital expenditure on property, plant and equipment incurred since 1Q13.

Finance Income and Costs

Finance Income decreased $0.6 million from $1.3 million in 1Q13 to $0.7 million in 1Q14 mainly due to lower interest income on a loan provided to a joint venture in December 2012 following a partial repayment.

Finance Costs decreased $0.2 million from $3.3 million in 1Q13 to $3.1 million in 1Q14.

Share of results of joint ventures

The Group's share of results from joint ventures decreased from $8.7 million in 1Q13 to $2.6 million in 1Q14 mainly due to one-time gains arising from the sale of a jointly owned asset in 1Q13.

Included in the share of results of joint ventures is the Company's share of results from KS Distribution Pte Ltd and its subsidiaries (the "KS Distribution Group") of $0.4 million for 1Q14 and $1.0 million for 1Q13. The revenue of the KS Distribution Group was $129.3 million for 1Q14 and $120.3 million for 1Q13.

Tax Expense

The tax expense increased from a credit of $0.4 million in 1Q13 to a charge of $2.1 million in 1Q14 mainly due to an increase in withholding and income taxes suffered from $0.8 million in 1Q13 to $2.1 million in 1Q14 and a one-time tax credit of $1.1 million in 1Q13 due to reversal of a deferred tax liability.

STATEMENT OF FINANCIAL POSITION REVIEW

The Group's total non-current assets increased 1.6% from $565.5 million as at 31 December 2013 to $574.7 million as at 31 March 2014. The increase was principally attributable to the acquisition of plant and equipment. Non-current assets mainly comprise of the plant and equipment of our Drilling business. The carrying value of Rigs increased from $390.2 million as at 31 December 2013 to $397.4 million as at 31 March 2014. Investments in joint ventures increased from $128.9 million as at 31 December 2013 to $131.6 million as at 31 March 2014. Investments in joint ventures are mainly attributed to the 55.35% equity interest in KS Distribution Pte Ltd.

Total current assets were lower at $121.7 million as at 31 March 2014 compared to $124.9 million as at 31 December 2013 mainly due to lower cash and bank balances. Total current assets comprise mainly of trade receivables, other assets and cash.

Total liabilities increased from $305.1 million as at 31 December 2013 to $311.0 million as at 31 March 2014. This was principally attributable to an increase in borrowings from $242.9 million as at 31 December 2013 to $250.2 million as at 31 March 2014.

Current liabilities increased from $131.3 million as at 31 December 2013 to $169.6 million as at 31 March 2014, an increase of $38.3 million mainly due an increase in current borrowings of $39.8 million over the same period. As a result, current liabilities are $48.0 million higher than current assets as at 31 March 2014. Steps will be taken to improve the net current liabilities position of the Group.

The Group's net gearing (defined as net borrowings to equity) stood at 0.56 as at 31 March 2014 compared to 0.52 as at 31 December 2013.

Equity attributable to owners of the Company decreased from $329.0 million as at 31 December 2013 to $325.5 million as at 31 March 2014, mainly due the movement in Other Reserve arising due to the acquisition of a non-controlling interest in a subsidiary company.

STATEMENT OF CASH FLOWS REVIEW

Cash Flow from Operating Activities

Operating activities generated a net cash inflow of $1.9 million for the quarter ended 31 March 2014. The net cash flow from Operating Activities comprised a cash inflow of $13.3 million arising due to operating profits before changes in working capital; a cash outflow of $10.6 million arising due to changes in working capital; and a cash outflow of $0.7 million arising due to income taxes paid.

Cash Flow from Investing Activities

Net cash outflow from investing activities amounted to $13.3 million. This is attributable mainly to purchases of plant and equipment which generated a cash outflow of $18.0 million for 1Q14, partially offset by dividends received from a joint venture which generated a cash inflow of $2.2 million for 1Q14.

Cash Flow from Financing Activities

There was a net cash inflow from financing activities of $3.0 million due mainly to new banking facilities obtained during the quarter. The aggregate repayment of bank loans by the Group during 1Q14 totalled $11.9 million and the aggregate proceeds from new bank loans entered into by the Group during 1Q14 totalled $19.0 million. Interest paid in 1Q14 amounted to $3.2 million.

As at 31 March 2014, cash and cash equivalents amounted to $35.4 million (31 March 2013: $54.6 million), of which unpledged cash and cash equivalents amounted to $20.9 million (31 March 2013: $38.6 million).

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 1Q14 was in line with the views expressed in a statement in paragraph 10 of the Company's previous results announcement dated 26 February 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 encouraging outlook for the offshore drilling sector is positive for our Drilling business and it has deployed another asset in South East Asia. The Group will continue to pursue selective new investment opportunities to meet the growing demand from the oil and gas industry.

The Group expects its Distribution business will continue to be an important contributor to the Group's performance.

The Group is confident of new opportunities in the oil and gas market.

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 three months ending 31 March 2014:

Name of Interested Person	Aggregate value of all IPTs during the financial period 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 period under review (excluding transactions less than $100,000)
PT Dwi Sumber Arca Waja, its subsidiaries and its associates ("DSAW Group")		
• Provision of goods and services to and from the DSAW Group	-	S$9,302,833
• Provision of other equipment and services by the DSAW Group	-	-
PT KS Drilling Indonesia and its subsidiaries ("JVC Group")		
• the buying, selling and chartering of Rigs and Equipment	-	-
• the provision of Management Services	-	-
• net repayment of interest and Shareholders' loan provided by KS Drilling to PT KS Drilling Indonesia and its subsidiaries	-	US$934,675
• Interest bearing loans to PT KS Drilling Indonesia and its subsidiaries - Principal and accrued interest as at end of period *	N/A	US$29,186,358
• 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 **	N/A	US$28,807,189

* 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$28.8 million as at 31 March 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$28.7 million as at 31 March 2014.

BY ORDER OF THE BOARD

Busarakham Kohsikaporn
Company Secretary
14 May 2014

KS ENERGY LIMITED
An Integrated Energy Services Hub
(Company Registration No. 198300104G)

CONFIRMATION BY THE BOARD

We, Kris Wiluan and Lim Ho Seng, being Directors of KS Energy Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter FY2014 financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors

KRIS TAENAR WILUAN
Executive Chairman and Chief Executive Officer

LIM HO SENG
Director

Singapore, 14 May 2014