

KRISENERGY LTD

Company Registration No: 231666
(Incorporated in the Cayman Islands)

Unaudited Second Quarter & Six Months ended 30 June 2019 Financial Statements Announcement



14 August 2019

The following announcement may contain forward-looking statements by KrisEnergy Ltd. (the “**Company**” or “**KrisEnergy**”, and collectively with its subsidiaries, the “**Group**”) relating to financial trends for future periods.

Some of the statements in this presentation, which are not historical facts, are statements of future expectations with respect to, among others, the financial condition, results of operation and business, and the related plans and objectives of the Company and/or the Group. These forward-looking statements are based on the Company’s current views, intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and uncertainties. As actual results could differ materially from the Company’s current views, intentions, plans, expectations, assumptions and beliefs about the future, such forward-looking statements are not and should not be construed as a representation, forecast or projection of future performance of the Company and/or the Group. It should be noted that our actual performance may vary significantly from such statements. No undue reliance should be placed on forward-looking statements and the Company does not undertake to revise forward-looking statements to reflect future events or circumstances.

Financial and Operations Update

KrisEnergy Ltd. is an independent upstream oil and gas company focused on the appraisal, development and production of oil and gas in Asia. As at the date of this announcement, we hold working interests in a diverse portfolio of 13 contract areas in Asia, nine of which we operate. Today, we present our unaudited financial statements reflecting the financial and operating results for the three months ("2Q2019") and six months ("1H2019") ended 30 June 2019 (the "Results"). References made to the Company pertain to KrisEnergy Ltd. and references made to the Group pertain to the Company and its subsidiaries.

	For the three months ended 30 June			For the six months ended 30 June		
	2019	2018	% Change	2019	2018	% Change
(US\$ thousands, except where otherwise indicated)						
Financial						
Sale of crude oil & liquids	38,862.9	42,422.8	(8.4)	60,458.2	81,409.3	(25.7)
Sale of gas	4,123.1	3,303.1	24.8	8,113.8	6,824.7	18.9
Revenue	42,986.0	45,725.9	(6.0)	68,572.0	88,234.0	(22.3)
Adjusted EBITDAX⁽¹⁾	9,491.6	13,989.2	(32.2)	18,562.7	27,876.1	(33.4)
Cash and bank balances	51,702.0	89,551.4	(42.3)	51,702.0	89,551.4	(42.3)
Operations						
Oil and liquids (bopd)	5,324	6,031	(11.7)	4,986	6,458	(22.8)
Gas (mmcf)	32.1	29.2	9.7	32.5	30.3	7.0
Production volumes (boepd)	10,669	10,902	(2.1)	10,396	11,514	(9.7)
Average sales price						
• Oil and liquids (US\$/bbl)	64.30	69.82	(7.9)	61.47	65.59	(6.3)
• Gas – B8/32 (US\$/mcf)	4.93	4.35	13.3	5.00	4.21	18.8
• Gas – Block 9 (US\$/mcf)	2.32	2.32	-	2.32	2.32	-
Average lifting costs (US\$/boe) ⁽²⁾	20.14	26.98	(25.4)	21.04	23.45	(10.3)

Notes:

- (1) EBITDAX is a non-IFRS measure and is defined as earnings before interest, taxation, depreciation, amortisation, geological and geophysical expenses and exploration expenses. Adjusted EBITDAX excludes unrealised foreign exchange differences.
- (2) Average lifting cost reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period.

EBITDAX Computation

		For the three months ended 30 June		For the six months ended 30 June	
		2019	2018	2019	2018
		(unaudited)			
		(US\$ thousands)			
Cash	Revenue	42,986.0	45,725.9	68,572.0	88,234.0
	Adjusted operating costs ⁽³⁾	(29,330.2)	(30,254.5)	(42,759.7)	(54,747.4)
	Thai petroleum royalties paid	(3,453.1)	(3,384.8)	(5,597.8)	(6,657.9)
	Gross profit before depreciation, depletion and amortisation	10,202.7	12,086.6	20,214.5	26,828.7
	Corporate general and administrative expense	(711.1)	(624.1)	(1,651.8)	(1,479.3)
	Gain on disposal of subsidiary	-	2,526.7	-	2,526.7
	Adjusted EBITDAX⁽⁴⁾	9,491.6	13,989.2	18,562.7	27,876.1
	Geological and geophysical expenses	(1,972.8)	(1,116.5)	(2,996.7)	(3,367.3)
	Exploration expenses	34.9	(6,430.8)	90.7	(7,030.8)
	Adjusted EBITDA⁽⁴⁾	7,553.7	6,441.9	15,656.7	17,478.0
	Finance costs	(8,311.7)	(9,061.0)	(14,888.5)	(14,641.7)
Non-Cash	Non-cash items:				
	Finance costs (accretion of bond discount ⁽⁵⁾ , decommissioning provision and lease liability)	(5,058.6)	(5,779.4)	(9,954.9)	(11,427.2)
	Depreciation, depletion and amortisation	(13,126.4)	(10,593.9)	(24,686.3)	(22,504.4)
	Impairment of assets	(34,252.5)	(12,938.6)	(34,252.5)	(12,938.6)
	Net fair value gain/(loss) on financial instruments	310.1	(3,481.9)	(204.6)	(4,271.5)
	Unrealised exchange gain/(loss) on 2022 Notes, 2023 Notes and 2024 ZCNs	5,034.7	4,431.4	176.7	(522.4)
	Other unrealised exchange differences	193.9	(995.5)	375.6	(403.5)
	Adjusted loss before tax⁽⁶⁾	(47,656.8)	(31,977.0)	(67,777.8)	(49,231.3)

Notes:

- (3) Adjusted operating costs is a non-IFRS measure and includes the bareboat charters for oil and gas production, which are classified under depreciation, depletion and amortisation ("DD&A") in the profit and loss statement in accordance with IFRS 16, effective from 1 January 2019.
- (4) EBITDAX and EBITDA are supplemental measures of our performance that are not required under IFRS. EBITDAX and EBITDA should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. EBITDAX and EBITDA are not standardised terms, hence, a direct comparison between companies using such terms may not be possible. Adjusted EBITDAX and Adjusted EBITDA excludes unrealised foreign exchange differences.
- (5) Pursuant to the financial restructuring in the first quarter 2017 ("1Q2017"), the Group recognised a one-off non-cash fair value gain on exchange of the S\$130 million senior unsecured notes due 2022 ("2022 Notes") and the S\$200 million senior unsecured notes due 2023 ("2023 Notes") amounting to US\$73.9 million (the "Notes Exchange Gain") as the 2022 Notes and 2023 Notes were recognised at a discount to par value upon exchange. Each reporting quarter until maturity or redemption of the 2022 Notes and 2023 Notes, the non-cash accretion of the bond discount, computed on the effective interest method in accordance with IFRS, will be charged to the Group's profit and loss as finance costs to offset the Notes Exchange Gain. In

addition, non-cash accretion of bond discount on the 2024 Zero Coupon Notes ("**2024 ZCNs**") will be charged to finance costs as the 2024 ZCNs were initially recognised at a discount to par value on issuance in 1Q2017.

- (6) Adjusted profit/loss before tax deducts Special Remuneratory Benefit taxes from the calculation of Adjusted EBITDA.

First Half 2019 Financial Update

Average benchmark Brent crude oil prices retreated 7.4% in 1H2019 although the market posted a 7.8% improvement in 2Q2019 compared with the first quarter of the year. Prices traded in a volatile band between US\$52.0 per barrel ("**bbl**") to US\$75.0/bbl in the first six months of 2019 driven to the upside by geopolitical factors and to the downside by concerns over cooling economic growth impacting oil demand and burgeoning production in the United States.

Lower oil prices and lower sales impacted 1H2019 Group revenue, which decreased 22.3% to US\$68.6 million. Non-cash charges in 1H2019 of US\$68.9 million remained at significantly high levels and resulted in a loss before tax of US\$67.8 million despite a gross profit before DD&A and net cash flow from operating activities in 1H2019 of US\$20.2 million and US\$5.1 million, respectively. In 2Q2019 alone, net cash flow used in operating activities was US\$4.7 million.

The net loss recorded in 1H2019 resulted in a capital deficiency position for the Group as at 30 June 2019 of US\$46.6 million, and a net current liability position of US\$206.7 million. Total debt recognised on the Group's balance sheet amounted to US\$476.8 million and gearing was 110.8%.

- **Production:** Working interest production in 1H2019 averaged 10,396 boepd, 9.7% lower than a year ago (1H2018: 11,514 boepd). The 1H2018 period included five months of working interest volumes from the Nong Yao oil field in G11/48, Gulf of Thailand, in which the Group ceased participation at the end of May 2018. On a *pro forma* basis, excluding G11/48, the Group's three remaining producing assets – Block 9, B8/32 and G10/48 – recorded working interest production of 9,960 boepd in 1H2018. The 4.4% increase in 1H2019 on a *pro forma* basis was a result of higher production from B8/32 and Block 9.
- **Realised Pricing:** In 1H2019, the Group's average realised price for oil and liquids was US\$61.47/bbl, 6.3% lower than a year ago (1H2018: US\$65.59/bbl) partly due to lower benchmark markets as well as the exclusion of Nong Yao crude sales, which were included in the 1H2018 average realised price computation. The average realised gas price for the B8/32 licence increased 18.8% to US\$5.00 per thousand cubic feet ("**mcf**") (1H2018: US\$4.21/mcf) in line with the redetermination of the gas price formula which is set on a trailing six-month basis. The realised gas price from the onshore Bangladesh Bangora field in Block 9 remained flat at US\$2.32/mcf.
- **Revenue:** Revenue for 1H2019 decreased 22.3% to US\$68.6 million (1H2018: US\$88.2 million) due to lower production volumes and lower average realised selling prices for oil and liquids, partially offset by higher gas production volumes and higher average realised selling prices for natural gas in Thailand.
- **Adjusted Operating Costs:** Operating costs including the bareboat charters for Wassana field operations in G10/48 – namely the mobile offshore production unit ("**MOPU**") and the floating storage and offloading vessel ("**FSO**"), were US\$42.8 million in 1H2019 (1H2018: US\$54.7 million). The 21.9% decrease was primarily a result of a reduction in barrels of crude oil lifted at the Wassana field versus the year-ago period.

In accordance with the Group's accounting policies and industry practice, operating costs are incurred and matched with revenue earned at the time of offtake. Although operating expenditure associated with the Wassana field is largely fixed, the accounting recognition of costs will fluctuate in line with the timing of liftings and hence, revenue earned.

- **Lifting Costs:** Average lifting costs reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period. In 1H2019, the average lifting cost was US\$21.04 per barrel of oil equivalent ("**boe**") compared with US\$23.45/boe for 1H2018. The 10.3% decrease was attributed to lower operating expenditure at the Wassana field compared to a year ago as a result of equipment repairs and well workovers in 1H2018.
- **Adjusted EBITDAX:** In 1H2019, adjusted EBITDAX amounted to US\$18.6 million (1H2018: US\$27.9 million). The year-on-year decrease was primarily attributed to a lower gross profit for the period.
- **Loss Before Tax:** The loss before tax in 1H2019 was US\$67.8 million (1H2018: US\$49.2 million). Material non-cash charges to the profit and loss statement in 1H2019 amounted to US\$69.0 million, comprising: (i) US\$24.7 million for DD&A charges; (ii) a provision in accordance with IFRS of US\$34.3 million for the Udan Emas production sharing contract ("**PSC**") related to the approaching expiry of the concession; and (iii) US\$10.0 million related to the non-cash accretion of the bond discount, lease liability and decommission provision.
- **Cash & Bank Balances:** As at 30 June 2019, the Group's cash and bank balances amounted to US\$51.7 million and, after taking into account restricted cash of US\$6.3 million, the Group's cash and cash equivalents, including amounts held under joint operations amounted to US\$45.4 million. Total unused sources of liquidity, excluding amounts held under joint operations and including undrawn amounts of the revolving credit facility ("**RCF**") amounted to US\$29.9 million.

Further discussion of the Group's financial results is set out in Section 8 of this *Financial Statements Announcement*.

Group Capital Management

- **Total Debt & Gearing:** As at 30 June 2019, total debt recognised on the Group's balance sheet amounted to US\$476.8 million and the Group's gearing was 110.8%. The Group's revolving credit facility ("**RCF**"), as provided by DBS Bank Ltd ("**DBS**"), will mature on 30 June 2020. As such, the amount drawn as at 30 June 2019 of US\$177.4 million has been classified as current liability.
- **Net Capital Deficiency:** In 1H2019, the Group's recorded a net loss of US\$69.5 million, resulting in a net capital deficiency position of US\$46.6 million and net current liabilities of US\$206.7 million as at 30 June 2019.
- **Going Concern:** The Group's financial statements for the period ending 30 June 2019 have been prepared on a going concern basis. As disclosed in previous financial statements announcements of the Company, the Group is over-gearred and under-equitised and had appointed advisors to formally review and implement all available options to the Group in order to improve the financial condition of the Group, which is critical. The Group's auditors' view, as stated in the audited consolidated full-year 2018 financial statements, is that material uncertainty exists over the Group's ability to continue as a going concern.
- **Moratorium Application:** The Group is working towards alleviating its above-mentioned financial difficulties through a restructuring process. The Company announced today it has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and to seek a moratorium against enforcement actions and legal proceedings by creditors against the Company pursuant to section 211B of the Companies Act (Cap. 50). Please refer to the announcement entitled *Application for moratorium pursuant to Section 211B of the Companies Act (Cap. 50)* dated 14 August 2019 for more details.

First Half 2019 Operational Update

Production & Development

- Average gross production at the KrisEnergy-operated Bangora gas field in Block 9, onshore Bangladesh, was 283 barrels of condensate per day and 94.5 million cubic feet per day (“**mmcfd**”) in 1H2019 and the Group’s working interest share of production averaged 4,811 boepd. Following optimisation of production in the B-5 well in June 2019, Bangora’s gross rate exceeded 100 mmcfd and the field has been consistently producing at that level.
- Average gross production at the Wassana oil field in the KrisEnergy-operated G10/48 concession was 4,315 barrels of oil per day (“**bopd**”) in 1H2019 and the Group’s working interest share of production was 3,840 bopd. A week-long unscheduled shutdown in January 2019 due to Tropical Storm Pabuk reduced the average production rate for the six-month period and the field produced consistently above 4,600 bopd in 2Q2019. The Group will be upgrading certain facilities at the Wassana operations in the next two months.
- Average gross oil production in the non-operated B8/32 oil and gas fields was 22,887 bopd and gas production was 88.5 mmcfd in 1H2019 and the Group’s working interest share of production was 1,745 boepd.
 - 27 infill wells were drilled in 1H2019 and were put into production and eight additional wells were scheduled to be drilled in July/August 2019 and put online in September 2019, which will complete the 2019 infill drilling program.
- Renovation and upgrading of the production barge for the KrisEnergy-operated Apsara oil development in Cambodia Block A progressed throughout 1H2019 in the Benoi yard and Gul drydock in Singapore:
 - New living quarters delivered and installed;
 - Helideck reinstalled;
 - Emergency diesel generator installed; and
 - Second and final drydock completed for all hull steelwork and final coatings.

Exploration

- A 1,200 sq. km 3D seismic acquisition program commenced over Cambodia Block A on 25 June 2019 and was completed on 25 July 2019. Around 200 sq. km of the 3D program was acquired over the Apsara development area to improve imaging of geological faults and sand bodies to aid in the finalisation of the design of well trajectories ahead of development drilling for first oil. Approximately 1,000 sq. km was acquired over a large prospective area in the southwest portion of the block, which has been sparsely explored by old 2D seismic lines, to improve data quality over the prospective trend in the western section of Cambodia Block A where several discoveries have been made. The data has been sent for processing
- A 2,720 sq. km 3D seismic survey was completed in May 2019 on the non-operated Andaman II PSC. The data has been sent for processing.

- The Bangladesh authorities have approved a two-year extension of the exploration period to March 2021 for the non-operated SS-11 licence in the Bay of Bengal, offshore Bangladesh.

For activities and developments since 30 June 2019, see paragraph 10 of these Results entitled *Recent Developments*.

Capital Expenditure

As set out in the *Unaudited First Quarter 2019 Financial Statements Announcement* dated 13 May 2019, planned capital expenditure for 2Q2019 was estimated at US\$17.6 million. In 2Q2019, the Group incurred capital expenditure, excluding non-cash items, amounted to US\$4.6 million. The variance was mainly attributed to a delay in award of material contracts for the development of Apsara oil field at the Cambodia Block A concession.

Planned capital expenditure for the third quarter 2019 is estimated to be approximately US\$12.5 million of which 91% will be utilised for producing and development assets, predominantly at the Cambodia Block A concession, and the balance is intended to be allocated to mandatory work commitments.

	For the 3 months ending 30 September 2019
	<i>(unaudited)</i>
	<i>(US\$ thousands)</i>
Producing assets ⁽¹⁾	228.0
Assets under development ⁽²⁾	11,144.8
Non-producing assets ⁽³⁾	1,162.2
Total capital expenditure	12,535.0

Notes:

- (1) Expenditure for assets in production, which include G10/48 and Block 9
- (2) Expenditure for assets under development, which include Cambodia Block A, the production barge and G6/48
- (3) Expenditure for exploration assets, which include the Group's assets in Bangladesh, Indonesian and Vietnam

The Group intends to fund planned capital expenditures through a combination of, including but not limited to, free cash flow from operations, the RCF and development funding.

Actual capital expenditure may differ significantly from the amounts set out above due to various factors, including but not limited to, future cash flows, results of operations and financial condition, changes to the local economies in Bangladesh, Cambodia, Indonesia, Singapore, Thailand and Vietnam, in which the group has a business presence, the availability of financing on terms acceptable to us, matters relating to possible construction/development delays, defects or cost overruns, delays in obtaining or receipt of governmental approval, acceleration or delays in our exploration and development programs, changes in the legislative and regulatory environment, and other factors that are beyond our control.

Financial Statements Announcement

Second Quarter and Six Months ended 30 June 2019

Figures for the period ended 30 June 2019 have not been audited.

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

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

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	(unaudited) (US\$ thousands)			
Sales of crude oil	38,862.9	42,422.8	60,458.2	81,409.3
Sales of gas	4,123.1	3,303.1	8,113.8	6,824.7
Revenue	42,986.0	45,725.9	68,572.0	88,234.0
Cost of sales:				
Operating costs	(19,464.2)	(30,254.5)	(22,956.0)	(54,747.4)
Thai petroleum royalties paid	(3,453.1)	(3,384.8)	(5,597.8)	(6,657.9)
Depreciation, depletion and amortisation	(23,026.2)	(10,581.7)	(44,386.5)	(22,468.5)
Gross (loss)/profit	(2,957.5)	1,504.9	(4,368.3)	4,360.2
Other income	2,765.2	7,675.1	5,478.7	5,924.1
General and administrative expenses	(4,883.3)	(3,610.2)	(8,698.3)	(8,248.9)
Other operating expenses	(28,405.7)	(22,851.2)	(33,568.2)	(25,415.2)
Finance income	227.7	144.8	478.2	217.4
Finance costs	(14,403.2)	(14,840.4)	(27,099.9)	(26,068.9)
Loss before tax	(47,656.8)	(31,977.0)	(67,777.8)	(49,231.3)
Tax expense	(980.7)	(1,133.4)	(1,715.2)	(2,066.5)
Loss for the period	(48,637.5)	(33,110.4)	(69,493.0)	(51,297.8)
Other comprehensive loss				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations	(42.7)	(52.6)	(13.6)	(20.9)
Total comprehensive loss for the period	(48,680.2)	(33,163.0)	(69,506.6)	(51,318.7)
Loss per share attributable to owners of the Company (cents per share)				
Basic	(3.2)	(2.2)	(4.6)	(3.4)
Diluted	(3.2)	(2.2)	(4.6)	(3.4)

Extraordinary items

There were no extraordinary items during the period.

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

	The Group		The Company	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December
	2019	2018	2019	2018
	(unaudited)	(audited)	(unaudited)	(audited)
	(US\$ thousands)			
ASSETS				
Non-current assets				
Exploration and evaluation assets	283,116.5	307,892.3	-	-
Oil and gas properties	154,547.4	163,769.7	-	-
Right-of-use assets ¹	45,697.2	-	-	-
Other property, plant and equipment	22,774.2	13,500.8	-	-
Intangible assets	8,444.9	8,444.9	-	-
Investment in subsidiaries	-	-	336,746.8	336,744.4
Other receivables	4,030.2	4,088.5	204,440.9	209,518.9
	518,610.4	497,696.2	541,187.7	546,263.3
Current assets				
Inventories	18,034.9	21,930.2	-	-
Trade and other receivables	39,669.7	37,950.9	7.1	-
Prepayments	8,646.5	5,686.1	147.8	143.8
Cash and bank balances	51,702.0	77,606.4	74.3	274.1
	118,053.1	143,173.6	229.2	417.9
Total Assets	636,663.5	640,869.8	541,416.9	546,681.2
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	1,878.6	1,878.6	1,878.6	1,878.6
Share premium	730,302.2	730,302.2	730,302.2	730,302.2
Other reserves	30,812.7	30,707.8	41,431.1	41,312.5
Accumulated losses	(809,643.0)	(740,150.0)	(575,452.3)	(559,149.4)
Total Equity	(46,649.5)	22,738.6	198,159.6	214,343.9
Non-current liabilities				
Employee benefit liability	686.4	611.6	-	-
Lease liability ¹	5,016.5	-	-	-
Loans and borrowings	292,534.2	439,072.4	292,534.2	290,802.4
Derivative liabilities	3,160.9	2,966.7	3,160.9	2,966.7
Deferred tax liabilities	33,834.7	35,344.6	-	-
Provisions	23,316.9	22,206.6	-	-
Other payables	-	-	28,179.8	25,628.4
	358,549.6	500,201.9	323,874.9	319,397.5
Current liabilities				
Trade and other payables	64,196.7	73,545.3	11,017.7	11,062.8
Accrued operating expenses	31,116.5	21,935.8	1,481.1	1,877.0
Lease liability ¹	41,593.7	-	-	-

Loans and borrowings	184,240.1	20,000.0	6,883.6	-
Withholding tax payable	136.6	197.8	-	-
Tax payable	3,479.8	2,250.4	-	-
	324,763.4	117,929.3	19,382.4	12,939.8
Total Liabilities	683,313.0	618,131.2	343,257.3	332,337.3
Total Equity And Liabilities	636,663.5	640,869.8	541,416.9	546,681.2

Note:

- (1) Pursuant to the application of the new IFRS 16 *Leases* effective 1 January 2019, the Group has recognised right-of-use assets and lease liability on the Balance Sheet. See Section 5 of this *Financial Statements Announcement* for further information regarding the adoption of IFRS 16.

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

Amount repayable in one year or less, or on demand

As at 30 June 2019		As at 31 December 2018	
Secured ⁽³⁾	Unsecured ⁽²⁾	Secured	Unsecured
(US\$ thousands)			
177,356.5	6,883.6	20,000.0	-

Amount repayable after one year

As at 30 June 2019		As at 31 December 2018	
Secured ⁽⁴⁾	Unsecured ⁽⁵⁾	Secured	Unsecured
(US\$ thousands)			
69,513.7	223,020.5	214,979.6	224,092.9

Notes:

- (2) Aggregate of the unsecured term loan principal repayable in August 2019 and February 2020.
(3) Relating to the RCF, which will mature on 30 June 2020.
(4) Relating to the 2024 ZCNs.
(5) Aggregate of the 2022 Notes, 2023 Notes and the non-current unsecured term loan principal.

Details of any collateral

As at 30 June 2019, certain subsidiaries of the Company have assets pledged under the RCF. On 29 March 2018, the RCF was extended by two years to 30 June 2020. There were no changes to the existing terms and conditions of the RCF. On 9 April 2018, DBS provided the Bridge Upsize under the RCF for a period of up to three months to support the Group's liquidity requirements. On 5 July 2018, the Bridge Upsize was extended for three months to 8 October 2018, and subsequently for another three months to 8 January 2019. On 8 January 2019, the Bridge Upsize maturity date was extended monthly to 8 February 2019, 8 March 2019 and subsequently to 8 April 2019. On 4 April 2019, DBS increased the RCF by an amount which would not result in the total commitments exceeding US\$200 million, whereby DBS provided an additional commitment of US\$31.7 million (the "**RCF Upsize**") under the RCF and the Bridge Upsize was subsumed under the RCF. Arrangement fees paid to DBS on the RCF extension, Bridge Upsize and RCF Upsize amounted to US\$2.7 million.

The 2024 ZCNs, issued under the terms of the Preferential Offering, have a first ranking security interest over the shares and certain accounts of SJ Production Barge Ltd., a wholly-

owned subsidiary of the Company, and a junior ranking security interest over the assets secured or to be secured from time to time under the RCF.

For further information on the RCF security, see the offering circular for the Preferential Offering dated 6 January 2017 and the final information memorandum in relation to the 2022 Notes and 2023 Notes dated 11 January 2017.

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

	The Group			
	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	<i>(unaudited)</i>			
	<i>(US\$ thousands)</i>			
Operating activities:				
Loss before tax	(47,656.8)	(31,977.0)	(67,777.8)	(49,231.4)
Adjustments for:				
Depreciation, depletion and amortisation	12,973.6	10,581.7	24,391.6	22,468.5
Depreciation of property, plant and equipment	18.6	12.2	26.5	35.9
Depreciation of right-of-use assets	10,186.9	-	20,263.0	-
Decommissioning provisions	-	(298.2)	-	(688.3)
Dry hole expenses	-	6,430.8	-	6,430.8
Employee defined benefits	37.3	(122.2)	74.8	(238.0)
Equity-settled transactions with employees	58.7	62.0	118.6	123.4
Gain on disposal of subsidiary	-	(2,526.7)	-	(2,526.7)
Impairment loss on exploration and evaluation assets	34,252.5	12,938.6	34,252.5	12,938.6
Net fair value (gain)/loss on financial instruments	(310.1)	3,481.9	204.6	4,271.5
Unrealised foreign exchange (gain)/loss on financial instruments	(5,034.7)	(4,431.4)	(176.7)	522.4
Finance cost	8,311.7	9,061.0	14,888.5	14,641.7
Unwinding of discount on bonds	4,473.4	5,352.2	8,781.7	10,510.3
Unwinding of discount on decommissioning provisions	555.2	427.2	1,110.3	916.9
Unwinding of discount on lease liability	1,062.9	-	2,319.4	-
Interest income	(227.7)	(144.8)	(478.2)	(217.4)
Operating cash flows before changes in working capital	18,701.5	8,847.3	37,998.8	19,958.2
Inventories	9,613.2	3,854.9	3,895.3	6,632.5
Trade and other receivables	(6,865.8)	20,518.9	(8,811.4)	14,250.0
Trade and other payables	(19,195.4)	13,118.7	(17,204.8)	12,714.6
Cash flows generated from operations	2,253.5	46,339.8	15,877.9	53,555.3
Interest received	227.7	144.8	478.2	217.4
Interest paid	(4,908.7)	(4,968.4)	(9,014.2)	(8,478.2)
Taxes paid	(2,270.5)	(2,918.6)	(2,270.5)	(2,918.6)
Net cash (used in)/from operating activities	(4,698.0)	38,597.6	5,071.4	42,375.9

	The Group			
	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	(unaudited) (US\$ thousands)			
Investing activities:				
Addition to exploration and evaluation assets	(2,034.1)	(9,361.5)	(9,476.7)	(15,428.7)
Addition to oil and gas properties	(1,780.5)	(4,609.7)	(15,169.4)	(21,659.6)
Proceeds from disposal of subsidiary	4,190.2	8,450.0	4,190.2	8,450.0
Purchase of other plant, property and equipment	(2.0)	(3.4)	(113.9)	(7.5)
Subsequent expenditure on assets refurbishment	(1,589.3)	(148.6)	(1,663.9)	(440.8)
Net cash used in investing activities	(1,215.7)	(5,673.2)	(22,233.7)	(29,086.6)
Financing activities:				
Payment of bond interest	(1,958.1)	(983.8)	(5,035.0)	(2,541.6)
Proceeds from bank borrowings	29,086.5	20,000.0	29,086.5	20,000.0
Repayment of bank borrowings	(20,000.0)	(15,000.0)	(20,000.0)	(15,000.0)
Lease payments	(5,062.0)	-	(12,781.2)	-
Decrease in cash collateralised	2,000.0	-	2,000.0	-
Net cash from/(used in) financing activities	4,066.4	4,016.2	(6,729.7)	2,458.4
Net (decrease)/increase in cash and cash equivalents	(1,847.3)	36,940.6	(23,892.0)	15,747.7
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	(40.9)	(52.2)	(12.4)	(21.1)
Cash and cash equivalents at beginning of the period	47,320.2	44,393.0	69,336.4	65,554.8
Cash and cash equivalents at end of the period	45,432.0	81,281.4	45,432.0	81,281.4
Add: restricted cash	6,270.0	8,270.0	6,270.0	8,270.0
Cash and bank balances at end of the period	51,702.0	89,551.4	51,702.0	89,551.4

As at 30 June 2019, total cash and cash equivalents were US\$45.4 million compared with US\$81.3 million as at 30 June 2018, and unused sources of liquidity including undrawn amounts of the RCF as at 30 June 2019 amounted to US\$29.9 million.

Net Cash used in/from Operating Activities

Net cash used in operating activities was US\$4.7 million in 2Q2019 versus net cash from operating activities of US\$38.6 million in 2Q2018 as a result of movements in working capital, including the netting of proceeds from a crude term sales agreement of US\$13.9 million.

Net Cash used in Investing Activities

Net cash used in investing activities amounted to US\$1.2 million in 2Q2019 (2Q2018: US\$5.7 million). Material capital expenditure in 2Q2019 included (i) development activities in

Cambodia Block A of US\$3.3 million; (ii) US\$1.2 million for seismic acquisition in Andaman II PSC; and (iii) ongoing ordinary course of business expenditure in B8/32 and G10/48. In 2Q2019, the Group received the remaining consideration for the disposal of subsidiary of US\$4.2 million.

Net Cash from/used in Financing Activities

Net cash from financing activities amounted to US\$4.0 million (2Q2018: US\$4.0 million). In 2Q2019, US\$29.1 million was drawn from the RCF Upsize, of which \$20.0 million was used to repay the Bridge Upsize, and the Group made principal lease payments on the right-of-use assets of US\$5.0 million. Payment of bond interest doubled following the step-up in the rate of cash interest from 2.0% per annum to 4.0% per annum.

Borrowings

As at 30 June 2019, the total amount drawn on the RCF and RCF Upsize was US\$177.4 million. Unused sources of liquidity (comprising cash and cash equivalents and undrawn amounts from the RCF) amounted to US\$29.9 million. Gearing as at 30 June 2019 was 110.8%.

The Group's RCF, as provided by DBS, will mature on 30 June 2020. As such, the amount drawn as at 30 June 2019 of US\$177.4 million has been classified as current liability.

1 (d)(i) A statement (for the issuer and 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

THE GROUP	Share Capital	Share Premium	Accumulated Losses	Foreign Currency Translation Reserve	Employee Share Reserve	General Reserve	Total Equity
	(US\$ thousands)						
At 1 January 2019	1,878.6	730,302.2	(740,150.0)	(1,923.5)	1,012.1	31,619.2	22,738.6
Loss net of tax	-	-	(20,855.5)	-	-	-	(20,855.5)
<u>Other comprehensive income:</u>							
Exchange differences on translation of foreign operations	-	-	-	29.0	-	-	29.0
Total comprehensive loss for the period	-	-	(20,855.5)	29.0	-	-	(20,826.5)
Equity-settled transactions with employees	-	-	-	-	59.9	-	59.9
At 31 March 2019	1,878.6	730,302.2	(761,005.5)	(1,894.5)	1,072.0	31,619.2	1,972.0
Loss net of tax	-	-	(48,637.5)	-	-	-	(48,637.5)
<u>Other comprehensive loss:</u>							
Exchange differences on translation of foreign operations	-	-	-	(42.7)	-	-	(42.7)
Total comprehensive loss for the period	-	-	(48,637.5)	(42.7)	-	-	(48,680.2)
Equity-settled transactions with employees	-	-	-	-	58.7	-	58.7

At 30 June 2019	1,878.6	730,302.2	(809,643.0)	(1,937.2)	1,130.7	31,619.2	(46,649.5)
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THE GROUP

	Share Capital	Share Premium	Accumulated Losses	Foreign Currency Translation Reserve	Employee Share Reserve	General Reserve	Total Equity
	(US\$ thousands)						
At 1 January 2018	1,878.6	730,302.2	(602,978.9)	(1,862.0)	767.2	31,619.3	159,726.4
Loss net of tax	-	-	(18,187.5)	-	-	-	(18,187.5)
<u>Other comprehensive income:</u>							
Exchange differences on translation of foreign operations	-	-	-	31.6	-	-	31.6
Total comprehensive loss for the period	-	-	(18,187.5)	31.6	-	-	(18,155.9)
Equity-settled transactions with employees	-	-	-	-	61.5	-	61.5
At 31 March 2018	1,878.6	730,302.2	(621,166.4)	(1,830.4)	828.7	31,619.3	141,632.0
Loss net of tax	-	-	(33,110.4)	-	-	-	(33,110.4)
<u>Other comprehensive loss:</u>							
Exchange differences on translation of foreign operations	-	-	-	(52.6)	-	-	(52.6)
Total comprehensive loss for the period	-	-	(33,110.4)	(52.6)	-	-	(33,163.0)
Equity-settled transactions with employees	-	-	-	-	62.0	-	62.0
At 30 June 2018	1,878.6	730,302.2	(654,276.8)	(1,883.0)	890.7	31,619.3	108,531.0

THE COMPANY

	Share Capital	Share Premium	Accumulated Losses	Employee Share Option Reserve	General Reserve	Total Equity
	(US\$ thousands)					
At 1 January 2019	1,878.6	730,302.2	(559,149.4)	1,012.1	40,300.4	214,343.9
Loss net of tax	-	-	(12,897.1)	-	-	(12,897.1)
<u>Other comprehensive income</u>	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(12,897.1)	-	-	(12,897.1)
Equity-settled transactions with employees	-	-	-	59.9	-	59.9
At 31 March 2019	1,878.6	730,302.2	(572,046.5)	1,072.0	40,300.4	201,506.7
Loss net of tax	-	-	(3,405.8)	-	-	(3,405.8)
<u>Other comprehensive income</u>	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(3,405.8)	-	-	(3,405.8)
Equity-settled transactions with employees	-	-	-	58.7	-	58.7
At 30 June 2019	1,878.6	730,302.2	(575,452.3)	1,130.7	40,300.4	198,159.6

THE COMPANY	Share Capital	Share Premium	Accumulated Losses	Employee Share Option Reserve	General Reserve	Total Equity
	(US\$ thousands)					
At 1 January 2018	1,878.6	730,302.2	(24,307.8)	767.2	40,300.3	748,940.5
Loss net of tax	-	-	(14,080.0)	-	-	(14,080.0)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(14,080.0)	-	-	(14,080.0)
Equity-settled transactions with employees	-	-	-	61.5	-	61.5
At 31 March 2018	1,878.6	730,302.2	(38,387.8)	828.7	40,300.3	734,922.0
Loss net of tax	-	-	(8,887.6)	-	-	(8,887.6)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(8,887.6)	-	-	(8,887.6)
Equity-settled transactions with employees	-	-	-	62.0	-	62.0
At 30 June 2018	1,878.6	730,302.2	(47,275.4)	890.7	40,300.3	726,096.4

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

The Company did not hold any treasury shares or subsidiary holdings as at 30 June 2019 (30 June 2018: Nil).

KrisEnergy Employee Share Option Scheme ("KrisEnergy ESOS")

The KrisEnergy ESOS was implemented and adopted during the Company's initial public offering ("IPO"). The duration of the KrisEnergy ESOS is 10 years commencing from 10 July 2013. As at 30 June 2019, there were no outstanding options under the KrisEnergy ESOS.

KrisEnergy Performance Share Plan ("KrisEnergy PSP")

The KrisEnergy PSP was implemented and adopted during the IPO. The duration of the KrisEnergy PSP is 10 years commencing from 10 July 2013. The awards granted under the KrisEnergy PSP are as follows:

- As disclosed and further described in the Prospectus dated 12 July 2013, under the management shareholders awards (“**MS-Awards**”) granted pursuant to the KrisEnergy PSP during the IPO, up to 3.0% (issued under equal First Tranche and Second Tranche) of the issued ordinary shares in the capital of the Company (“**Shares**”) may be vested upon the satisfaction of the conditions of the MS-Awards. Following the exit of First Reserve Fund, XII LP on 6 April 2018, the First Tranche Condition (as defined in the Prospectus) had been satisfied. However, in accordance with and as permitted under the terms of the MS-Awards, as the Company does not have sufficient distributable reserves or amounts credited to its premium account at the relevant junctures to make the required issue of Shares (being the first one-third and the next one-third of the First Tranche), the Company has determined to pay a cash sum equal to the aggregate fair market value of the Shares that would otherwise have been issued. The cash sum has been paid for the first one-third of the First Tranche, while the cash sum will be paid on a delayed basis for the next one-third of the First Tranche (taking into account cash reserves and budgeted commitments for the following 12 months).
- On 13 November 2013, awards comprising 5,429,689 Shares were granted to employees, including 963,624 Shares to the Executive Directors.
- On 25 June 2014, awards comprising 1,713,111 Shares were granted to employees, including 963,624 Shares to the Executive Directors.
- On 31 December 2014, awards comprising 3,473,737 Shares were granted to employees, including 1,680,840 Shares to the Executive Directors.
- On 17 March 2015, awards comprising 647,325 Shares were granted to employees. No awards were granted to any Executive Directors.
- On 9 November 2015, awards comprising 11,613,474 Shares were granted to employees, including 1,622,244 Shares to the Executive Directors.

As at 30 June 2019, the number of Shares granted as awards under the KrisEnergy PSP, but not yet vested was (a) up to 2.5% of the Shares may be vested upon the satisfaction of the conditions of the MS-Awards; and (b) 5,186,848 Shares.

The awards allotted and issued under the KrisEnergy PSP are as follows:

- On 21 July 2014, pursuant to the partial vesting of awards granted on 13 November 2013 under the KrisEnergy PSP, 1,809,898 Shares were allotted and issued to employees, including 321,207 Shares to Executive Directors.
- On 20 July 2015, pursuant to the partial vesting of awards granted on 13 November 2013 and 17 March 2015 under the KrisEnergy PSP, 2,025,674 Shares were allotted and issued to employees, including 321,207 Shares to Executive Directors.
- On 31 December 2015, pursuant to the partial vesting of awards granted on 9 November 2015 under the KrisEnergy PSP 3,916,835 Shares were allotted and issued to employees, including 540,747 Shares to Executive Directors.

- On 19 July 2016, pursuant to the partial vesting of awards granted on 13 November 2013 and 17 March 2015 under the KrisEnergy PSP, 1,921,278 Shares were allotted and issued to employees, including 214,140 Shares to Executive Directors.
- On 30 December 2016, pursuant to the partial vesting of awards granted on 9 November 2015 under the KrisEnergy PSP, 3,649,501 Shares were allotted and issued to employees, including 360,498 Shares to Executive Directors.
- On 19 July 2017, pursuant to the partial vesting of awards granted on 17 March 2015 under the KrisEnergy PSP, 205,154 Shares were allotted and issued to employees.
- On 29 December 2017, pursuant to the partial vesting of awards granted on 9 November 2015 under the KrisEnergy PSP, 3,010,511 Shares were allotted and issued to employees, including 288,400 Shares to Executive Directors.

On 2 February 2017, along with the 2024 ZCNs, 1,255,183,632 Warrants were issued by the Company. Each Warrant converts to one share in the ordinary share capital of the Company.

On 17 February 2017 and 7 March 2017, 9,000 Warrants and 2,376 Warrants were exercised and converted into 9,000 Shares and 2,376 Shares, respectively.

As at 30 June 2019, the Company's issued share capital was 1,502,849,065 Shares and 1,255,172,256 outstanding Warrants.

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 end of the immediately preceding year

SHARE CAPITAL	As at 30 June 2019		As at 31 December 2018	
	(unaudited)			
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid ordinary shares				
At 1 January	1,502,849,065	1,878,562	1,502,849,065	1,878,562
At reporting date	<u>1,502,849,065</u>	<u>1,878,562</u>	<u>1,502,849,065</u>	<u>1,878,562</u>
SHARE PREMIUM	As at 30 June 2019		As at 31 December 2018	
	(unaudited)			
	US\$			
At 1 January	730,302,151		730,302,151	
At reporting date	<u>730,302,151</u>		<u>730,302,151</u>	

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

There were no sales, transfer, cancellation and/or use of treasury shares as at 30 June 2019 (30 June 2018: Nil).

1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at end of the current financial period reported on.

There were no sales, transfer, cancellation and/or use of subsidiary holdings as at 30 June 2019 (30 June 2018: Nil).

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The financial statements have not been audited or reviewed by the Group's external auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of 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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018, except for those disclosed under paragraph 5.

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

The Group has adopted the new and revised standards that are effective for annual periods beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance of the Group for the current financial period except for the following.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related Interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and lease of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exception) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present

value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
Loss per share attributable to owners of the Company:				
(i) Based on a weighted average number of shares (cents per share)	(3.2)	(2.2)	(4.6)	(3.4)
- Weighted average number of shares	1,502,849,065	1,502,849,065	1,502,849,065	1,502,849,065
(ii) On a fully diluted basis (cents per share)	(3.2)	(2.2)	(4.6)	(3.4)
- Adjusted weighted average number of shares	1,508,035,913	1,508,035,913	1,508,035,913	1,508,035,913

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

	The Group		The Company	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December
	2019	2018	2019	2018
			(Unaudited) (US\$)	
Net asset value per ordinary share ⁽¹⁾	(0.03)	0.02	0.13	0.14
Net tangible asset per ordinary share ⁽¹⁾	(0.04)	0.01	0.13	0.14

Note:

(1) Based on share capital of 1,502,849,065 ordinary shares as at 30 June 2019 and 31 December 2018

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 (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonable 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

The following table sets forth a selected summary of our income statement and non-IFRS financial data for the three months and six months ended 30 June 2019.

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	(unaudited)			
	(US\$ thousands)			
Sales of crude oil	38,862.9	42,422.8	60,458.2	81,409.3
Sales of gas	4,123.1	3,303.1	8,113.8	6,824.7
Revenue	42,986.0	45,725.9	68,572.0	88,234.0
Cost of sales:				
Operating costs	(19,464.2)	(30,254.5)	(22,956.0)	(54,747.4)
Thai petroleum royalties paid	(3,453.1)	(3,384.8)	(5,597.8)	(6,657.9)
Depreciation, depletion and amortisation	(23,026.2)	(10,581.7)	(44,386.5)	(22,468.5)
Gross (loss)/profit	(2,957.5)	1,504.9	(4,368.3)	4,360.2
Other income	2,765.2	7,675.1	5,478.7	4,749.8
General and administrative expenses	(4,883.3)	(3,610.2)	(8,698.3)	(8,249.0)
Other operating expenses	(28,405.7)	(22,851.2)	(33,568.2)	(24,240.9)
Finance income	227.7	144.8	478.2	217.4
Finance costs	(14,403.2)	(14,840.4)	(27,099.9)	(26,068.9)
Loss before tax	(47,656.8)	(31,977.0)	(67,777.8)	(49,231.4)
Tax expense	(980.7)	(1,133.4)	(1,715.2)	(2,066.5)
Loss for the period	(48,637.5)	(33,110.4)	(69,493.0)	(51,297.9)

Revenue

Working interest production in 2Q2019 averaged 10,669 boepd, a 2.1% decrease from the same period last year (2Q2018: 10,902 boepd). The 2Q2018 period included two months of working interest volumes from the Nong Yao oil field in G11/48, which the Group exited at the end of May 2018. On a *pro forma* basis, excluding G11/48, the Group's three remaining producing assets – Block 9, B8/32 and G10/48 – recorded working interest production of 9,637 boepd in 2Q2018. The 10.7% increase in the 2Q2019 period resulted from higher production from B8/32, Block 9 and G10/48 following infill drilling and well intervention activities.

Despite the increase in production, revenue for 2Q2019 decreased 6.0% to US\$43.0 million (2Q2018: US\$45.7 million) as a result of lower average realised selling prices for oil and liquids, partially offset by the higher average realised selling prices for gas in Thailand.

The average realised oil and liquids sales price in 2Q2019 decreased 7.9% to US\$64.30/bbl (2Q2018: US\$69.82/bbl). The average realised gas price achieved from B8/32 in 2Q2019 was US\$4.93/mcf, 13.3% higher than a year ago (2Q2018: US\$4.35/mcf) due to a price adjustment in April 2019.

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
Production volumes				
Oil and liquids (bopd)	5,324	6,031	4,986	6,458

Gas (mmcf)	32.1	29.2	32.5	30.3
Total (boepd)	10,669	10,902	10,396	11,514
Average sales price				
Oil and liquids (US\$/bbl)	64.30	69.82	61.47	65.59
Gas – B8/32 (US\$/mcf)	4.93	4.35	5.00	4.21
Gas – Block 9 (US\$/mcf)	2.32	2.32	2.32	2.32

Cost of Sales

Following the adoption of IFRS 16, operating costs amounted to US\$19.5 million in 2Q2019 (2Q2018: US\$30.3 million) as the bareboat charters for the Wassana field operations – namely the MOPU and FSO – are accounted for as DD&A. However, adjusted operating cost in 2Q2019 per EBITDAX computation was US\$29.3 million. The year-on-year decrease was due to the exclusion of Nong Yao operating cost in 2Q2019, partially offset by higher operating cost from G10/48 in line with the 19.7% increase in sales volume in 2Q2019 versus the same period last year. In accordance with the Group's accounting policies and industry practice, operating costs are incurred and matched with revenue earned at the time of offtake. Although operating expenditure associated with the Wassana field is largely fixed, the accounting recognition of costs will fluctuate in line with timing and sales volumes and hence, revenue earned.

Average lifting costs reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period. In 2Q2019, the Group's average lifting cost was US\$20.14/boe compared with US\$26.98/boe for 2Q2018. The 25.4% decrease was attributed to lower operating expenditure at the Wassana field compared to a year ago when equipment repairs and well workovers were undertaken.

In 2Q2019, DD&A charges doubled to US\$23.0 million (2Q2018: US\$10.6 million) mainly as a result of additional DD&A for the Wassana facilities in accordance with IFRS 16.

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
Average lifting cost⁽¹⁾				
Oil, liquids and gas (US\$/boe)	20.14	26.98	21.04	23.45
Net operating expenditure (US\$'000)	19,551.8	26,768.3	39,586.5	48,878.5
Total production (boe)	970,845	992,049	1,881,679	2,083,952

Note:

(1) Calculation of average lifting cost has been revised to reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period.

Other income

Other income was US\$2.8 million in 2Q2019 compared with US\$7.7 million in 2Q2018. The decrease was mainly due to the 2Q2018 gain on the disposal of a subsidiary amounting to US\$2.5 million.

General and administrative expenses

General and administrative expenses increased to US\$4.9 million in 2Q2019 (2Q2018: US\$3.6 million). The 35.3% increase was primarily attributable to higher joint operations general and administrative expenses and professional fees.

Other operating expenses

Other operating expenses amounted to US\$28.4 million in 2Q2019 (2Q2018: US\$19.6 million). The increase was mainly due to the non-cash provision in accordance with IFRS of US\$34.3 million for the Udan Emas PSC related to the approaching expiry of the concession, partially offset by unrealised foreign exchange gain of US\$5.2 million. In 2Q2018, the Group wrote off US\$12.9 million in relation to the relinquishment of the East Seruway PSC and recognised US\$6.4 million in dry hole expenses for the Ca Lang-1 exploration well in Block 120 offshore Vietnam.

Finance income

Finance income was higher year-on-year due to higher interest rates on term deposits in 2Q2019.

Finance costs

Finance costs amounted to US\$14.4 million in 2Q2019 (2Q2018: US\$14.8 million), as a result of (i) non-cash accretion of bond discount, lease liability and decommissioning provisions of US\$6.1 million; (ii) bank loan interest on the RCF of US\$3.4 million; and (iii) interest expenses on the 2022 Notes and 2023 Notes of US\$2.5 million.

Loss before tax

The loss before tax in 2Q2019 of US\$47.7 million (2Q2018: US\$32.0 million) was mainly attributable to the provision of US\$34.3 million for the Udan Emas PSC in Indonesia in accordance with IFRS, coupled with higher DD&A charges for the period.

Tax expense

Tax expense amounted to US\$1.0 million in 2Q2019 (2Q2018: US\$1.1 million) due to lower provision of tax expense in line with lower revenue compared with the same period last year.

Loss for the period

The net loss for the period was US\$48.6 million in 2Q2019 (2Q2018: US\$33.1 million) as a result of the above-mentioned factors.

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

No forecast or prospect statement was previously provided.

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

Oil prices remain volatile and there is much uncertainty related to geopolitical factors and economic drivers. The International Energy Agency in its latest monthly *Oil Market Report* dated 9 August 2019, stated: "There have been concerns about the health of the global economy expressed in recent editions of this Report and shown by reduced expectations for oil demand growth. Now, the situation is becoming even more uncertain: the US-China trade dispute remains unresolved and in September new tariffs are due to be imposed. Tension

between the two has increased further this week, reflected in heavy falls for stock and commodity markets. Oil prices have been caught up in the retreat, falling to below (US)\$57/bbl earlier this week. In this Report, we took into account the International Monetary Fund's recent downgrading of the economic outlook: they reduced by 0.1 percentage points for both 2019 and 2020 their forecast for global GDP growth to 3.2% and 3.5%, respectively."

"Oil demand growth estimates have already been cut back sharply ... The outlook is fragile with a greater likelihood of a downward revision than an upward one."

The Group continues to tightly manage its liquidity position and take all measures to reduce costs and curtail discretionary expenditure. Managing liquidity while progressing development projects remain the Group's primary challenge.

Recent Developments

- On 25 July 2019, the Group announced that the High Court of Justice Business and Property Courts of England and Wales has issued judgement in favour of Rubicon Vantage International Pte Ltd ("**Rubicon**") by providing that Rubicon has made a valid demand within the meaning of a parent company guarantee made by KrisEnergy Ltd. Please refer to the announcement entitled *Update on Legal Proceedings* dated 25 July 2019 for more details.
- On 25 July 2019, the Group also announced that the Company's subsidiary, KrisEnergy (Gulf of Thailand) ("**KEGOT**") has received a notice of arbitration pursuant to the UNCITRAL Arbitration Rules from Northern Gulf Petroleum Pte Ltd ("**Northern Gulf**") relating to the conduct of an exclusive operation in Block G6/48. In furtherance of this, Northern Gulf has sought a subpoena from the Royal Thai Police, Economic Crime Suppression Division, against KEGOT. Please refer to the announcement entitled *Update on Legal Proceedings* dated 25 July 2019 for more details.
- On 14 August 2019, the Company announced it has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and to seek a moratorium against enforcement actions and legal proceedings by creditors against the Company pursuant to section 211B of the Companies Act (Cap. 50). Please refer to the announcement entitled *Application for moratorium pursuant to Section 211B of the Companies Act (Cap. 50)* dated 14 August 2019 for more details.

11. Dividend

(a) Any dividend declared for the current financial period reported on

None.

(b) Any dividend declared for the corresponding period of the immediately preceding financial year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision

Due to the Group's accumulated losses, no dividend has been declared or recommended for the six months ended 30 June 2019.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group does not have an existing IPT mandate. As at 31 March 2019, the Group had an ongoing general mandate from shareholders for interested person transactions. However, this general mandate was not renewed at the annual general meeting of the Company held on 26 April 2019 and has accordingly lapsed. The aggregate value of the interested person transaction with Keppel Corporation Limited (and/or its subsidiaries including Keppel Shipyard Limited) conducted under the then existing general mandate is S\$30,000,000.

14. Negative confirmation pursuant to Rule 705(5)

Pursuant to Rule 705(5), we, Tan Ek Kia and Kelvin Tang, being two directors of 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 unaudited financial results for the six months ended 30 June 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers pursuant to Rule 720(1).

On behalf of the board of directors.

Tan Ek Kia
Independent Non-Executive Chairman

Kelvin Tang
Executive Director &
Chief Executive Officer

Singapore, 14 August 2019