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

Financial Statement and Dividend Announcement for the Period Ended 30 September 2015

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 (3rd Quarter) 3 months ended			Group (Year-to-date) 9 months ended		
	30.09.2015	30.09.2014	Increase/ (Decrease)	30.09.2015	30.09.2014	Increase/ (Decrease)
	$'000	$'000		$'000	$'000	
Revenue	23,194	58,463	(60.3%)	79,094	164,198	(51.8%)
Cost of sales	(13,490)	(29,577)	(54.4%)	(54,864)	(83,464)	(34.3%)
Gross profit	**9,704**	**28,886**	**(66.4%)**	**24,230**	**80,734**	**(70.0%)**
Direct depreciation	(3,387)	(11,807)	(71.3%)	(11,140)	(31,194)	(64.3%)
Gross profit after direct depreciation	**6,317**	**17,079**	(63.0%)	**13,090**	**49,540**	**(73.6%)**
Other income	594	1,465	(59.5%)	1,897	56,866	(96.7%)
Administrative expenses	(7,132)	(9,940)	(28.2%)	(21,486)	(26,065)	(17.6%)
Other operating expenses	(20,044)	(758)	2544.3%	(49,287)	(6,470)	661.8%
Finance income	726	656	10.7%	2,127	2,028	4.9%
Finance costs	(4,669)	(5,412)	(13.7%)	(14,543)	(13,804)	5.4%
Share of results of joint ventures (net of tax)	(15,975)	2,680	N/M	(11,940)	8,151	N/M
(Loss)/Profit before tax	**(40,183)**	**5,770**	**N/M**	**(80,142)**	**70,246**	**N/M**
Tax expense	(521)	(2,439)	(78.6%)	(100)	(6,493)	(98.5%)
(Loss/)Profit for the period	**(40,704)**	**3,331**	**N/M**	**(80,242)**	**63,753**	**N/M**
Results attributable to:						
Owners of the Company	**(38,079)**	**(559)**	**6712.0%**	**(71,785)**	**46,384**	**N/M**
Non-controlling interests	(2,625)	3,890	N/M	(8,457)	17,369	N/M
(Loss/)Profit for the period	**(40,704)**	**3,331**	**N/M**	**(80,242)**	**63,753**	**N/M**

N/M – Not Meaningful

See paragraph 8 for more explanation on the income statement review

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

	30.09.2015	30.09.2014	Increase/ (Decrease)	30.09.2015	30.09.2014	Increase/ (Decrease)
	$'000	$'000		$'000	$'000	
Interest income	726	656	10.7%	2,127	2,028	4.9%
Amortisation of intangible assets	(137)	(161)	(14.9%)	(398)	(403)	(1.2%)
Depreciation of plant and equipment	(17,769)	(13,530)	31.3%	(42,725)	(34,422)	24.1%
Impairment loss on plant and equipment	-	-	N/M	(3,856)	-	N/M
Finance costs on convertible bonds	(1,518)	(1,744)	(13.0%)	(4,714)	(5,078)	(7.2%)
Interest expense on other borrowings	(3,151)	(3,668)	(14.1%)	(9,829)	(8,726)	12.6%
Write-back of doubtful trade receivables	662	-	N/M	662	265	149.8%
Write-back of doubtful non-trade receivables	(77)	-	N/M	(77)	-	N/M
Bad trade debts written off	-	-	N/M	-	(249)	N/M
Foreign exchange gain/(loss)	(115)	681	N/M	832	380	118.9%
(Loss)/Gain on disposal of plant and equipment	(7)	(92)	(92.4%)	(7)	54,274	N/M
Plant and equipment written off	(1)	-	N/M	(1)	(35)	(97.1%)
Gain/(Loss) on liquidation/disposal of joint ventures	8	(12)	N/M	8	(12)	N/M
Adjustments for (under) or overprovision of tax in respect of prior years	(189)	81	N/M	380	(1,060)	N/M

N/M – Not Meaningful

See paragraph 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	
	30.09.2015 $'000	31.12.2014 $'000	30.09.2015 $'000	31.12.2014 $'000
Current Assets				
Cash and cash equivalents	31,591	78,210	3,174	3,778
Amounts due from subsidiaries	-	-	12,448	11,050
Amounts due from joint ventures	2,156	4,982	22	46
Trade receivables	24,830	64,460	-	-
Contract work-in-progress	1,697	672	-	-
Inventories	236	459	-	-
Assets held for sale	4,058	-	-	-
Other current assets	16,014	14,286	95	151
	80,582	**163,069**	**15,739**	**15,025**
Non-Current Assets				
Joint ventures	130,560	144,539	124,609	124,609
Amounts due from joint ventures	39,932	34,866	-	-
Subsidiaries	-	-	226,278	246,719
Plant and equipment	574,694	572,453	610	779
Intangible assets and goodwill	4,155	4,162	-	-
Other non-current assets	302	320	301	301
Deferred tax assets	2,802	2,601	-	-
	752,445	**758,941**	**351,798**	**372,408**
Total assets	**833,027**	**922,010**	**367,537**	**387,433**
Current Liabilities				
Trade and other payables	33,525	44,700	2,901	3,265
Provision for current tax	10,804	13,209	631	1,025
Amounts due to subsidiaries	-	-	9,350	6,792
Borrowings	153,491	116,139	66,925	21,579
	197,820	**174,048**	**79,807**	**32,661**
Non-Current Liabilities				
Trade and other payables	1,579	1,275	-	-
Amounts due to joint ventures	3,559	3,304	3,559	3,304
Borrowings	234,022	297,615	5,250	47,724
Deferred tax liabilities	422	712	382	593
	239,582	**302,906**	**9,191**	**51,621**
Total liabilities	**437,402**	**476,954**	**88,998**	**84,282**
Net assets	**395,625**	**445,056**	**278,539**	**303,151**
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	(3,750)	(3,750)	-	-
Treasury shares	(34,510)	(34,510)	(34,510)	(34,510)
Foreign currency translation reserve	(6,810)	(31,353)	-	-
Share based compensation reserve	775	-	775	-
Accumulated profits	(16,210)	55,575	(72,416)	(47,026)
	324,185	**370,652**	**278,539**	**303,154**
Non-controlling interests	71,440	74,404	-	-
Total equity	**395,625**	**445,056**	**278,539**	**303,154**

See paragraph 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 30.09.2015	Group 31.12.2014
	$'000	$'000
Secured	85,666	94,121
Unsecured	67,825	22,018
Total	153,491	116,139

Amount repayable after one year

	Group 30.09.2015	Group 31.12.2014
	$'000	$'000
Secured	228,772	249,891
Unsecured	5,250	47,724
Total	234,022	297,615

Details of the collaterals:

Secured borrowings are generally bank loans secured on plant and equipment and pledge of cash deposits in the borrowing companies. Unsecured borrowings include convertible bonds issued by the Company.

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) 9 months ended	
	30.09.2015	30.09.2014
Operating activities	$'000	$'000
(Loss)/Profit before tax	(80,142)	70,246
Adjustments for:		
Amortisation of intangible assets	398	403
Depreciation of plant and equipment	42,725	34,422
Impairment loss on plant and equipment	3,856	-
Write-back of impairment loss on non-trade receivables	77	0
Write-back of impairment loss on trade receivables	662	265
Loss/(Gain) on disposal of plant and equipment	7	(54,274)
(Gain)/Loss on liquidation of joint ventures	(8)	12
Interest income	(2,127)	(2,028)
Interest expense on other borrowings	9,829	8,726
Finance cost on convertible bonds	4,714	5,078
Plant and equipment written off	1	35
Share of results of joint ventures	11,940	(8,151)
Operating (loss)/profit before changes in working capital	(8,068)	54,734
Changes in working capital:		
Inventories	(803)	(574)
Trade receivables	40,361	(18,282)
Other current assets	(872)	(9,535)
Trade and other payables	(9,953)	(5,743)
Cash generated from operations	20,665	20,600
Tax paid	(3,334)	(2,253)
Cash flows from operating activities	**17,331**	**18,347**
Investing activities		
Repayment of quasi equity loans to joint ventures	-	660
Decrease in non-trade receivables with joint ventures	759	8,689
Dividends received	4,017	2,214
Interest received	2,127	2,028
Payments for purchase of plant and equipment	(8,855)	(262,662)
Proceeds from disposal of plant and equipment	10	108,018
Payments for purchase of intangible assets	(145)	(154)
Cash flows used in investing activities	**(2,087)**	**(141,207)**
Financing activities		
Decrease in non-trade payables with joint ventures	(326)	(1,146)
Proceeds from bills payable to bank	1,352	2,234
Repayment of bills payable to bank	(893)	(1,575)
Decrease/(Increase) in deposits pledged	4,260	(2,972)
Interest paid	(13,182)	(11,590)
Repayment of finance lease liabilities	(6)	(10)
Proceeds from bank loans	23,273	224,698
Loan from related party	6,300	-
Repayment of bank loans	(62,974)	(46,132)
Repayment of convertible bonds, excluding interest	(18,445)	-
Dividends paid to non-controlling shareholders of subsidiaries	-	(4,214)
Cash flows (used in)/from financing activities	**(60,641)**	**159,293**
Net (decrease)/increase in cash and cash equivalents	**(45,397)**	**36,433**
Cash and cash equivalents at beginning of the period	64,363	29,485
Effect of exchange rate changes on balances held in foreign currencies	3,038	(292)
Cash and cash equivalents at end of the period	**22,004**	**65,626**
Cash and cash equivalents at end of the period includes the following:		
Cash and cash equivalents	31,591	82,279
Deposits pledged	(9,587)	(16,653)
Cash and cash equivalents at end of the period	**22,004**	**65,626**

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

1(d) Statement of Comprehensive Income

	Group (Year-to-date) 9 months ended		
	30.09.2015 $'000	30.09.2014 $'000	Increase/ (Decrease) %
(Loss)/Profit attributable to:			
Owners of the Company	(71,785)	46,384	N/M
Non-controlling interests	(8,457)	17,369	N/M
(Loss)/Profit for the period	**(80,242)**	**63,753**	N/M
Other comprehensive income for the period:			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences on translation of financial statements of foreign subsidiaries	29,901	2,306	1,196.7
Other comprehensive income for the period	**29,901**	**2,306**	1,196.7
Total comprehensive (expense)/income for the period	**(50,341)**	**66,059**	N/M
Total comprehensive (expense)/income attributable to:			
Owners of the Company	(47,242)	46,910	N/M
Non-controlling interests	(3,099)	19,149	N/M
Total comprehensive (expense)/income for the period	**(50,341)**	**66,059**	N/M

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	Share based compensation reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling Interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2015	359,973	24,717	(3,750)	(34,510)	(31,353)	-	55,575	370,652	74,404	445,056
Loss for the period	-	-	-	-	-	-	(71,785)	(71,785)	(8,457)	(80,242)
Other comprehensive income										
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	-	-	-	-	24,543	-	-	24,543	5,358	29,901
Total other comprehensive income	-	-	-	-	24,543	-	-	24,543	5,358	29,901
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**-**	**24,543**	**-**	**(71,785)**	**(47,242)**	**(3,099)**	**(50,341)**
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Share based payment transactions	-	-	-	-	-	775	-	775	-	775
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	135	135
Total contributions by and distributions to owners of the Company	**-**	**-**	**-**	**-**	**-**	**775**	**-**	**775**	**135**	**910**
At 30 September 2015	**359,973**	**24,717**	**(3,750)**	**(34,510)**	**(6,810)**	**775**	**(16,210)**	**324,185**	**71,440**	**395,625**
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	-	-	-	-	-	-	46,384	46,384	17,369	63,753
Other comprehensive income										
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	-	-	-	-	526	-	-	526	1,780	2,306
Total other comprehensive income	-	-	-	-	526	-	-	526	1,780	2,306
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**526**	**-**	**46,384**	**46,910**	**19,149**	**66,059**
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Acquisition of non-controlling interests	-	-	(2,606)	-	-	-	-	(2,606)	2,606	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(4,214)	(4,214)
Total contributions by and distributions to owners of the Company	**-**	**-**	**(2,606)**	**-**	**-**	**-**	**-**	**(2,606)**	**(1,608)**	**(4,214)**
At 30 September 2014	**359,973**	**24,717**	**(3,750)**	**(34,510)**	**(44,972)**	**-**	**71,831**	**373,289**	**73,772**	**447,061**

Company	Share capital	Equity reserve	Treasury shares	Share based compensation reserve	Accumulated (losses)/ profits	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2015	359,973	24,717	(34,510)	-	(47,026)	303,154
Loss for the period	-	-	-	-	(25,390)	(25,390)
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**(25,390)**	**(25,390)**
Share based payment transactions	-	-	-	775	-	775
Total contributions by and distributions to owners of the Company	**-**	**-**	**-**	**775**	**-**	**775**
At 30 September 2015	**359,973**	**24,717**	**(34,510)**	**775**	**(72,416)**	**278,539**
At 1 January 2014	359,973	24,717	(34,510)	-	(35,730)	314,450
Loss for the period	-	-	-	-	(4,352)	(4,352)
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**(4,352)**	**(4,352)**
At 30 September 2014	**359,973**	**24,717**	**(34,510)**	**-**	**(40,082)**	**310,098**

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

There was no change in the Company's issued and paid-up capital for the period from 1 January 2015 to 30 September 2015.

As at 30 September 2015, the number of ordinary shares in issue was 524,240,215 of which 11,308,000 were held by the Company as treasury shares (30 September 2014: 524,240,215 ordinary shares of which 11,308,000 were held as treasury shares).

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. The Company fully redeemed the remaining $17 million face value of 2015 Bonds at maturity on 26 March 2015.

On 21 March 2013, the Company issued $45 million of 6.0% convertible bonds with a maturity in March 2016 (the "2016 Bonds"). As at 30 September 2015, the Company has $45 million face value of 2016 Bonds outstanding which are convertible into 54,216,720 fully-paid ordinary shares of the Company at a conversion price of $0.83 per new share.

As at 30 September 2015, the convertible bonds outstanding are convertible into 54,216,720 fully-paid ordinary shares of the Company (30 September 2014: 65,940,804 ordinary shares).

KS Energy Performance Share Plan (the "Plan")

As at 30 September 2015, the number of outstanding shares granted under the Plan, which was approved by the shareholders of the Company on 2 July 2009, was 2,669,000 (31 December 2014: nil). On 6 March 2015, pursuant to Rule 704(29) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company granted 2,669,000 share awards to senior management, pursuant to the Plan. The closing price of the Company's shares on the award date was $0.375.

Depending on the achievement of certain conditions, the final number of fully paid ordinary shares that will vest could range between 0% and 100% of the initial grant of share awards.

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 30 September 2015, the share capital less treasury shares of the Company was 512,932,215 ordinary shares (524,240,215 issued ordinary shares less 11,308,000 treasury shares).

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

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 2015:	11,308,000 shares
Purchase of treasury shares:	Nil
As at 30 September 2015:	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 2014.

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 2015. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the financial statements.

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

	Group (3rd Quarter) 3 months ended		Group (Year-to-date) 9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Earnings per ordinary share:	Cents	Cents	Cents	Cents
(a) Based on weighted average number of ordinary shares in issue	(7.42)	(0.11)	(14.00)	9.04
(b) On a fully diluted basis	(7.42)	(0.11)	(14.00)	9.04

The basic and diluted earnings per share for the three months ended 30 September 2015 was calculated by dividing the loss attributable to shareholders of $38,079,000 (30.09.2014: $559,000) by the weighted average number of shares of 512,932,215 (30.09.2014: 512,932,215) in issue during the financial period.

The basic and diluted earnings per share for the nine months ended 30 September 2015 was calculated by dividing the loss attributable to shareholders of $71,785,000 (30.09.2014: profit attributable to shareholders of $46,384,000) by the weighted average number of shares of 512,932,215 (30.09.2014: 512,932,215) in issue during the financial period.

The diluted earnings per share computation has taken into consideration the following:

(i) The grant of 2,669,000 ordinary shares under the Plan will not be dilutive for the purpose of EPS computation. This treatment is in accordance to FRS 33, para 41, that it will not have dilutive effect when the inclusion in the calculation would decrease loss per share from continuing operations.

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

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

	Group		Company	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	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	63.2	72.3	54.3	59.1

Net asset value per ordinary share is calculated by dividing the equity attributable to the owners of the Company (excluding non-controlling interests) of $324,185,000 (31.12.2014: $370,652,000) by the number of ordinary shares issued as at 30 September 2015 of 512,932,215 (31.12.2014: 512,932,215).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

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

Financial period ended 30 September 2015

	Group (3rd Quarter) 3 months ended			Group (Year-to-date) 9 months ended		
	30.09.2015	30.09.2014	Change	30.09.2015	30.09.2014	Change
Revenue by segment	**$'000**	**$'000**		**$'000**	**$'000**	
Drilling	19,764	56,636	(65.1%)	72,540	153,290	(52.7%)
Engineering	3,709	197	1782.7%	6,576	3,966	65.8%
Corporate	-	1,931	N/M	797	7,871	(89.9%)
Less: Inter-segment revenue	(279)	(301)	(7.3%)	(819)	(929)	(11.8%)
	23,194	**58,463**	**(60.3%)**	**79,094**	**164,198**	**(51.8%)**

Overview

The financial results reflect the continuing weak operating conditions across the oil and gas services sector.

Consolidated revenue was $23.2 million in the three months ended 30 September 2015 ("Q3 2015"), a decrease of $35.3 million, or 60.3%, below that of $58.5 million reported for the three months ended 30 September 2014 ("Q3 2014") mainly due to lower revenue from the Drilling business.

Consolidated revenue was $79.1 million in the nine months ended 30 September 2015 ("9M 2015"), a decrease of $85.1 million, or 51.8%, below that of $164.2 million reported for the nine months ended 30 September 2014 ("9M 2014") mainly due to the lower revenue from the Drilling business following the completion of charter contracts in Q1 2015.

Consolidated loss after tax was $40.7 million for Q3 2015 compared to consolidated profit after tax of $3.3 million reported for Q3 2014. The loss after tax for Q3 2015 was mainly due to lower revenues following the completion of charter contracts, higher depreciation charges and losses from joint ventures.

Consolidated loss after tax was $80.2 million for 9M 2015 compared to consolidated profit after tax of $63.8 million reported for 9M 2014. The loss after tax for 9M 2015 was mainly due to lower revenues following the completion of charter contracts, higher depreciation charges and losses from joint ventures. The profit after tax in 9M 2014 was mainly due to a $54.3 million gain booked on disposal of plant and equipment.

Revenue

Revenue from the Drilling business dropped $36.8 million, or 65.1%, from $56.6 million for Q3 2014 to $19.8 million for Q3 2015 and dropped $80.8 million, or 52.7%, from $153.3 million for 9M 2014 to $72.5 million for 9M 2015. The revenue decrease was mainly due to reduced deployment of rigs in Q3 2015 and 9M 2015. Revenue contribution from the Drilling business made up about 85.2% of the Group's consolidated revenue for Q3 2015 and 91.7% for 9M 2015.

Revenue from the Engineering business increased $3.5 million from $0.2 million for Q3 2014 to $3.7 million for Q3 2015 and increased $2.6 million, or 65.8%, from $4.0 million for 9M 2014 to $6.6 million for 9M 2015. Revenue contribution from the Engineering business made up about 16.0% of the Group's consolidated revenue for Q3 2015 and 8.3% for 9M 2015.

Revenue generated by the Group but not attributable to either the Drilling or the Engineering segment decreased by $1.9 million from $1.9 million for Q3 2014 to $0.0 million for Q3 2015 and decreased by $7.1 million, or 89.9%, from $7.9 million for 9M 2014 to $0.8 million for 9M 2015 following the completion of a charter contract in Q1 2015. Revenue contribution from this segment was nil for Q3 2015 and 1.0% of the Group's consolidated revenue for 9M 2015.

Gross Profit

The Group's gross profit after direct depreciation was $6.3 million for Q3 2015, a decrease of $10.8 million below that of $17.1 million reported for Q3 2014. The lower gross profit after direct depreciation was mainly attributable to the lower revenue arising from the reduced deployment of rigs. The Group's gross profit after direct depreciation margin decreased from 29.2% in Q3 2014 to 27.2 % in Q3 2015.

The Group's gross profit after direct depreciation was $13.1 million for 9M 2015, a decrease of $36.4 million below that of $49.5 million reported for 9M 2014. The lower gross profit after direct depreciation was mainly attributable to the lower revenue arising from the reduced deployment of rigs. The Group's gross profit after direct depreciation margin decreased from 30.2% in 9M 2014 to 16.5% in 9M 2015.

Other Income

Other income decreased from $1.5 million for Q3 2014 to $0.6 million for Q3 2015 and from $56.9 million for 9M 2014 to $1.9 million for 9M 2015. Other income mainly comprised income not directly related to the revenue generated from our day-to-day operations. The decrease from 9M 2014 was mainly due to the gain on disposal of plant and equipment of $54.3 million recognised in Q2 2014.

Operating Expenses and Direct Depreciation

Administrative expenses decreased $2.8 million from $9.9 million in Q3 2014 to $7.1 million in Q3 2015 due to lower headcount and staff overheads. Similarly, administrative expenses decreased $4.6 million, from $26.1 million in 9M 2014 to $21.5 million in 9M 2015, for the same reasons.

Other operating expenses increased by $19.2 million from $0.8 million in Q3 2014 to $20.0 million in Q3 2015, due to the reclassification of depreciation, insurance and other costs of idle rigs from cost of sales and direct depreciation, plus a change in accounting estimates used for an item of plant and equipment which resulted in accelerated depreciation of $5.9 million recorded within the Q3 2015 results, following the Group's decision to not renew the classification certificate for an offshore rig. The economic useful life was adjusted accordingly and the residual value was also adjusted to reflect the current resale value. Other operating expenses increased $42.8 million from $6.5 million in 9M 2014 to $49.3 million in 9M 2015, for the same reasons and also due to an impairment charge of $3.9 million levied on a drilling rig reclassified from property, plant and equipment to asset held for sale in Q2 2015.

When capital equipment is off-hire, depreciation charges are allocated to other operating expenses whereas when on-hire, depreciation charges are allocated to direct depreciation. Depreciation charges allocated to both other operating expenses and direct depreciation totalled $17.8 million in Q3 2015 compared to $13.5 million in Q3 2014, an increase of $4.3 million. Depreciation charges allocated to both other operating expenses and direct depreciation totalled $42.7 million in 9M 2015 compared to $34.4 million in 9M 2014, an increase of $8.3 million. The higher depreciation charges for the current periods are attributable to the accelerated depreciation charge noted above and the capital expenditure on plant and equipment mainly incurred in Q2 2014.

Finance Income and Costs

Finance income was $0.7 million in both Q3 2015 and Q3 2014. Finance income increased $0.1 million from $2.0 million in 9M 2014 to $2.1 million in 9M 2015. The finance income mainly arises from interest income on a loan provided to a joint venture in December 2012.

Finance costs decreased marginally from $5.4 million in Q3 2014 to $4.7 million in Q3 2015 but increased $0.7 million from $13.8 million in 9M 2014 to $14.5 million in 9M 2015. The increase in finance costs in 9M 2015 was mainly due to new secured term loan facilities obtained in Q2 2014.

Share of results of Joint Ventures

The Group's share of results from joint ventures decreased $18.7 million from a $2.7 million profit for Q3 2014 to a $16.0 million loss for Q3 2015 mainly due to a lower contribution from the KS Distribution Group. The Group's share of results from KS Distribution Pte Ltd and its subsidiaries (the "KS Distribution Group") decreased by $15.2 million from a profit of $0.3 million for Q3 2014 to a loss of $14.9 million for Q3 2015, mainly due to an impairment loss recognised on inventories in Q3 2015.

The Group's share of results from joint ventures decreased $20.1 million from an $8.2 million profit for 9M 2014 to a $11.9 million loss for 9M 2015 due to a lower contribution from the Distribution business and a jointly held drilling rig. The Group's share of results from the KS Distribution Group decreased by $15.8 million from $1.5 million for 9M 2014 to a loss of $14.3 million for 9M 2015, mainly due to an impairment loss recognised on inventories in Q3 2015.

Tax expense

The tax expense decreased from a charge of $2.4 million in Q3 2014 to a charge of $0.5 million in Q3 2015 and decreased from a charge of $6.5 million in 9M 2014 to a charge of $0.1 million in 9M 2015, mainly due to the lower activity.

Result Attributable to Shareholders

The result attributable to the owners of the Group slipped from a loss of $0.6 million in Q3 2014 to a loss of $38.1 million in Q3 2015 and from a profit of $46.4 million in 9M 2014 to a loss of $71.8 million in 9M 2015.

STATEMENT OF FINANCIAL POSITION REVIEW

The Group's total non-current assets decreased slightly from $758.9 million as at 31 December 2014 to $752.4 million as at 30 September 2015. Non-current assets mainly comprise plant and equipment in our Drilling business. The carrying value of Rigs decreased slightly from $568.2 million as at 31 December 2014 to $571.1 million as at 30 September 2015.

The carrying value of joint ventures decreased 9.6% from $144.5 million as at 31 December 2014 to $130.6 million as at 30 September 2015 mainly due to the Group's share of results from the KS Distribution Group. Joint ventures comprise the 55.35% equity interest in KS Distribution Pte Ltd, with a carrying amount of $104.2 million as at 30 September 2015, and other joint ventures.

Total current assets decreased 50.6% from $163.1 million as at 31 December 2014 to $80.6 million as at 30 September 2015. The decrease in current assets was mainly due to lower trade receivables and lower cash and cash equivalents. Trade receivables decreased $39.7 million from $64.5 million as at 31 December 2014 to $24.8 million as at 30 September 2015 due to lower revenues over the period. Cash and cash equivalents decreased $46.6 million from $78.2 million as at 31 December 2014 to $31.6 million as at 30 September 2015.

The carrying value of assets held for sale as at 30 September 2015 was $4.1 million (31 December 2014 was $0.0 million) and relates to a drilling rig which is currently under negotiation with a potential buyer. The same rig generated the impairment charge of $3.9 million during the 9M 2015.

The breakdown of "other current assets" is shown below:

	30.09.2015 $'000	31.12.2014 $'000	Movement $'000
Detailed breakdown:			
Sundry deposits	426	374	52
Withholding tax recoverable	4,643	3,243	1,400
Value-added tax receivable	8,695	5,875	2,820
Other debtors	916	2,749	(1,833)
Prepayments	1,334	2,045	(711)
Other Current Assets	16,014	14,286	1,728

The increase in other current assets was mainly due to higher amounts under "value-added tax receivable" and "withholding tax recoverable" as at 30 September 2015 compared to 31 December 2014. These balances originate from our Drilling business and are routine in nature.

Total liabilities decreased $39.6 million, or 8.3%, from $477.0 million as at 31 December 2014 to $437.4 million as at 30 September 2015. This was principally attributable to a $26.2 million decrease in total borrowings from $413.7 million as at 31 December 2014 to $387.5 million as at 30 September 2015.

As at 30 September 2015, the Group and Company were in a net current liability position (current liabilities exceeded current assets) of $117.2 million and $64.1 million respectively. As at 31 December 2014, the Group and Company were in a net current liability position (current liabilities exceeded current assets) of $11.0 million and $17.6 million respectively. The deterioration of the net current liability position was mainly attributable to the reclassification into current liabilities of $50.1 million relating to convertible bonds maturing in March 2016 and the drop in current assets over the period.

The Group's net gearing (defined as net borrowings to total equity) increased to 0.90 as at 30 September 2015 from 0.75 as at 31 December 2014. Similarly, the Group's debt ratio (defined as net borrowings to total assets) increased to 0.43 as at 30 September 2015 from 0.36 as at 31 December 2014.

The equity attributable to the owners of the Company decreased $46.5 million from $370.7 million as at 31 December 2014 to $324.2 million as at 30 September 2015. The decrease was mainly due to the loss after tax and non-controlling interests during 9M 2015 partially offset by foreign exchange gains.

STATEMENT OF CASH FLOWS REVIEW

As at 30 September 2015, cash and cash equivalents amounted to $31.6 million (30 September 2014: $82.3 million), of which unpledged cash and cash equivalents amounted to $22.0 million (30 September 2014: $65.6 million).

Cash Flow from Operating Activities

Operating activities generated a net cash inflow of $17.3 million for the nine months ended 30 September 2015. The net cash flow from operating activities comprised a cash outflow of $8.1 million arising due to operating profits before changes in working capital; a cash inflow of $28.7 million arising due to changes in working capital; and a cash outflow of $3.3 million arising due to income taxes paid.

Cash Flow from Investing Activities

The net cash flow from investing activities amounted to an outflow of $2.1 million for the nine months ended 30 September 2015. This was attributable mainly to dividends received from a joint venture which generated a cash inflow of $4.0 million; interest received which generated a cash inflow of $2.1 million; and non-trade receipts from joint ventures and related parties which generated a cash inflow of $0.7 million offset by purchases of plant and equipment which generated a cash outflow of $8.9 million.

Cash Flow from Financing Activities

The net cash flow from financing activities amounted to an outflow of $60.6 million for the nine months ended 30 September 2015. The aggregate repayment of bank loans during 9M 2015 totalled $63.0 million and the aggregate proceeds from new bank loans entered into during 9M 2015 totalled $23.3 million, generating a net repayment of bank loans totalling $39.7 million. A net cash inflow of $6.3 million was generated from the execution of a loan from a related party, Pacific One Energy Limited, our majority shareholder. The repayment of a convertible bond and interest paid during 9M 2015 generated cash outflows of $18.4 million and $13.2 million respectively.

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 Q3 2015 was in line with the views expressed in a statement in Paragraph 10 of the Company's previous results announcement dated 14 August 2015.

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

The outlook for the offshore services sector continues to be affected by the low oil price which has reduced the demand for the rigs and related services. However, the Group believes the long term economic fundamentals remain supportive for oil and gas services.

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Interested persons transactions

The Group has the following interested person transactions ("IPT") for the nine months ending 30 September 2015:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandates pursuant to Rule 920 during the financial year under review (excluding transactions less than $100,000)
PT Dwi Sumber Arca Waja, its subsidiaries and its associates ("DSAW Group")		
• Provision of goods and services to and from the DSAW Group	-	SGD 909,014
• Credit note issued to DSAW Group	-	SGD 665,871
• 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	SGD 234,803	-
• Additional expected interest income on loan due to amended repayment schedule	-	SGD 3,290,445
• net repayment of interest, guarantee fees and shareholders' loan provided by KS Drilling to PT KS Drilling Indonesia and its subsidiaries	-	USD 1,374,997
• Interest bearing loans to PT KS Drilling Indonesia and its subsidiaries - Principal, accrued interest and unpaid guarantee fees as at end of period *	N/A	USD 28,048.636
• 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	USD 10,712,482

* With reference to the IPT Mandate first approved by shareholders at the EGM held on 7 December 2012 and the Circular dated 22 November 2012, the Group provided financing to PT KS Drilling Indonesia and its subsidiaries by way of shareholder loans that accrues interest at the rate of 7% per year. The principal amount outstanding in respect of such shareholder loans from KS Drilling Pte Ltd, an 80% subsidiary of the Company, to PT Java Star Rig, to finance the acquisition of the jack-up rig named "KS Java Star" was US$26.4 million as at 30 September 2015.

** 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$10.7 million as at 30 September 2015.

BY ORDER OF THE BOARD
Kim Yi Hwa
Company Secretary
13 November 2015

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 third quarter FY2015 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, 13 November 2015