KS ENERGY LIMITED
An Integrated Energy Services Hub

CORRIGENDUM TO THE FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR YEAR ENDED 31 DECEMBER 2015 – GUARANTEE AND ADVANCE BY KS DRILLING PTE LTD IN FAVOUR OF PT JAVA STAR RIG

1. INTRODUCTION

The Board of Directors of KS Energy Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the financial statement and dividend announcement for year ended 31 December 2015, dated 26 February 2016 (the "**Announcement**").

The Company would like to make a correction to paragraph 13, '*Interested Persons Transactions*'. Aside from the interested person transactions presently disclosed in the Announcement, the Company would like to add an additional interested person transaction made to the JVC Group (as defined in the Announcement) of S$ 16.4 million, which is described in further detail below.

2. BACKGROUND

On 11 February 2016, the Board of Directors of KS Energy Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") announced that the Company received notice from the Ministry of Finance of the Republic of Indonesia – Directorate General Customs and Excise (the "**DGC**") that the importation of the jack-up drilling rig named the *KS Java Star* (the "**Rig**") was not in accordance with certain terms of the importation permit and customs duty exemption facility (the "**Permit**") issued by the Indonesian Investment Coordinating Board ("**BKPM**") and therefore not exempted from import duty.

In reviewing the case, the DGC concluded that the implementation of the Permit granted to PT Java Star Rig ("**PT JSR**") by BKPM was not in accordance with the terms of the Permit and therefore assessed that the import duty and fines totaling IDR 197.0 billion (approximately S$ 20.5 million based on the exchange rate of S$ 1.00 to IDR 9,600) were due and payable by PT JSR (the "**Fine**"). As a result, the customs bond (the "**Customs Bond**") arranged by KS Drilling Pte Ltd ("**KS Drilling**") had been called upon to settle the amount.

The Customs Bond had been issued by an Indonesian insurance company (the "**Insurer**") to a sum of IDR 197.0 billion (approximately S$ 20.5 million based on the exchange rate of S$1.00 to IDR 9,600) to the DGC in Indonesia on behalf of PT JSR, which was secured by KS Drilling utilizing one of KS Drilling's existing banker's guarantee facilities (the "**Guarantee**") on 26 November 2015. This Customs Bond was required for PT JSR to proceed with the initial appeal to DGC against the Fine.

In addition, approximately US$ 175,000 (approximately S$ 247,380 based on the exchange rate of S$ 1.00 to US$ 1.4136) was advanced by KS Drilling to PT JSR in relation to costs associated with the issuance of the Customs Bond (the "**Issuance Fees**"). The Issuance Fees have been disclosed in the Announcement.

As described in the shareholder circular dated 22 November 2012, which was approved by shareholders at the Extraordinary General Meeting, held on 7 December 2012, PT Citra Agramasinti Nusantara ("**PT CAIN**") is an interested person with respect to the Company. PT CAIN and KS Drilling hold 51% and 49% of PT KS Drilling Indonesia ("**PT KS Drilling**" or the "**JVC**") respectively, which in turn holds 95% of PT JSR.

The reason for the disproportionate funding of the Fine by KS Drilling (relative to its holding in the JVC) is that KS Drilling recognises a disproportionate interest in the profits and losses of PT JSR, commensurate with the amount of funding it provided during the acquisition of PT JSR. Such allocation of risk and reward in PT JSR is provided for under the JVC shareholders' agreement dated 18 March 2014.

Following the events described above, the provision of the Guarantee and the advance of Issuance Fees is an interested person transaction within the meaning of Chapter 9 of the Listing Manual.

3. INTERESTED PERSON TRANSACTION

As the Company holds 80% of KS Drilling, the amount at risk is 80% of the sum of the Guarantee and the Issuance Fees, which is S$ 16.6 million (the "**Amount at Risk**").

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014, the value of the audited consolidated net tangible assets ("**NTA**") of the Group is approximately S$ 440.9 million.

Consequently, the aggregate value of all interested party transactions with PT JSR is S$ 16,956,483, which is equal to, or more than 3% (but less than 5%) of the Group's latest NTA of S$ 440.9 million, and this announcement is being made pursuant to Rule 905(2) of the Listing Manual.

The aggregate value of all interested person transactions entered into by the Group with the JVC Group for the financial year ended 31 December 2015 is S$ 23.5 million.

4. AUDIT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of the Company is of the view that the Amount at Risk was incurred on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, other than interests held through the Company as shareholders, none of the Directors or Controlling Shareholders of the Company has any direct or indirect interest in the Amount at Risk.

6. FURTHER DEVELOPMENTS

On 22 January 2016, PT JSR was notified that its appeal had been rejected, and DGC commenced the process to call upon the Customs Bond. The Insurer paid the amount due under the Customs Bond, and subsequently called on the Guarantee.

The funds were disbursed pursuant to the Guarantee on 4 February 2016. As a result, a debt of US$ 14,070,000 arose between KS Drilling as creditor and PT JSR as debtor. This debt would be charged to PT JSR at an interest rate of 7.0% per annum.

BY ORDER OF THE BOARD
KS ENERGY LIMITED

Kim Yi Hwa
Company Secretary

01 March 2016

For more information on KS Energy Limited, please visit our website at www.ksenergy.com.sg