KS ENERGY LIMITED
An Integrated Energy Services Hub

(Company Registration No. 198300104G)

Financial Statement and Dividend Announcement for the Year Ended 31 December 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		Increase/
	31.12.2015	31.12.2014	(Decrease)
	$'000	$'000	
Revenue	91,951	227,330	(59.6%)
Cost of sales	(57,613)	(111,568)	(48.4%)
Gross profit before direct depreciation	**34,338**	**115,762**	**(70.3%)**
Direct depreciation	(13,302)	(50,720)	(73.8%)
Gross profit after direct depreciation	**21,036**	**65,042**	**(67.7%)**
Other income	2,734	56,565	**(95.2%)**
Administrative expenses	(22,478)	(37,810)	(40.6%)
Other operating expenses	(174,255)	(29,441)	491.9%
Finance income	2,913	2,707	7.6%
Finance costs	(19,369)	(19,160)	1.1%
Share of results of joint ventures (net of tax)	(71,192)	11,027	N/M
(Loss)/Profit before tax	**(260,611)**	**48,930**	N/M
Tax credit/(expense)	179	(2,519)	N/M
(Loss)/Profit for the year	**(260,432)**	**46,411**	**N/M**
Results attributable to:			
Owners of the Company	**(229,642)**	**30,128**	**N/M**
Non-controlling interests	(30,790)	16,283	N/M
(Loss)/Profit for the year	**(260,432)**	**46,411**	**N/M**

N/M – Not Meaningful

See paragraph 8 for more explanation on the income statement review

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

	Group		Increase/
	31.12.2015 $'000	31.12.2014 $'000	(Decrease)
Interest income	2,913	2,707	7.6%
Amortisation of intangible assets	(573)	(568)	0.9%
Depreciation of plant and equipment	(60,959)	(56,092)	8.7%
Impairment loss on plant and equipment	(49,366)	(12,188)	305.0%
Impairment loss on intangible assets	(3,083)	-	N/M
Finance costs on convertible bonds	(6,351)	(6,830)	(7.0%)
Interest expense on other borrowings	(13,018)	(12,330)	5.6%
Allowance for doubtful trade receivables	(2,654)	(1,961)	35.3%
Allowance for doubtful non-trade receivables	-	(4,965)	N/M
Bad trade debts written off	-	(204)	N/M
Foreign exchange gain	430	374	15.0%
(Loss)/Gain on disposal of plant and equipment	(182)	54,073	(100.3%)
Plant and equipment written off	(737)	(35)	2005.7%
Gain on liquidation/disposal of joint ventures	8	9	(11.1%)
Allowance for impairment loss on joint ventures	(48,651)	-	N/M
Adjustments for overprovision of tax in respect of prior years	2,402	1,365	76.0%

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	
	31.12.2015 $'000	31.12.2014 $'000	31.12.2015 $'000	31.12.2014 $'000
Current Assets				
Cash and cash equivalents	19,422	78,210	2,916	3,778
Amounts due from subsidiaries	-	-	1,164	11,050
Amounts due from joint ventures	932	4,982	22	46
Trade receivables	22,795	64,460	-	-
Contract work-inprogress	904	672	-	-
Inventories	235	459	-	-
Assets held for sale	4,029	-	-	-
Other assets	13,468	14,286	89	151
	61,785	**163,069**	**4,191**	**15,025**
Non-Current Assets				
Joint ventures	53,147	144,539	49,125	124,609
Amounts due from joint ventures	46,128	34,866	-	-
Subsidiaries	-	-	193,121	246,719
Plant and equipment	503,891	572,453	555	779
Intangible assets and goodwill	1,247	4,162	-	-
Other assets	3,144	320	301	301
Deferred tax assets	1,342	2,601	-	-
	608,899	**758,941**	**243,102**	**372,408**
Total assets	**670,684**	**922,010**	**247,293**	**387,433**
Current Liabilities				
Trade and other payables	28,609	38,647	1,881	3,265
Amounts due to joint ventures	236	6,053	-	-
Provision for current tax	10,418	13,209	1,234	1,025
Amounts due to subsidiaries	-	-	7,236	6,792
Financial liabilities	368,711	116,139	69,022	21,579
	407,974	**174,048**	**79,373**	**32,661**
Non-Current Liabilities				
Trade and other payables	32,334	1,277	-	-
Amounts due to joint ventures	3,663	3,302	3,663	3,302
Financial liabilities	15,870	297,615	4,950	47,724
Deferred tax liabilities	69	712	57	593
	51,936	**302,906**	**8,670**	**51,619**
Total liabilities	**459,910**	**476,954**	**88,043**	**84,280**
Net assets	**210,774**	**445,056**	**159,250**	**303,153**
Equity Attributable to Owners of the Company:				
Share capital	359,973	359,973	359,973	359,973
Equity reserve	17,685	24,717	17,685	24,717
Other reserve	(3,785)	(3,750)	-	-
Treasury shares	(26,365)	(34,510)	(26,365)	(34,510)
Foreign currency translation reserve	(11,238)	(31,353)	-	-
Accumulated profits	(174,067)	55,575	(192,043)	(47,027)
	162,203	**370,652**	**159,250**	**303,153**
Non-controlling interests	48,571	74,404	-	-
Total equity	**210,774**	**445,056**	**159,250**	**303,153**

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 31.12.2015 $'000	Group 31.12.2014 $'000
Secured	298,875	94,121
Unsecured	69,836	22,018
Total	368,711	116,139

Amount repayable after one year

	Group 31.12.2015 $'000	Group 31.12.2014 $'000
Secured	10,920	249,891
Unsecured	4,950	47,724
Total	15,870	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	
	31.12.2015	31.12.2014
Operating activities	$'000	$'000
(Loss)/Profit before tax	(260,611)	48,930
Adjustments for:		
Amortisation of intangible assets	573	568
Depreciation of plant and equipment	60,959	56,092
Impairment loss on plant and equipment	49,366	12,188
Impairment loss on intangible assets	3,083	-
Write-back on trade receivable	2,654	-
Write-back of impairment loss on non-trade receivables	-	4,965
(Gain)/Loss on disposal of interest in joint ventures	(8)	(9)
Impairment loss on investment in joint ventures	48,651	-
Interest income	(2,913)	(2,707)
Interest expense on other borrowings	13,018	12,330
Finance cost on convertible bonds	6,351	6,830
Share of results of joint ventures	71,192	(11,027)
Loss/(Gain) on disposal of plant and equipment	182	(54,073)
Plant and equipment written off	737	35
Operating (loss)/profit before changes in working capital	(6,766)	74,122
Changes in working capital:		
Inventories	7	(386)
Trade receivables	41,728	(14,180)
Other current assets	1,212	(952)
Trade and other payables	(13,907)	(1,528)
Cash generated from operations	22,274	57,076
Income tax paid	(2,320)	(3,212)
Cash flows from operating activities	**19,954**	**53,864**
Investing activities		
Payments for purchase of plant and equipment	(9,166)	(288,724)
Proceeds from disposal of plant and equipment	257	115,457
Dividends received from joint ventures	4,017	2,214
Payments for purchase of intangible assets	(522)	(170)
Interest received	1,256	2,707
Repayment of quasi equity loan to joint ventures	-	695
(Incr)/decr of non-trade receivables with joint ventures and related parties	(6,604)	6,986
Cash flows used in investing activities	**(10,762)**	**(160,835)**
Financing activities		
Repayment of finance lease liabilities	(6)	(13)
Proceeds from bank loans	50,613	233,608
Repayment of bank loans	(94,714)	(71,975)
Proceeds from issue of convertible bonds	7,500	-
Repayment of convertible bonds, excluding interest	(18,445)	-
Proceeds from bills payable to bank	2,669	3,065
Repayment of bills payable to bank	(2,304)	(3,113)
Decrease/(increase) in deposits pledged	10,294	(166)
Dividends paid to non-controlling shareholders of subsidiaries	-	(4,214)
Decrease in non-trade payables with joint ventures and related parties	-	(1,508)
Contribution of non-controlling interests	135	-
Interest paid	(16,326)	(15,365)
Cash flows(used in) /generated from financing activities	**(60,584)**	**140,319**
Net increase/(decrease) in cash and cash equivalents	**(51,392)**	**33,348**
Cash and cash equivalents at beginning of the year	64,363	29,485
Effect of exchange rate changes on balances held in foreign currencies	2,898	1,530
Cash and cash equivalents at end of the year	**15,869**	**64,363**
Cash and cash equivalents at end of the year includes the following:		
Cash and cash equivalents	19,422	78,210
Deposits pledged	(3,553)	(13,847)
Cash and cash equivalents at end of the year	**15,869**	**64,363**

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

1(d) Statement of Comprehensive Income

	Group		
	31.12.2015	31.12.2014	Increase/ (Decrease)
	$'000	$'000	%
(Loss)/Profit attributable to:			
Owners of the Company	(229,642)	30,128	N/M
Non-controlling interests	(30,790)	16,283	N/M
(Loss)/Profit for the year	**(260,432)**	**46,411**	N/M
Other comprehensive (expense)/income for the year:			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences on translation of financial statements of foreign subsidiaries	24,937	17,643	41.34
Other comprehensive (expense)/income for the year	**24,937**	**17,643**	41.34
Total comprehensive (expense)/income for the year	**(235,495)**	**64,054**	N/M
Total comprehensive (expense)/income attributable to:			
Owners of the Company	(209,562)	44,273	N/M
Non-controlling interests	(25,968)	19,781	N/M
Total comprehensive (expense)/income for the year	**(235,530)**	**64,054**	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.

	Share capital	Equity reserve	Treasury shares	Foreign currency translation reserve	Other reserve	Accumulated profits	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
At 1 January 2015	359,973	24,717	(34,510)	(31,353)	(3,750)	55,575	370,652	74,404	445,056
Total Comprehensive income/(expense) for the year									
Profit/(loss) for the period	-	-	-	-	-	(229,642)	(229,642)	(30,790)	(260,432)
Other comprehensive income/(expense)									
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	-	-	-	20,115	-	-	20,115	4,822	24,937
Defined benefit plan remeasurements					(35)		(35)		(35)
Total other comprehensive income/(expense)	-	-		20,115	(35)	-	20,080	4,822	24,902
Total comprehensive income/(expense) for the period	**-**	**-**		**20,115**	**(35)**	**(229,642)**	**(209,562)**	**(25,968)**	**(235,530)**
Transactions with owners of the Company, recognised directly in									
Contributions by and distributions to owners of the Company									
Share based payment transactions		(7,145)	8,145				1,000		1,000
Acquisition of non-controlling interest							-		-
Change in equity reserve due to equity component of convertible bonds		113					113	-	113
Dividends paid to non-controlling							-	-	-
Contributions by non-controlling							-	135	135
Total contributions by and distributions to owners of the Company	-	(7,032)	8,145	-	-	-	1,113	135	1,248
Change in ownership interest in Joint venture									
At 31 December 2015	**359,973**	**17,685**	**(26,365)**	**(11,238)**	**(3,785)**	**(174,067)**	**162,203**	**48,571**	**210,774**

	Share capital	Equity reserve	Treasury shares	Foreign currency translation reserve	Other reserve	Accumulated profits	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2014	359,973	24,717	(34,510)	(45,498)	(1,144)	25,447	328,985	56,231	385,216
Total Comprehensive income/(expense) for the year									
Profit/(loss) for the period		-	-	-	-	30,128	30,128	16,283	46,411
Other comprehensive									
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	-	-	-	14,145	-	-	14,145	3,498	17,643
Total other comprehensive income/(expense)	-	-	-	14,145	-	-	14,145	3,498	17,643
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**14,145**	**-**	**30,128**	**44,273**	**19,781**	**64,054**
Transactions with owners of the Company, recognised directly in Contributions by and distributions to owners of the Company									
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4,214)	(4,214)
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	(4,214)	(4,214)
Changes in ownership interests in subsidiaries									
Acuisition of non-controlling interest without change in control	-	-	-	-	(2,606)	-	(2,606)	2,606	-
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**(2,606)**	**-**	**(2,606)**	**2,606**	**-**
At 31 December 2014	**359,973**	**24,717**	**(34,510)**	**(31,353)**	**(3,750)**	**55,575**	**370,652**	**74,404**	**445,056**

	Share capital	Equity reserve	Treasury shares	Accumulated profits	Total equity
	$'000	$'000	$'000	$'000	$'000
Company					
At 1 January 2015	359,973	24,717	(34,510)	(47,027)	303,153
Total Comprehensive income/(expense) for the year					
Profit/(loss) for the period	-	-	-	(145,016)	(145,016)
Total comprehensive income/(expense) for the period	-	-	-	(145,016)	(145,016)
Transactions with owners of the Company, recognised directly in Contributions by and distributions to owners of the Company					
Share based payment transactions		(7,145)	8,145		1,000
Rights issue					-
Change in equity reserve due to equity component of convertible bonds		113			113
Total contributions by and distributions to owners of the	**-**	**(7,032)**	**8,145**	**-**	**1,113**
At 31 December 2015	**359,973**	**17,685**	**(26,365)**	**(192,043)**	**159,250**
At 1 January 2014	359,973	24,717	(34,510)	(35,730)	314,450
Total Comprehensive income/(expense) for the year					
Profit/(loss) for the period		-	-	(11,297)	(11,297)
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**(11,297)**	**(11,297)**
At 31.12.2014	**359,973**	**24,717**	**(34,510)**	**(47,027)**	**303,153**

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 31 December 2015.

As at 31 December 2015, the number of ordinary shares in issue was 524,240,215 of which 8,639,000 were held by the Company as treasury shares (31 December 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 31 December 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.

On 19 November 2015, the Company issued $7.5 million of 6.0% convertible bonds with a maturity in September 2016 (the "September 2016 Bonds"). As at 31 December 2015, the Company has $7.5 million face value of September 2016 Bonds outstanding which are convertible into 26,785,710 fully-paid ordinary shares of the Company at a conversion price of $0.28 per new share.

As at 31 December 2015, the convertible bonds outstanding are convertible into 54,216,720 fully-paid ordinary shares of the Company (31 December 2014: 65,940,804 ordinary shares).

KS Energy Performance Share Plan (the "Plan")

As at 31 December 2015, the number of outstanding shares issued under the Plan was 2,669,000, which was approved by the shareholders of the Company on 2 July 2009, (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.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2015, the share capital less treasury shares of the Company was 515,601,215 ordinary shares (524,240,215 issued ordinary shares less 8,639,000 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
Re-issue of treasury shares	2,669,000 shares
As at 31 December 2015:	8,639,000 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	
	31.12.2015	31.12.2014
Earnings per ordinary share:	Cents	Cents
(a) Based on weighted average number of ordinary shares in issue	(44.75)	5.87
(b) On a fully diluted basis	(44.75)	5.87

The basic and diluted earnings per share for the twelve months ended 31 December 2015 was calculated by dividing the loss attributable to shareholders of $231,361,000 (31.12.2014: profit attributable to shareholders of $30,128,000) by the weighted average number of shares of 513,129,648 (31.12.2014: 512,932,215) in issue during the financial year.

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

(i) The issue of 2,669,000 treasury shares under the Plan on 4th December 2015.
(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	
	31.12.2015	31.12.2014	31.12.2015	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	31.5	72.3	30.9	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 $162,203,000 (31.12.2014: $370,652,000) by the number of ordinary shares issued as at 31 December 2015 of 515,601,215 (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 year ended 31 December 2015

	Group		
	31.12.2015	31.12.2014	Change
Revenue by segment	**$'000**	**$'000**	
Drilling	81,234	209,501	(61.2%)
Engineering	10,933	7,698	42.0%
Corporate	796	11,352	(93.0%)
Less: Inter-segment revenue	(1,012)	(1,221)	(17.1%)
	91,951	**227,330**	**(59.6%)**

Overview

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

Consolidated revenue was $92.0 million for the year ended 31 December 2015 ("FY2015"), a decrease of $135.4 million, or 59.6%, below that of $227.3 million reported for the year ended 31 December 2014 ("FY2014") mainly due to lower revenue from the Drilling business following the completion of some charter contracts.

Consolidated loss after tax was $260.4 million for FY2015 compared to consolidated profit after tax of $46.4 million reported for FY2014. The loss after tax for FY2015 was mainly due to lower revenues following the completion of some charter contracts, higher depreciation charges, higher impairment losses and lower other income.

Revenue

Revenue from the Drilling business dropped $128.3 million, or 61.2%, from $209.5 million for FY2014 to $81.2 million for FY2015. The drop in revenue was mainly due to lower fleet utilisation in FY2015. Revenue contribution from the Drilling business made up about 88.3% of the Group's consolidated revenue for FY2015.

Revenue from the Engineering business increased $3.2 million from $7.7 million for FY2014 to $10.9 million for FY2015. Revenue contribution from the Engineering business made up about 11.9% of the Group's consolidated revenue FY2015.

Revenue generated by the Group but not attributable to either the Drilling or the Engineering segments decreased by $10.6 million from $11.4 million for FY2014 to $0.8 million for FY2015 following the completion of a charter contract in early FY2015. Revenue contribution from this segment was 0.8% of the Group's consolidated revenue for FY2015.

Gross Profit

The Group's gross profit after direct depreciation was $21.0 million for FY2015, a decrease of $44.0 million below that of $65.0 million reported for FY2014. The lower gross profit after direct depreciation was mainly attributable to the lower revenue contribution in FY2015. The Group's gross profit after direct depreciation margin decreased from 28.6% in FY2014 to 22.9% in FY2015.

Other Income

Other income decreased from $56.6 million for FY2014 to $2.7 million for FY2015. Other income mainly comprised income not directly related to the revenue generated from our day-to-day operations. The decrease from FY2014 was mainly due to the gain on disposal of plant and equipment of $54.3 million recognised in FY2014.

Operating Expenses and Direct Depreciation

Administrative expenses decreased $15.3 million from $37.8 million in FY2014 to $22.5 million in FY2015 due to lower headcount and staff overheads.

Other operating expenses increased by $144.9 million from $29.4 million in FY2014 to $174.3 million in FY2015 due to a $48.7 million increase in impairment losses on joint ventures, a $42.3 million increase in depreciation charges, mainly due to the reclassification from direct depreciation for off-hire rigs, a $37.2 million increase in impairment losses on plant and equipment, a $11.8 million increase in insurance and other costs of idle rigs reclassified from cost of sales and a $3.1 million increase in impairment losses on intangible assets.

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 $60.9 million in FY2015 compared to $56.1 million in FY2014, an increase of $4.9 million. The higher depreciation charge for the current period is mainly attributable to the capital expenditure on plant and equipment in FY2014 and FY2015

Finance Income and Costs

Finance income increased $0.2 million from $2.7 million in FY2014 to $2.9 million in FY2015. The finance income mainly arises from interest income on a loan provided to a joint venture in December 2012.

Finance costs increased $0.2 million from $19.2 million in FY2014 to $19.4 million in FY2015.

Share of results of associates and joint ventures

The Group's share of results from joint ventures decreased $82.2 million from an $11.0 million profit for FY2014 to a $71.2 million loss for FY2015 due to losses recorded by the Distribution business and a jointly held drilling rig. The Group's share of results from the KS Distribution Group decreased by $23.3million from a $2.5 million profit for FY2014 to a $20.8 million loss for FY2015, mainly due to impairment losses recognised in FY2015.

Tax expense

The tax expense decreased from a charge of $2.5 million in FY2014 to a credit of $0.2 million in FY2015 mainly due to the lower activity.

Result Attributable to Shareholders

The result attributable to the owners of the Group slipped from a profit of $30.1 million in FY2014 to a loss of $229.6 million in FY2015.

STATEMENT OF FINANCIAL POSITION REVIEW

The Group's total non-current assets decreased from $758.9 million as at 31 December 2014 to $608.9 million as at 31 December 2015. Non-current assets mainly comprise plant and equipment in our Drilling business. The carrying value of the rig fleet decreased from $502.9 million as at 31 December 2014 to $425.5 million as at 31 December 2015, due to depreciation charges and impairment losses.

The carrying value of joint ventures decreased 65.2% from $144.5 million as at 31 December 2014 to $53.1 million as at 31 December 2015 mainly due to the Group's share of results from the joint ventures and an impairment loss on the investment in KS Distribution. Joint ventures comprise the 55.35% equity interest in KS Distribution Pte Ltd, with a carrying amount of $48.7 million as at 31 December 2015, and other joint ventures.

Total current assets decreased 62.1% from $163.1 million as at 31 December 2014 to $61.8 million as at 31 December 2015. The decrease in current assets was mainly due to lower trade receivables and lower cash and cash equivalents. Trade receivables decreased $41.7 million from $64.5 million as at 31 December 2014 to $22.8 million as at 31 December 2015 due to lower revenues over the period. Cash and cash equivalents decreased $58.8 million from $78.2 million as at 31 December 2014 to $19.4 million as at 31 December 2015.

The carrying value of assets held for sale as at 31 December 2015 was $4.0 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 an impairment charge of $3.9 million in FY2015.

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

	31.12.2015 $'000	31.12.2014 $'000	Movement $'000
Detailed breakdown:			
Sundry deposits	626	374	252
Withholding tax recoverable	2,841	3,243	(402)
Value-added tax receivable	7,915	5,875	2,040
Other debtors	803	2,749	(1,946)
Prepayments	1,283	2,045	(762)
Other Current Assets	13,468	14,286	(818)

The decrease in other current assets was mainly due to lower amounts under "withholding tax recoverable", "prepayments" and "other debtors" offset with higher amount of "value-added tax recoverable" and 'sundry deposits" as at 31 December 2015 compared to 31 December 2014. These balances mainly originate from our Drilling business and are routine in nature.

Total liabilities decreased $17.1 million, or 3.6%, from $477.0 million as at 31 December 2014 to $459.9 million as at 31 December 2015. This was principally attributable to a $29.2 million decrease in total borrowings from $413.8 million as at 31 December 2014 to $384.6 million as at 31 December 2015, a $5.5 million decrease in amounts due to joint ventures, a $2.8 million decrease in provisions for taxes and a $21.0 million increase in trade and other payables from S$39.9 million as at 31 December 2014 to $60.9 million as at 31 December 2015, mainly due to higher provisions for losses in a joint venture.

As at 31 December 2015, the Group and Company were in a net current liability position (current liabilities exceeded current assets) of $366.1 million and $75.2 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 of $226.2 million of borrowings scheduled for repayment after 2016 from non-current liabilities to current liabilities due to a breach of financial covenants. A waiver for the breach is currently being sought from the lending institution. The drop in current assets over FY2015

has also contributed to the deteriorated net current liability position. Improving the net current liability position of the Group and Company is a key concern for the Company.

The Group's net gearing (defined as net borrowings to total equity) increased to 1.73 as at 31 December 2015 from 0.75 as at 31 December 2014. Similarly, the Group's debt ratio (defined as net borrowings to total assets) increased to 0.54 as at 31 December 2015 from 0.36 as at 31 December 2014.

The equity attributable to the owners of the Company decreased $208.5 million from $370.7 million as at 31 December 2014 to $162.2 million as at 31 December 2015. The decrease was mainly due to the loss after tax and non-controlling interests during FY2015 partially offset by foreign exchange gains.

STATEMENT OF CASH FLOWS REVIEW

As at 31 December 2015, cash and cash equivalents amounted to $19.4 million (31 December 2014: $78.2 million), of which unpledged cash and cash equivalents amounted to $15.9 million (31 December 2014: $66.2 million).

Cash Flow from Operating Activities

Operating activities generated a net cash inflow of $19.9 million for FY2015. The net cash flow from operating activities comprised a cash outflow of $6.8 million arising due to an operating loss before changes in working capital; a cash inflow of $29.0 million arising due to changes in working capital; and a cash outflow of $2.3 million arising due to income taxes paid.

Cash Flow from Investing Activities

The net cash flow from investing activities amounted to an outflow of $10.8 million for FY2015. This was attributable mainly to purchase of plant and equipment which is generated the cash outflow of $9.2 million for FY2015 and an increase in non-trade receivables form joint ventures and related parties which generated a cash outflow of $6.6 million. This was partially offset by dividends received from a joint venture and interest received, which generated a cash inflow of $5.3 million.

Cash Flow from Financing Activities

The net cash flow from financing activities amounted to an outflow of $60.6 million for FY2015. The aggregate repayment of bank loans and convertible bonds during FY2015 amounted to $113.2 million and the aggregate proceeds from new bank loans and convertible bonds entered into during FY2015 totalled $58.1 million, generating a net repayment of bank loans totalling $55.1 million. Interest paid during FY2015 generated a cash outflow of $16.3 million. The reduction of deposits pledged generated a cash inflow of $10.3 million in FY2015.

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 full year 2015 was in line with the views expressed in a statement in Paragraph 10 of the Company's previous results announcement dated 13 November 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 has recognised impairments of $101.1 million in FY2015 on non-current assets. In addition, our joint venture company, KS Distribution, has recognized impairments of $41.4 million in FY2015 on non-current assets and inventories. Looking ahead, this industry down-turn may be longer lasting than previous cycles, however the Group believes the impairments booked in FY2015 sufficiently prepared the Group for when the market recovers. The Group seeks to manage our balance sheet to improve its financial position.

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 twelve months ending 31 December 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 845,192
PT KS Drilling Indonesia and its subsidiaries ("JVC Group")		
• the net amount of provision of Management Services	SGD 181,934	-
• the net amount of provision of Other Services	SGD 159,199	-
• Advance for issuance of custom duty bond	SGD 197,904	-
• net injection of funds after repayment of interest , guarantee fees and shareholders' loan provided by KS Drilling to PT KS Drilling Indonesia and its subsidiaries	-	USD 1,762,870
• 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 31,731,825
• 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 7,694,677

* With reference to the IPT Mandate approved by shareholders at the EGM held on 7 December 2012 and the Circular dated 22 November 2012, the Group provided financing to PT KS Drilling Indonesia and its subsidiaries by way of shareholder loans that accrues interest at the rate of 7% per year. The principal amount outstanding in respect of such shareholder loans from KS Drilling Pte Ltd, an 80% subsidiary of the Company, to PT Java Star Rig, to finance the acquisition of the jack-up rig named "KS Java Star" was US$29.5million as at 31 Dec 2015. During the year KS Drilling advanced an addition US$3,137,867 as a loan to fund the original acquisition price.

** 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$7.7million as at 31 Dec 2015.

14. Negative confirmation pursuant to Rule 705 (5)

Not applicable.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Primary reporting format - business segment

Business segments	Drilling		Engineering		Distribution*		Others		Inter-Segment Adjustments		Total	
	2015 $' 000	2014 $' 000	2015 $' 000	2014 $' 000	2015 $' 000	2014 $' 000	2015 $' 000	2014 $' 000	2015 $' 000	2014 $' 000	2015 $' 000	2014 $' 000
External revenues	80,222	208,280	10,933	7,698	-	-	796	11,352	-	-	91,951	227,330
Inter-segment revenues	1,012	1,221	-	-	-	-	-	-	(1,012)	(1,221)	-	-
Total revenue	81,234	209,501	10,933	7,698	-	-	796	11,352	(1,012)	(1,221)	91,951	227,330
Finance income	3,124	2,704	2	1	-	-	7	85	(220)	(83)	2,913	2,707
Finance costs	(12,167)	(11,645)	(18)	(21)	-	-	(7,404)	(7,577)	220	83	(19,369)	(19,160)
Reportable segment (loss)/profit before income tax	(104,544)	59,177	(927)	(905)	-	-	(83,948)	(20,369)	-	-	(189,419)	37,903
Share of results of associates and joint ventures	(50,062)	9,157	-	-	(21,190)	1,882	60	(12)	-	-	(71,192)	11,027
Consolidated profit before tax	(154,606)	68,334	(927)	(905)	(21,190)	1,882	(83,888)	(20,381)	-	-	(260,611)	48,930
Income tax	(539)	(2,004)	44	74	-	-	674	(589)	-	-	179	(2,519)
Other material non-cash items:												
Depreciation of property, plant and equipment	41,597	45,059	68	65	-	-	19,294	10,968	-	-	60,959	56,092
Amortisation of intangib	532	529	41	39	-	-	-	-	-	-	573	568
(Write-back)/Allowance for impairment loss on receivables	7	4,724	(3)	-	-	-	2,650	2,202	-	-	2,654	6,926
Impairment losses/(write back) on property, plant and equipment and intangible assets	52,449	8,224	-	-	-	-	-	3,964	-	-	52,449	12,188
Allowance for impairment loss on investment in joint venture	-	-	-	-	-	-	48,651	-	-	-	48,651	-

* The results from Distribution segment are accounted for using equity method since it is a joint venture.

Business segments	Drilling		Engineering		Distribution*		Others		Inter-segment Adjustment		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Assets and Liabilities												
Reportable segment assets	605,950	726,766	7,599	6,059	-	-	1,971	41,430	675	615	616,195	774,870
Investment in associates and joint ventures	695	18,290	-	-	48,707	122,564	3,745	3,685	-	-	53,147	144,539
Deferred tax assets	1,342	2,601	-	-	-	-	-	-	-	-	1,342	2,601
Total assets	607,987	747,657	7,599	6,059	48,707	122,564	5,716	45,115	675	615	670,684	922,010
Reportable segment liabilities	362,611	367,650	7,327	5,219	-	-	61,557	90,164	17,927	-	449,423	463,033
Provision for tax	4,402	6,949	212	(13)	-	-	5,804	6,273	-	-	10,418	13,209
Deferred tax liabilities	-	107	12	12	-	-	57	593	-	-	69	712
Total liabilities	367,013	374,706	7,551	5,218	-	-	67,418	97,030	17,927	-	459,910	476,954
Other Segment Information												
Capital expenditure	9,119	288,700	47	17	-	-	-	7	-	-	9,166	288,724

* The results from Distribution segment are accounted for using equity method since it is a joint venture.

Secondary reporting format - geographical segments

	Revenue		Non-current assets		Capital expenditure	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**524**	2,085	**53,954**	127,656	**45**	73
The People's Republic of China	**-**	-	**75,244**	65,582	**5,526**	89,035
Holland	**796**	11,352	**15,755**	32,893	**-**	-
Kurdistan	**7,292**	26,904	**43,020**	46,155	**-**	1,209
Egypt	**2,623**	47,749	**36,520**	88,626	**3,506**	799
Pakistan	**4,525**	9,992	**17,140**	18,242	**-**	463
Vietnam	**13,865**	47,337	**238,260**	230,537	**86**	197,145
Indonesia	**52,868**	76,779	**128,589**	140,904	**3**	-
Malaysia	**5,105**	4,066	**-**	-	**-**	-
Other countries	**4,353**	1,066	**417**	8,346	**-**	-
	91,951	227,330	**608,899**	758,941	**9,166**	288,724

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer paragraph 8 above.

18. A breakdown of sales

	Group		
	2015	**2014**	**Increase/ (decrease)**
	$'000	**$'000**	**%**
First Half			
(a) Revenue	55,899	105,736	(47)
(b) Profit/(Loss) after tax before deducting non-controlling interests	(39,538)	60,423	(165)
Second Half			
(a) Revenue	36,052	121,594	(70)
(b) Profit/(Loss) after tax before deducting non-controlling interests	(220,894)	(14,012)	1,476

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

List of Persons occupying Managerial Positions who are related to a Director or Chief Executive Officer or Substantial Shareholder of KS Energy Limited and any of its principal subsidiaries:

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Kris Taenar Wiluan	67	Father of Richard James Wiluan and father-in-law of Samuel Paul Oliver Carew-Jones, Deemed interested in the shares owned by Pacific One Energy Limited, a controlling shareholder of the Company.	KS Energy Limited: Executive Chairman & Chief Executive Officer of KS Energy Limited since 2006.	Nil Nil
Richard James Wiluan	37	Son of Kris Taenar Wiluan, Executive Chairman & Chief Executive Officer of KS Energy Ltd. Deemed interested in the shares owned by Pacific One Energy Limited, a controlling shareholder of the Company.	KS Energy Limited Appointed as an Executive Director of the Company on 1 May 2014. Director, Corporate Development since 6 July 2012. Responsible for developing and providing corporate and business level strategies and initiatives.	Nil
Samuel Paul Oliver Carew-Jones	41	Son-in-law of Kris Taenar Wiluan, Executive Chairman & Chief Executive Officer of KS Energy Limited and deemed interested in the shares owned by Pacific One Energy Limited, a controlling shareholders of the Company.	KS Energy Limited: Chief Financial Officer of the Group since 1 October 2012. Responsible for overseeing the accounting and finance matters of the Company.	Nil

BY ORDER OF THE BOARD

Kim Yi Hwa
Company Secretary
26 February 2016