

KRISENERGY LTD

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

Unaudited Second Quarter & Six Months ended 30 June 2016 Financial Statements Announcement



14 August 2016

The following announcement may contain forward-looking statements by KrisEnergy Ltd. (the “**Company**”) relating to financial trends for future periods.

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

Chief Executive Officer's Report to Shareholders

To Our Shareholders

A little over two years ago oil prices began their descent into what is one of the most severe downturns I have seen in my 38 years in the exploration and production (“**E&P**”) industry. Undoubtedly this down cycle has lasted longer than most commentators had predicted and any recovery in oil prices will likely be slower and to levels far below those we experienced at the beginning of the decade.

Market volatility and the low oil price environment, coupled with general negative sentiment towards the oil and gas sector, have put a strain on revenues and our share price, which, in turn, has greatly reduced our ability to access capital. In reaction to these external pressures, we have enacted a series of cost reductions, cut staff levels where possible and reduced capital expenditure to the lowest levels since our establishment in 2009.

Despite these steps, our balance sheet remains challenged. Transfer of our revolving credit facility to DBS Bank Ltd (“**DBS**”) in June 2016 was the first in a series of actions to optimise our capital structure. The Company's primary focus is to evaluate all viable options to not only satisfy our future obligations, but to find the best solution that balances the interests of all stakeholders.

Our current financial constraints will impact not only the speed but our ability in which we are able to execute on our portfolio of development projects. In addition to any financial actions that the Board sanctions, we will continue to review all opportunities to either farm out or divest assets where there is not a substantial loss in value due to the depressed M&A climate.

KrisEnergy's portfolio remains robust with at least five future development projects as well as very significant exploration upside, which we believe will lead to additional developments. This will be the cornerstone to the future growth of the Company with the potential to add reserves and production. We continue to investigate ways to fund these developments and access the exploration upside within the Group.

Production Growth

Operationally, 2016 started on a positive note with Group production averaging just over 17,800 barrels of oil equivalent per day (“**boepd**”) as the new Nong Yao and Wassana oil fields in the Gulf of Thailand reached peak production. Unfortunately, we are experiencing issues with five of our wells in the Wassana field which has resulted in a partial loss of production. We are currently carrying out a number of activities to definitively determine the cause of the production loss. These are ongoing but initial results suggest that the problem is more likely to be mechanical than a reservoir issue and we expect to have a solution in the near future.

Production at the four other fields – B8/32, B9A and Nong Yao in the Gulf of Thailand and the Bangora gas field in Block 9 onshore Bangladesh – outpaced expectations in the first half of the year. Production in B8/32 and B9A has significantly benefitted from wireline zonal completions as well as seven infill wells drilled in the second quarter.

It is noteworthy that the KrisEnergy team passed two milestones with three years as the operator of the Bangora field and more than one year as operator of Wassana with zero lost

time injuries. A strong health and safety culture is essential to long-term shareholder value given the inherent risks of E&P operations.

Step-up in Capex

In February 2016, we signalled that capital expenditure this year would focus on maximising and maintaining production. One development well is planned to be drilled in the Bangora field in the third quarter 2016 and four infill wells are currently drilling in the Nong Yao production area. The operator of the Nong Yao field also plans an exploration well in the G11/48 licence area, which contains the Nong Yao field, to take advantage of rig availability as well as to allow the concession to qualify for full reimbursement of the previously incurred reservation fee under the terms of the concession.

There has been a significant step-up in our mid-year guidance for 2016 capital expenditure to US\$83.0 million from an original forecast of US\$50.8 million in February 2016. This is attributable to the Block A Aceh gas development in Indonesia, where spending will accelerate in the second half of 2016 following the signing of the engineering, procurement and construction contract. Negotiations are underway to secure project financing for the Block A gas development and we expect to enter into definitive agreements by the end of the year.

Outlook

The near-term outlook for the E&P sector remains challenged. The uptick in oil prices from the lows at under US\$30 per barrel (“**bbl**”) at the beginning of the year has provided a modicum of relief but equity prices have remained severely depressed. Looking at the forward curve, oil prices show a gradual recovery to the mid-US\$50s out to 2019.

In the near term, there is a risk that certain of our covenants under existing debt instruments may come under stress. The Company continues to review its financial condition and we have engaged external parties to review all available opportunities to strengthen the Group’s capital structure. These measures may entail a form of issuance of equity or an equity-linked instrument, a refinancing of our capital structure, and/or the divestment or farm-out of assets. Any material developments regarding KrisEnergy’s financing will be announced in a timely and transparent manner.

Finally, I would like to thank Keith Cameron, who retired as Chief Executive Officer and as Executive Director, at the end of June 2016. In seven years, Keith led the Group from inception to a 17,000 boepd Company with reserves of more than 100 million barrels of oil equivalent (“**boe**”). I am grateful that Keith has agreed to remain as an advisor and look forward to his continued input.

For and on behalf of the Board of Directors

Jeffrey S. MacDonald

Interim Chief Executive Officer

14 August 2016

Financial and Operations Update

KrisEnergy Ltd. is an independent upstream oil and gas company focused on the exploration, appraisal, development and production of oil and gas in Asia. As at the date of this announcement, we hold working interests in a diverse portfolio of 19 contract areas in Asia, 13 of which we operate, balancing cash flow from oil and gas production with significant development potential and exploration upside. Today, we present unaudited financial statements reflecting our financial and operating results for the three-month ("2Q2016") and six-month ("1H2016") periods ended 30 June 2016 (the "Results"). References made to the Company pertain to KrisEnergy Ltd. and references made to the Group pertain to the Company and its subsidiaries.

	For the three months ended 30 June			For the six months ended 30 June		
	2016	2015	% Change	2016	2015	% Change
(US\$ thousands, except where otherwise indicated)						
Financial						
Sale of crude oil & liquids	25,969.5	7,027.4	269.5	53,601.6	13,433.3	299.0
Sale of gas	4,739.2	4,618.5	2.6	10,218.1	9,632.3	6.1
Revenue	30,708.7	11,645.9	163.7	63,819.7	23,065.6	176.7
EBITDAX⁽¹⁾	11,933.7	21,709.7	(45.0)	31,611.1	30,976.7	2.0
Cash and bank balances	38,458.8	77,191.0	(50.2)	38,458.8	77,191.0	(50.2)
Operations⁽²⁾						
Production volumes (boepd) ⁽³⁾	16,611	7,574	119.3	17,812	7,636	133.3
Average sales price ⁽³⁾						
• Oil and liquids (US\$/bbl)	32.90	61.98	(46.9)	26.33	57.46	(54.2)
• Gas – B8/32 and B9A (US\$/mcf)	3.33	4.26	(21.8)	3.73	4.96	(24.8)
• Gas – Block 9 (US\$/mcf)	2.32	2.32	-	2.32	2.32	-
Average lifting costs (US\$/boe) ⁽³⁾	8.86	7.01	26.4	10.05	6.36	58.0

Notes:

(1) EBITDAX is a non-IFRS measure and is defined as earnings before interest, taxation, depreciation, amortisation, geological and geophysical expenses and exploration expenses.

(2) Non-IFRS measures

(3) Adjusted for KrisEnergy's 89.0% working interest in G10/48

Second Quarter 2016 Financial Update

Oil markets continue to be volatile and uncertain, and prices remain at depressed levels. The Group recorded a net negative working capital position as at 30 June 2016 due to the reclassification of a tranche of debt due in 2017 to Current Liabilities. The Board remains focused on liquidity, capital allocation and balance sheet management and continues to review all available options to optimise the Group's capital structure.

- Working interest production in 2Q2016 averaged 16,611 boepd, more than double the same period last year (2Q2015: 7,574 boepd), as a result of incremental production from the Wassana and Nong Yao oil fields in the Gulf of Thailand and improved production efficiency at the B8/32 & B9A complex.
- Revenue for 2Q2016 amounted to US\$30.7 million (2Q2015: US\$11.6 million), a more than two-fold increase from a year ago due to the increase in crude oil sales and despite the fall in average realised selling prices.
- The average realised oil and liquids sales price in 2Q2016 declined 46.9% to US\$32.90/bbl (2Q2015: US\$61.98/bbl). The average realised gas price achieved at B8/32 & B9A in 2Q2016 was US\$3.33 per thousand cubic feet ("**mcf**"), 21.8% lower than a year ago (2Q2015: US\$4.26/mcf) due to a six-month lag in pricing adjustments to reflect movements in the benchmark Singapore fuel oil market, a key constituent in determining the formula based gas price. The gas price achieved at the Bangora gas field in Bangladesh was unchanged at US\$2.32/mcf.
- Operating costs increased to US\$13.4 million in 2Q2016 (2Q2015: US\$4.8 million) as a result of the Wassana and Nong Yao oil fields being in operation. Lifting costs increased to US\$8.86/boe, 26.4% higher than the same period last year (2Q2015: US\$7.01/boe) but 13.0% lower than the preceding quarter (1Q2016: US\$10.18/boe).
- Corporate general and administrative expenses decreased 18.6% to US\$2.9 million (2Q2015: US\$3.5 million) compared with the same period last year mainly a result of lower employee costs following the Group's ongoing cost reduction initiatives.
- EBITDAX in 2Q2016 amounted to US\$11.9 million (2Q2015: US\$21.7 million). The year-on-year decrease was primarily attributed to the gain recognised from the sale of the Wassana mobile offshore production unit and related assets in 2Q2015. Excluding the impact of the gain on sale of assets, EBITDAX was higher in 2Q2016 than in 2Q2015 as a result of higher revenue and lower corporate general and administrative expenses.
- The net loss after tax in 2Q2016 was US\$25.2 million compared to a net profit of US\$8.7 million in 2Q2015 due to non-cash depreciation, depletion and amortisation expenses incurred in relation to the Group's producing assets and non-recurring finance costs related to the transfer of the US\$108.3 million revolving credit facility (the "**Facility**") to DBS on 30 June 2016 (the "**RCF Transfer**"). The Facility was previously held by The HongKong and Shanghai Banking Corporation Limited, Australia and New Zealand Banking Group Limited and The Commonwealth Bank of Australia.

- Unused sources of liquidity as at 30 June 2016 amounted to US\$30.2 million and the Group's gearing was 45.7%, which remains within the target debt to debt-and-equity range.

Group Capital Management

- As a result of the RCF Transfer:
 - the full amount of US\$108.3 million has been reclassified from Current Liabilities to Non-Current Liabilities in accordance with the Company's agreement with DBS;
 - on 11 July 2016, the Company and DBS agreed to increase the Facility size from US\$108.3 million to US\$148.3 million. There are no changes to the Group's pledged assets to effect the limit increase; and
 - the previously disclosed requirements for (i) repayment and cancellation of US\$55.0 million of the Facility by 29 July 2016; and (ii) raising minimum new capital of US\$100.0 million and US\$50.0 million (both amounts being net of costs) by 30 June 2016 and 30 November 2016, respectively, no longer apply. For more information, please refer to the announcement *KrisEnergy announces transfer of revolving credit facility to DBS Bank Ltd* dated 1 July 2016.

However, and due to the Group's ongoing liquidity and capital management requirements, the Board and management has determined that KrisEnergy is still required to raise up to US\$150.0 million by the end 2016. The Company is assessing all available options to raise such capital, which may take the form equity and equity-linked instruments, as well as from proceeds from asset divestments.

- As at 30 June 2016, the total fair value amount of the S\$130.0 million 6.25% notes due 2017 ("**2017 Notes**") was US\$95.4 million. As the entire amount of the 2017 Notes falls due within one year (9 June 2017), the 2017 Notes have been reclassified from Non-Current Liabilities to Current Liabilities. As at 30 June 2016, the Group's Current Liabilities amounted to US\$207.8 million and the Group's Current Assets amounted to US\$153.0 million, resulting in a net negative working capital position as at the end of the reporting period.

Second Quarter 2016 Operational Update

Production and Development

- Peak gross production at the G10/48 Wassana field in 2Q2016 was almost 10,300 barrels of oil per day (“bopd”). Production in the second quarter was lower than in the preceding quarter primarily due to issues with five wells in the Wassana field. A number of activities are underway to definitively determine the cause of the production loss. These are ongoing but initial results suggest that the problem is more likely to be mechanical than a reservoir issue and the Company expects to have a solution in the near future. Since first Wassana production in August 2015, there have been eight cargoes offloaded for export.
- The Nong Yao oil field reached a peak gross production of nearly 10,500 bopd. The G11/48 concession was awarded a licence to export in 2Q2016 and offloaded the first cargo for export in June 2016. The operator Mubadala commenced drilling four infill wells in July 2016, which are expected to add 4,000 bopd gross production.
- In 2Q2016, seven infill wells were drilled in the B8/32 & B9A oil and gas complex in the Gulf of Thailand (2Q2015: 17), bringing the total to seven wells drilled in 1H2016. B8/32 & B9A continue to produce at the highest rates in more than three years due to wireline zonal recompletions and in spite of a planned five-day maintenance shutdown in May 2016.
- At the Bangora field in the Block 9 production sharing contract (“PSC”), onshore Bangladesh, preparations are underway to drill the Bangora-F development well, which is scheduled to commence drilling in August 2016.

For activities and developments since 30 June 2016, see paragraph 10 of these Results entitled *Recent Developments*.

Capital Expenditure

Pursuant to the Unaudited Full-Year 2015 Financial Statements Announcement dated 25 February 2016, planned capital expenditure for FY2016 was estimated at US\$50.8 million. In 1H2016, US\$27.8 million was spent on capital expenditure, comprising primarily of the following:

- Residual expenditure relating to the development of the Wassana field;
- Expenditures relating to the development of the Block A Aceh gas project;
- Payment of area reservation fees for the G10/48, G11/48 and G6/48 concessions in the Gulf of Thailand; and
- Infill drilling at the B8/32 & B9A complex.

The forecast for planned capital expenditure in FY2016 was based on the Group’s approved work program and budget and minimum exploration commitments as required under asset petroleum licences, as well as management estimates. The following table sets out the

planned capital expenditure for FY2016 and our revised planned capital expenditure for FY2016.

For the year ending 31 December 2016		
	February 2016 forecast	August 2016 forecast
	<i>(unaudited)</i>	
	<i>(US\$ thousands)</i>	
Exploration and appraisal expenditure ⁽¹⁾	24,665.1	53,555.8
Development expenditure ⁽²⁾	25,957.7	29,386.6
Other capital expenditure ⁽³⁾	160.0	68.0
Total capital expenditure	50,782.8	83,010.3

Notes:

- (1) Expenditure for non-producing blocks, which includes Cambodia Block A, G6/48 and the Bulu and Block A Aceh PSCs
- (2) Expenditure for producing assets: B8/32, B9A, Block 9, G10/48 and G11/48
- (3) Expenditure in connection with marine-related assets

Given the prevailing oil price environment, the Company's 2016 capital expenditure budget is primarily focused on its five producing fields to maintain and maximise production efficiencies and hence operating cash flow. The revised 2016 capital expenditure budget has increased by US\$32.2 million, which is primarily attributable to the Group's working interest share of development costs in Block A Aceh, onshore Sumatra in Indonesia. The incurrence of development costs for the Block A Aceh gas project is expected to step up in the second half of 2016 following the signing of the engineering, procurement and construction contract between the operator, PT Medco E&P Malaka, and a consortium of PT JGC Indonesia and PT Encona Inti Industri. We, together with the operator, are working with lead arrangers to finance up to 70.0% of the total project costs. As at the date of these Results, the operator estimates first gas by mid-2018.

We fund and intend to continue to fund capital expenditure from a combination of cash flow from operations, bank facilities (which includes the increase in the Facility, and any project finance facility), capital market transactions and farm out transactions.

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

Financial Statements Announcement

Second Quarter and Six Months ended 30 June 2016

Figures for the period ended 30 June 2016 have not been audited.

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

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

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	(unaudited)			
	(US\$ thousands)			
Sales of crude oil	25,969.5	7,027.4	53,601.6	13,433.3
Sales of gas	4,739.2	4,618.5	10,218.1	9,632.3
Revenue	30,708.7	11,645.9	63,819.7	23,065.6
Cost of sales:				
Operating costs	(13,396.9)	(4,833.4)	(32,593.1)	(8,795.0)
Thai petroleum special remuneratory benefits and royalties paid	(2,516.2)	(1,032.7)	(5,235.4)	(2,002.1)
Depreciation, depletion and amortisation	(22,749.2)	(7,392.1)	(50,725.1)	(14,449.6)
Gross loss	(7,953.6)	(1,612.3)	(24,733.9)	(2,181.1)
Other income	1,116.1	21,422.1	13,080.6	81,029.9
General and administrative expenses	(8,489.8)	(7,705.7)	(16,095.1)	(15,725.6)
Other operating income	213.8	861.5	285.6	255.5
Finance income	61.7	77.0	109.2	159.0
Finance costs	(9,775.0)	(4,580.0)	(17,139.2)	(8,379.5)
(Loss)/profit before tax	(24,826.8)	8,462.6	(44,492.8)	55,158.2
Tax (expense)/credit	(348.3)	259.6	(751.3)	734.4
(Loss)/profit after tax for the period	(25,175.1)	8,722.2	(45,244.1)	55,892.6
Attributable to:				
Owners of the Group	(25,175.1)	9,641.8	(43,461.0)	55,939.2
Non-controlling interests	-	(919.6)	(1,783.1)	(46.6)
(Loss)/profit after tax for the period	(25,175.1)	8,722.2	(45,244.1)	55,892.6
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations	(36.0)	(19.1)	(59.2)	(113.8)
Total comprehensive (loss)/income for the period	(25,211.1)	8,703.1	(45,303.3)	55,778.8
Attributable to:				
Owners of the Group	(25,211.1)	9,622.7	(43,520.2)	55,825.4
Non-controlling interests	-	(919.6)	(1,783.1)	(46.6)
Total comprehensive (loss)/income for the period	(25,211.1)	8,703.1	(45,303.3)	55,778.8

(Loss)/profit per share attributable to owners of the Group (cents per share)

Basic	(1.7)	0.9	(2.9)	5.3
Diluted	(1.7)	0.9	(2.9)	5.3

Extraordinary items

There were no extraordinary items during the period.

EBITDAX Computation

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	(unaudited)			
	(US\$ thousands)			
Adjusted (loss)/profit before tax	(24,826.8)	8,462.6	(44,492.8)	55,158.2
Add:				
Finance costs	9,775.0	4,580.0	17,139.2	8,379.5
Depreciation, depletion and amortisation	22,918.3	7,602.4	51,085.4	14,854.0
Excess of fair value of net assets acquired over consideration paid	-	-	-	(45,164.7)
Net fair value gain on financial instruments	(213.8)	(886.3)	(285.6)	(288.5)
EBITDA	7,652.7	19,758.7	23,446.2	32,938.5
Geological and geophysical expense	4,281.0	1,925.7	8,164.9	5,256.0
Gain on transfer of working interests	-	-	-	(7,251.3)
Exploration expense	-	25.2	-	33.5
EBITDAX	11,933.7	21,709.7	31,611.1	30,976.7

EBITDAX and EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with IFRS. EBITDAX and EBITDA are not measurements of financial performance or liquidity under IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. Adjusted profit/loss before tax deducts SRB taxes from the calculation of EBITDAX and EBITDA. In addition, EBITDAX and EBITDA are not standardised terms, hence, a direct comparison between companies using such terms may not be possible.

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

	The Group		The Company	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December
	2016	2015	2016	2015
	(unaudited)			
	(US\$ thousands)			
ASSETS				
Non-current assets				
Exploration and evaluation assets	461,751.3	447,405.0	-	-
Oil and gas properties	345,873.5	415,068.1	-	-
Other property, plant and equipment	11,081.1	11,219.6	-	-
Intangible assets	33,084.5	33,183.0	-	-
Other investment	216.0	216.0	-	-
Investment in subsidiaries	-	-	334,388.7	333,298.4
Other receivables	-	-	887,060.5	884,507.2

	852,006.4	907,091.7	1,221,449.2	1,217,805.6
Current assets				
Inventories	40,786.5	28,272.4	-	-
Trade and other receivables	71,878.4	66,226.3	-	-
Prepayments	1,917.0	2,507.5	92.2	151.5
Cash and bank balances	38,458.8	29,351.6	306.2	433.3
	153,040.7	126,357.8	398.4	584.8
Total Assets	1,005,047.1	1,033,449.5	1,221,847.6	1,218,390.4
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	1,867.6	1,867.6	1,867.6	1,867.6
Share premium	727,245.1	727,245.1	727,245.1	727,245.1
Other reserves	(7,737.2)	1,494.9	2,700.2	1,676.9
Accumulated losses	(271,984.8)	(228,523.7)	(31,277.2)	(21,433.8)
	449,390.7	502,083.9	700,535.7	709,355.8
Non-controlling interests	-	(6,833.8)	-	-
Total Equity	449,390.7	492,250.1	700,535.7	709,355.8
Non-current liabilities				
Employee benefit liability	1,080.7	1,888.8	-	-
Loans and borrowings	257,886.3	304,571.9	245,032.5	229,571.9
Deferred tax liabilities	39,911.9	40,959.9	-	-
Provisions	49,004.8	48,472.9	-	-
Other payables	-	34,843.3	252,818.3	239,785.9
	347,883.7	430,736.8	497,850.8	469,357.8
Current liabilities				
Trade and other payables	71,941.5	31,911.9	3,373.9	3,349.3
Accrued operating expenses	17,831.5	38,015.4	288.4	782.5
Loans and borrowings	95,416.2	-	-	-
Derivative liabilities	19,798.8	35,545.0	19,798.8	35,545.0
Withholding tax payable	810.6	734.9	-	-
Tax payable	1,974.1	1,255.4	-	-
	207,772.7	107,462.6	23,461.1	39,676.8
Total Liabilities	555,656.4	538,199.4	521,311.9	509,034.6
Total Equity And Liabilities	1,005,047.1	1,033,449.5	1,221,847.6	1,218,390.4

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

Amount repayable in one year or less, or on demand

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
(US\$ thousands)			
-	108,206.4 ⁽¹⁾	-	13,967.4

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
(US\$ thousands)			
108,270.0	154,652.9 ⁽¹⁾	75,000.0	250,825.0

Note:

(1) Includes coupon payable

Details of any collateral

As at 30 June 2016, certain subsidiaries of the Company pledged assets under the Facility. The Facility was transferred to a single lender, DBS Bank Ltd, on 30 June 2016. For further information on the Facility, see section entitled *Borrowings* and the announcement *KrisEnergy announces transfer of revolving credit facility to DBS Bank Ltd* dated 1 July 2016.

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

	The Group			
	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	(unaudited) (US\$ thousands)			
Operating activities:				
(Loss)/profit before tax	(24,826.8)	8,462.6	(44,492.8)	55,158.2
Adjustments for:				
Depreciation, depletion and amortisation	22,749.2	7,392.1	50,725.1	14,449.6
Depreciation of property, plant and equipment	169.1	210.3	360.3	404.4
Employee defined benefits	(255.0)	296.9	(808.1)	209.9
Equity-settled transactions with employees	519.8	482.2	1,023.3	948.7
Excess of fair value of net assets acquired over consideration paid	-	-	-	(45,164.7)
Gain on disposal of assets	-	(19,447.6)	-	(24,558.7)
Gain on sale of subsidiary	-	-	(10,607.1)	-
Net fair value gain on financial instruments	(213.8)	(886.3)	(285.6)	(288.5)
Finance cost	9,198.6	4,273.6	15,970.8	7,919.9
Unwinding of discount on decommissioning provisions	576.4	306.4	1,168.4	459.6
Interest income	(61.7)	(77.0)	(109.2)	(159.0)
Operating cash flows before changes in working capital	7,885.8	1,013.2	12,945.1	9,379.4
Increase in inventories	(8,462.4)	(5,635.6)	(13,883.2)	(11,881.1)
Increase in other current assets	-	(61.6)	-	(61.6)
Decrease/(increase) in trade and other receivables	4,999.7	(7,430.6)	(14,645.7)	(668.3)
(Decrease)/increase in trade and other payables	(20,434.1)	49,225.7	31,156.5	39,578.9
Cash flows (used in)/from operations	(16,011.0)	37,111.1	15,572.7	36,347.3
Interest received	61.7	77.0	109.2	159.0
Interest paid ⁽¹⁾	(5,300.2)	(109.5)	(8,511.7)	(1,347.0)
Tax paid	(1,202.2)	(5,088.2)	(1,202.2)	(5,088.2)
Net cash flows (used in)/from operating activities	(22,451.7)	31,990.4	5,968.0	30,071.1
Investing activities:				
Addition to exploration and evaluation assets	(8,030.1)	(29,852.6)	(14,346.3)	(74,839.7)
Addition to oil and gas properties	(1,186.9)	(63,226.2)	(8,870.5)	(65,071.6)
Acquisition of subsidiary	-	-	-	(50,456.5)
Proceeds from disposal of assets	-	48,888.9	-	110,000.0
Proceeds from sale of subsidiary	-	-	821.6	-
Proceeds from sale of shares in subsidiary	-	-	-	20,111.8
Purchase of other plant, property and equipment	-	(66.5)	(3.3)	(5,665.6)
Subsequent expenditure on assets refurbishment	(97.4)	(16,001.9)	(214.9)	(21,282.5)

Net cash flows used in investing activities	(9,314.4)	(60,258.3)	(22,613.4)	(87,204.1)
Financing activities:				
Payment of bond interest	(3,218.4)	(2,962.0)	(7,454.3)	(6,915.6)
Proceeds from bank borrowings	8,270.0	70,000.0	33,270.0	149,000.0
Repayment of bank borrowings	-	-	-	(59,000.0)
Increase in short-term deposits	(8,270.0)	-	(8,270.0)	-
Decrease in cash collateralised	1,500.0	-	1,500.0	758.8
Net cash flows (used in)/from financing activities	(1,718.4)	67,038.0	19,045.7	83,843.2
Net (decrease)/increase in cash and cash equivalents	(33,484.5)	38,770.1	2,400.3	26,710.2
Cash and cash equivalents at beginning of the period	63,712.7	35,443.5	27,851.6	47,575.3
Net effect of exchange rate changes	(39.4)	(22.6)	(63.1)	(94.5)
Cash and cash equivalents at end of the period	30,188.8	74,191.0	30,188.8	74,191.0

Note:

(1) Includes interest expense relating to the Facility and non-recurring arrangement fees relating to the transfer of the Facility to DBS

As at 30 June 2016, aggregate cash and cash equivalents was US\$30.2 million compared with US\$74.2 million as at 30 June 2015 and unused sources of liquidity as at 30 June 2016 amounted to US\$30.2 million.

Subsequent to period end, KrisEnergy received its share of the remaining proceeds of the prepayment contract in July 2016 amounting to US\$12.8 million and on 11 July 2016, DBS increased the Facility size from US\$108.3 million to US\$148.3 million.

Net Cash Flow used in/from Operating Activities

Net cash flow used in operating activities was US\$22.5 million in 2Q2016 versus net cash flow from operating activities of US\$32.0 million in 2Q2015, which was primarily a result of movements in working capital related to settlement of payables as well as the increase in net loss before tax.

Net Cash Flow used in Investing Activities

In 2Q2016, net cash flow used in investing activities amounted to US\$9.3 million compared with US\$60.3 million in 2Q2015. Material capital expenditure in 2Q2016 included (i) development activities in Block A Aceh amounting to US\$6.0 million; (ii) US\$1.1 million representing the working interest share of development well drilling in the B8/32 & B9A complex; and the balance being expenditure relating to time-writing charges incurred by the remaining assets.

Net Cash Flow used in/from Financing Activities

In 2Q2016, net cash flow used in financing activities amounted to US\$1.7 million compared with net cash flows from financing activities of US\$67.0 million in 2Q2015. In 2Q2016, a restricted deposit of US\$1.5 million was released following the fulfilment of work commitments on the Sakti PSC. The Company paid US\$3.2 million to noteholders in relation to the 2017 Notes. Outstanding bank guarantees issued for the G10/48 concession of US\$8.3 million were cash collateralised via drawings from the Facility.

Borrowings

As at 30 June 2016, the total amount drawn on the Facility was US\$108.3 million and unused sources of liquidity (comprising cash and cash equivalents) amounted to US\$30.2 million. The Group's gearing was 45.7%, which remains within the Group's target debt to debt-and-equity range.

An aggregate S\$330.0 million was issued in 2014 under the S\$500.0 million multi-currency Medium-Term Note program (the "MTN Program"). The 2017 Notes and the S\$200.0 million 5.75% notes due 2018 ("2018 Notes") were issued with a fixed-rate coupon, payable semi-annually in arrears. As at 30 June 2016, the book value of the issued notes under the MTN Program amounted to US\$245.0 million.

1 (d)(i) A statement (for the issuer and group), showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

THE GROUP	Attributable to owners of the Company							Total Equity
	Share Capital	Share Premium	Accumulated Losses	Foreign Currency Translation Reserve	Employee Share Reserve	Premium on acquisition of non-controlling interests	Non-controlling interests	
	(US\$ thousands)							
At 1 January 2016	1,867.6	727,245.1	(228,523.7)	(1,697.2)	1,676.9	1,515.2	(6,833.8)	495,250.1
Loss net of tax	-	-	(18,286.0)	-	-	-	(1,783.1)	(20,069.1)
<u>Other comprehensive income:</u>								
Exchange differences on translation of foreign operations	-	-	-	(23.2)	-	-	-	(23.2)
Total comprehensive loss for the period	-	-	(18,286.0)	(23.2)	-	-	(1,783.1)	(20,092.3)
Equity-settled transactions with employees	-	-	-	-	503.5	-	-	503.5
Acquisition of ownership in interest in subsidiary, without a loss of control	-	-	-	-	-	(10,196.2)	8,616.9	(1,579.3)
At 31 March 2016	1,867.6	727,245.1	(246,809.7)	(1,720.4)	2,180.4	(8,681.0)	-	474,082.0
Loss net of tax	-	-	(25,175.1)	-	-	-	-	(25,175.1)
<u>Other comprehensive income:</u>								
Exchange differences on translation of foreign operations	-	-	-	(36.0)	-	-	-	(36.0)
Total comprehensive loss for the period	-	-	(25,175.1)	(36.0)	-	-	-	(25,211.1)
Equity-settled transactions with employees	-	-	-	-	519.8	-	-	519.8
At 30 June 2016	1,867.6	727,245.1	(271,984.8)	(1,756.4)	2,700.2	(8,681.0)	-	449,390.7

THE GROUP	Attributable to owners of the Company							
	Share Capital	Share Premium	Accumulated Losses	Foreign Currency Translation Reserve	Employee Share Reserve	Premium on acquisition of non-controlling interests	Non-controlling interests	Total Equity
	(US\$ thousands)							
At 1 January 2015	1,310.0	604,582.8	(187,151.0)	(1,464.2)	1,689.4	-	-	418,967.0
Profit net of tax	-	-	46,297.4	-	-	-	872.8	47,170.2
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(94.7)	-	-	-	(94.7)
Total comprehensive income for the period	-	-	46,297.4	(94.7)	-	-	872.8	47,075.5
Equity-settled transactions with employees	-	-	-	-	466.5	-	-	466.5
Disposal of ownership in interest in subsidiary, without a loss of control	-	-	-	-	-	4,108.7	16,003.1	20,111.8
At 31 March 2015	1,310.0	604,582.8	(140,853.6)	(1,558.9)	2,155.9	4,108.7	16,875.9	486,620.8
Profit net of tax	-	-	9,641.8	-	-	-	(919.6)	8,722.2
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(19.1)	-	-	-	(19.1)
Total comprehensive income for the period	-	-	9,641.8	(19.1)	-	-	(919.6)	8,703.1
Equity-settled transactions with employees	-	-	-	-	482.3	-	-	482.3
Disposal of ownership in interest in subsidiary, without a loss of control	-	-	-	-	-	15,938.9	(15,938.9)	-
At 30 June 2015	1,310.0	604,582.8	(131,211.8)	(1,578.0)	2,638.2	20,047.6	17.4	495,806.2
THE COMPANY	Share Capital	Share Premium	Accumulated Losses	Employee Share Reserve	Total Equity			
	(US\$ thousands)							
At 1 January 2016	1,867.6	727,245.1	(21,433.8)	1,676.9	709,355.8			
Loss net of tax	-	-	(5,308.7)	-	(5,308.7)			
Other comprehensive income	-	-	-	-	-			
Total comprehensive loss for the period	-	-	(5,308.7)	-	(5,308.7)			
Equity-settled transactions with employees	-	-	-	503.5	503.5			
At 31 March 2016	1,867.6	727,245.1	(26,742.5)	2,180.4	704,550.6			
Loss net of tax	-	-	(4,534.7)	-	(4,534.7)			
Other comprehensive income	-	-	-	-	-			
Total comprehensive loss for the period	-	-	(4,534.7)	-	(4,534.7)			
Equity-settled transactions with employees	-	-	-	519.8	519.8			
At 30 June 2016	1,867.6	727,245.1	(31,277.2)	2,700.2	700,535.7			

THE COMPANY	Share Capital	Share Premium	Accumulated Losses	Employee Share Reserve	Total Equity
	(US\$ thousands)				
At 1 January 2015	1,310.0	604,582.8	(19,760.5)	1,689.4	587,821.7
Profit net of tax	-	-	30,159.8	-	30,159.8
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	30,159.8	-	30,159.8
Equity-settled transactions with employees	-	-	-	466.5	466.5
At 31 March 2015	1,310.0	604,582.8	10,399.3	2,155.9	618,448.0
Profit net of tax	-	-	(4,369.0)	-	(4,369.0)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(4,369.0)	-	(4,369.0)
Equity-settled transactions with employees	-	-	-	482.3	482.3
At 30 June 2015	1,310.0	604,582.8	6,030.3	2,638.2	614,561.3

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 the end of the corresponding period of the immediately preceding financial year

The Company did not hold any treasury shares as at 30 June 2016 (30 June 2015: Nil).

KrisEnergy Employee Share Option Scheme ("KrisEnergy ESOS")

The KrisEnergy ESOS was implemented and adopted during the Company's initial public offering ("IPO"). The duration of the KrisEnergy ESOS is 10 years commencing from 10 July 2013. As at 30 June 2016, there were no outstanding options under the KrisEnergy ESOS.

KrisEnergy Performance Share Plan ("KrisEnergy PSP")

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

- As disclosed and further described in the Prospectus dated 12 July 2013, under the management shareholders-awards ("MS-Awards") granted pursuant to the KrisEnergy PSP during the IPO, up to 3.0% of the issued ordinary shares in the capital of the Company ("Shares") may be vested upon the satisfaction of the conditions of the MS-Awards.
- On 13 November 2013, awards comprising 5,429,689 Shares were granted to employees, including 963,624 Shares to the Executive Directors.

- On 25 June 2014, awards comprising 1,713,111 Shares were granted to employees, including 963,624 Shares to the Executive Directors.
- On 31 December 2014, awards comprising 3,473,737 Shares were granted to employees, including 1,680,840 Shares to the Executive Directors.
- On 17 March 2015, awards comprising 647,325 Shares were granted to employees. No awards were granted to any Executive Directors.
- On 9 November 2015, awards comprising 11,613,474 Shares were granted to employees, including 1,622,244 Shares to the Executive Directors.

As at 30 June 2016, the number of Shares granted as awards under the KrisEnergy PSP, but not yet vested was (a) up to 3.0% of the issued ordinary shares in the capital of the Company at the time when the conditions of the MS-Awards granted have been satisfied and (b) 15,124,929 Shares.

The awards vested under the KrisEnergy PSP are as follows:

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

As at 30 June 2016, our issued share capital was 1,494,051,245 shares.

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

SHARE CAPITAL	As at 30 June 2016		As at 31 December 2015	
	(unaudited)			
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid ordinary shares				
At 1 January	1,494,051,245	1,867,564	1,047,963,898	1,309,955
Vesting of equity-settled transactions with employees on 20 July 2015	-	-	2,025,674	2,532
Rights issue on 11 August 2015	-	-	440,144,838	550,181
Vesting of equity-settled transactions with employees on 31 December 2015	-	-	3,916,835	4,896
At reporting date	1,494,051,245	1,867,564	1,494,051,245	1,867,564

SHARE PREMIUM

	As at 30 June 2016	As at 31 December 2015
	(unaudited)	
	US\$	
At 1 January	727,245,039	604,582,768
Vesting of equity-settled transactions with employees on 20 July 2015	-	1,606,818
Rights issue on 11 August 2015	-	123,785,875
Rights issue expense	-	(3,660,530)
Vesting of equity-settled transactions with employees on 31 December 2015	-	930,109
At reporting date	727,245,039	727,245,039

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

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at 30 June 2016 (30 June 2015: Nil).

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

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

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2015, except for those disclosed under paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted the new and revised standards that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial performance of the Group for the current financial period.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
(Loss)/profit per share attributable to owners of the Group:				
(i) Based on a weighted average number of shares (cents per share)	(1.7)	0.9	(2.9)	5.3
Weighted average number of shares	1,494,051,245	1,047,963,898	1,494,051,245	1,047,963,898
(ii) On a fully diluted basis (cents per share)	(1.7)	0.9	(2.9)	5.3
Adjusted weighted average number of shares	1,509,176,176	1,057,149,633	1,509,176,176	1,057,149,633

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

	The Group		The Company	
	As at 30 June 2016	As at 31 December 2015	As at 30 June 2016	As at 31 December 2015
		(Unaudited)		
		(US\$)		
Net asset value per ordinary share ⁽¹⁾	0.30	0.33	0.47	0.47
Net tangible asset per ordinary share ⁽¹⁾	0.28	0.31	0.47	0.47

Note:

(1) Based on share capital of 1,494,051,245 ordinary shares as at 30 June 2016 and 31 December 2015.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) 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

The following table sets forth a selected summary of our income statement and non-IFRS financial data for the three months ended 30 June 2016.

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
		(unaudited)		
		(US\$ thousands)		
Sales of crude oil	25,969.5	7,027.4	53,601.6	13,433.3
Sales of gas	4,739.2	4,618.5	10,218.1	9,632.3
Revenue	30,708.7	11,645.9	63,819.7	23,065.6
Cost of sales:				
Operating costs	(13,396.9)	(4,833.4)	(32,593.1)	(8,795.0)

Thai petroleum special remuneratory benefits and royalties paid	(2,516.2)	(1,032.7)	(5,235.4)	(2,002.1)
Depreciation, depletion and amortisation	(22,749.2)	(7,392.1)	(50,725.1)	(14,449.6)
Gross loss	(7,953.6)	(1,612.3)	(24,733.9)	(2,181.1)
Other income	1,116.1	21,422.1	13,080.6	81,029.9
General and administrative expenses	(8,489.8)	(7,705.7)	(16,095.1)	(15,725.6)
Other operating income	213.8	861.5	285.6	255.5
Finance income	61.7	77.0	109.2	159.0
Finance costs	(9,775.0)	(4,580.0)	(17,139.2)	(8,379.5)
(Loss)/profit before tax	(24,826.8)	8,462.6	(44,492.8)	55,158.2
Tax (expense)/credit	(348.3)	259.6	(751.3)	734.4
(Loss)/profit after tax for the period	(25,175.1)	8,722.2	(45,244.1)	55,892.6
Attributable to:				
Owners of the Group	(25,175.1)	9,641.8	(43,461.0)	55,939.2
Non-controlling interests	-	(919.6)	(1,783.1)	(46.6)
(Loss)/profit after tax for the period	(25,175.1)	8,722.2	(45,244.1)	55,892.6

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	(unaudited)			
	(US\$ thousands)			
Revenue	30,708.7	11,645.9	63,819.7	23,065.6
Adjusted operating costs	(13,396.9)	(4,833.4)	(32,593.1)	(8,795.0)
Thai petroleum special remuneratory benefits and royalties paid	(2,516.2)	(1,032.7)	(5,235.4)	(2,002.1)
Gross profit before depreciation, depletion and amortisation	14,795.6	5,779.8	25,991.2	12,268.5
Corporate general and administrative expense	(2,861.9)	(3,517.7)	(4,987.2)	(5,850.5)
Gain on sale of subsidiary	-	-	10,607.1	-
Gain on disposal of assets	-	19,447.6	-	24,558.7
EBITDAX	11,933.7	21,709.7	31,611.1	30,976.7
Geological and geophysical expense	(4,281.0)	(1,925.7)	(8,164.9)	(5,256.0)
Gain on transfer of working interests	-	-	-	7,251.3
Exploration expense	-	(25.2)	-	(33.5)
EBITDA	7,652.7	19,758.7	23,446.2	32,938.5

Revenue

Working interest production in 2Q2016 averaged 16,611 boepd, more than double the same period last year (2Q2015: 7,574 boepd), as a result of incremental production from the Wassana and Nong Yao oil fields in the Gulf of Thailand and improved performance at the B8/32 & B9A complex.

Revenue for 2Q2016 amounted to US\$30.7 million (2Q2015: US\$11.6 million), a more than two-fold increase as a result of higher crude oil sales and despite the fall in average realised selling prices.

The average realised oil and liquids sales price in 2Q2016 declined 46.9% to US\$32.90/bbl (2Q2015: US\$61.98/bbl). The average realised gas price achieved at B8/32 & B9A in

2Q2016 was US\$3.33/mcf, 21.8% lower than a year ago (2Q2015: US\$4.26/mcf) as a result of the overall impact of lower fuel oil prices on the gas price formula. The gas price achieved at the Bangora gas field in Bangladesh was unchanged at US\$2.32/mcf.

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
Production volumes				
Oil and liquids (bopd) ⁽¹⁾	10,571	1,414	11,684	1,382
Gas (mmcf)	36.2	37.0	36.8	37.5
Total (boepd)	16,611	7,574	17,812	7,636
Average sales price				
Oils and liquids (US\$/bbl)	32.90	61.98	26.33	57.46
Gas – B8/32 and B9A (US\$/mcf)	3.33	4.26	3.73	4.96
Gas – Block 9 (US\$/mcf)	2.32	2.32	2.32	2.32

Note:

(1) Adjusted for KrisEnergy's 89.0% working interest in G10/48

Cost of Sales

Operating costs increased to US\$13.4 million in 2Q2016 (2Q2015: US\$4.8 million) as a result of Wassana and Nong Yao oil fields being in operation. Lifting costs increased to US\$8.86/boe, 26.4% higher than the same period last year (2Q2015: US\$7.01/boe) and 13.0% lower than the preceding quarter (1Q2016: US\$10.18/boe).

In line with higher revenue, Thai royalty payments in 2Q2016 also more than doubled to US\$2.5 million (2Q2015: US\$1.0 million).

In 2Q2016, non-cash depreciation, depletion and amortisation expense amounted to US\$22.7 million compared with US\$7.4 million in 2Q2016 due to recognition of production at both Wassana and Nong Yao oil fields.

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
Average lifting cost⁽¹⁾				
Oil, liquids and gas (US\$/boe)	8.86	7.01	10.05	6.36
Operating costs (US\$'000)	13,396.9	4,833.4	31,012.7	8,795.0
Total production (boe)	1,511,605	689,127	3,241,840	1,382,072

Note:

(1) Adjusted for KrisEnergy's 89.0% working interest in G10/48

Other income

Other income was US\$1.1 million in 2Q2016 compared with US\$21.4 million in 2Q2015. The year-on-year decrease was attributable to the gain recognised from the sale of the Wassana mobile offshore production unit and related assets in 2Q2015.

General and administrative expenses

General and administrative expenses increased 10.2% to US\$8.5 million in 2Q2016 (2Q2015: US\$7.7 million) due to the recognition of general and administrative expenses allocated to G10/48 and G11/48. The increase was partially offset by a decrease in professional fees and employee benefits expenses, the result of cost reduction initiatives put in place in previous quarters.

Other operating income

Other operating income of US\$0.2 million in 2Q2016 compared with US\$0.9 million in 2Q2015 due to the net fair value adjustment of the hedge associated with the 2017 Notes and 2018 Notes.

Finance income

Finance income was lower year-on-year due to lower average bank balances in 2Q2016.

Finance costs

Finance costs amounted to US\$9.8 million in 2Q2016 (2Q2015: US\$4.6 million). The increase was mainly attributable to non-recurring fees related to the transfer of the Facility and interest expenses.

Loss / profit before tax

The loss before tax of US\$24.8 million in 2Q2016 compared with a profit before tax of US\$8.5 million in 2Q2015 resulting from recognition of incremental non-cash depreciation, depletion and amortisation expenses on producing assets and non-recurring finance costs on the transfer of the Facility in 2Q2016.

Tax expense / credit

Tax expense amounted to US\$0.3 million in 2Q2016 compared to a tax credit of US\$0.3 million in 2Q2015, mainly due to higher provision of tax expenses in line with higher revenue and reversal of previously recognised deferred tax assets.

Loss / profit after tax

The net loss after tax was US\$25.2 million in 2Q2016 compared with a profit of US\$8.7 million in 2Q2015 as a result of the above mentioned factors.

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

No forecast or prospect statement was previously provided.

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

There continues to be a great deal of uncertainty in the oil markets. Speculation that deep cuts to capital expenditure across the upstream industry would lead to a rebalancing of supply has yet to find any firm evidence and any uptick in oil prices has been capped as

industry data continues to indicate burgeoning stocks of crude oil and petroleum productions in major consuming countries.

Depressed oil prices and the resulting impact on KrisEnergy's revenue streams will continue to put pressure on the Company's earnings, book equity and overall financial covenants.

Due to the overall negative sentiment towards the oil and gas industry, the Company's ability to raise financing has been severely curbed. Recognising that certain covenants under existing debt instruments may come under stress in the near term, the Company is actively evaluating all viable and available options with the primary focus to strengthen the Group's capital structure.

Recent Developments

- On 19 July 2016, pursuant to the partial vesting of awards granted on 13 November 2013 and 17 March 2015 under the KrisEnergy PSP, 1,921,278 Shares were allotted and issued to our employees, including 214,140 Shares to our Executive Directors. Our issued share capital increased to 1,495,972,523 shares.
- On 18 July 2016, the CGG Amadeus seismic vessel commenced an 884 sq. km 3D seismic acquisition program in G10/48.
- On 11 July 2016, the Facility was upsized and the available limit increased by US\$40.0 million.
- Keith Cameron retired from his position as CEO effective 1 July 2016. Jeffrey S. MacDonald has been appointed as Interim CEO. A Transition Committee has been established to provide advisory support, guidance and oversight to the Interim CEO.

11. Dividend

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

None.

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the three months ended 30 June 2015.

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

Other than the interested person transactions as disclosed in the Prospectus under the section “*Interested Person Transactions and Conflicts of Interests – Present and Ongoing Interested Person Transactions*” which has been deemed approved by our Shareholders (which collectively amount to transactions under S\$100,000), there were no other interested person transactions during the financial period under review.

The Group does not have any general IPT mandate from shareholders for interested person transactions that is to be disclosed under Rule 920(1)(a)(ii).

CONFIRMATION BY THE BOARD OF DIRECTORS

Pursuant to SGX Listing Rule 705(5), we, Jeffrey S. MacDonald and Christopher Gibson-Robinson, being two directors of KrisEnergy Ltd. (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 financial results for the second quarter and six months ended 30 June 2016 to be false or misleading in any material aspect.

On behalf of the board of directors.

Jeffrey S. MacDonald
Executive Director &
Interim Chief Executive Officer

Christopher Gibson-Robinson
Executive Director &
Director Exploration & Production

Singapore, 14 August 2016