KS ENERGY LIMITED
An Integrated Energy Services Hub

(Company Registration No. 198300104G)

Financial Statement and Dividend Announcement for the Year Ended 31 December 2018

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		
	31.12.2018	31.12.2017	Increase/ (Decrease)
	$'000	$'000	
Revenue	51,449	47,144	9.1%
Cost of sales	(69,565)	(66,665)	4.4%
Gross loss	**(18,116)**	**(19,521)**	**(7.2%)**
Other income	106	1,494	(92.9%)
Administrative expenses	(17,545)	(18,580)	(5.6%)
Other operating expenses	3,649	(9,533)	N/M
Results from operating activities	**(31,906)**	**(46,140)**	**(30.8%)**
Finance income	2,738	23,292	(88.2%)
Finance costs	(18,916)	(18,771)	0.8%
Share of results of joint venture (net of tax)	(9,226)	16,436	N/M
Loss before tax	**(57,310)**	**(25,183)**	**>100%**
Income tax credit	3,518	624	>100%
Loss for the year	**(53,792)**	**(24,559)**	**>100%**
Results attributable to:			
Owners of the Company	**(42,033)**	**(18,295)**	**>100%**
Non-controlling interests	(11,759)	(6,264)	87.7%
Loss for the year	**(53,792)**	**(24,559)**	**>100%**

N/M – Not Meaningful

See paragraph 8 for more explanation on the income statement review
There was no impact on the Income statement resulting from the adoption of Singapore Financial Reporting Standards (International). Please refer to paragraph 5 for more details

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

	Group		
	31.12.2018	31.12.2017	Increase/ (Decrease)
	$'000	$'000	
Amortisation of intangible assets	(116)	(187)	(38.0%)
Depreciation of plant and equipment	(29,758)	(27,531)	8.1%
Finance costs on bonds	(5,560)	(5,968)	(6.8%)
Interest expense on borrowings	(13,356)	(12,803)	4.3%
Gain on redemption of convertible bonds	–	17,100	N/M
Gain on redemption of secured bonds	2,594	–	N/M
Write-back of impairment loss on trade receivables	26	–	N/M
(Impairment)/Write-back of impairment loss on non-trade receivables	(34)	165	N/M
Impairment loss on plant and equipment	(1,793)	–	N/M
Impairment loss on loan to a joint venture	–	(12,352)	N/M
Write-back of impairment loss on investment in a joint venture	9,904	10,004	(1.0%)
Additional write-down of asset held for sale	–	(1,811)	N/M
Foreign exchange (loss)/gain (net)	(1,772)	1,430	N/M
Bad debts written off	–	(720)	N/M
Loss on disposal of plant and equipment	(2,021)	(3,054)	(33.8%)
Loss on disposal of asset held for sale	(363)	–	N/M
Adjustments for over provision of tax in respect of prior years	4,947	1,564	>100%

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		
	31.12.2018 $'000	31.12.2017 $'000 Restated*	01.01.2017 $'000 Restated*	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Current assets						
Cash and cash equivalents	15,606	8,455	8,754	1,079	549	290
Amounts due from subsidiaries	–	–	–	171	221	222
Amounts due from joint ventures	–	8,306	1	–	1	–
Trade receivables	2,992	11,481	8,289	–	–	–
Contract assets	29	9	20	–	–	–
Inventories	226	222	240	–	–	–
Other assets	5,039	13,148	16,763	98	70	76
Asset held for sale	–	669	2,604	–	–	–
	23,892	**42,290**	**36,671**	**1,348**	**841**	**588**
Non-current assets						
Joint ventures	–	38,746	42,780	–	38,746	42,780
Amounts due from joint ventures	–	27,451	35,677	–	–	–
Subsidiaries	–	–	–	47,251	92,583	122,297
Plant and equipment	388,487	386,046	448,446	21	114	333
Intangible assets and goodwill	1	117	320	–	–	–
Other assets	679	617	968	–	–	301
Deferred tax assets	555	1,132	1,225	–	–	–
	389,722	**454,109**	**529,416**	**47,272**	**131,443**	**165,711**
Total assets	**413,614**	**496,399**	**566,087**	**48,620**	**132,284**	**166,299**
Current liabilities						
Bank overdraft	3,520	–	3,434	–	–	–
Trade and other payables	23,860	27,295	25,966	2,267	1,270	3,430
Amounts due to joint ventures	–	78	44	–	64	32
Amounts due to subsidiaries	–	–	–	1,589	19,213	20,529
Provision for current tax	3,197	8,031	9,880	–	–	1,182
Financial liabilities	11,649	9,336	85,544	–	–	74,862
	42,226	**44,740**	**124,868**	**3,856**	**20,547**	**100,035**
Non-current liabilities						
Trade and other payables	561	555	540	–	–	–
Amounts due to subsidiaries	–	–	–	18,180	–	–
Financial liabilities	368,621	398,727	343,124	38,221	70,514	–
Deferred tax liabilities	1,053	55	12	30	55	–
Provision for loss from joint venture	–	–	10,496	–	–	–
	370,235	**399,337**	**354,172**	**56,431**	**70,569**	**–**
Total liabilities	**412,461**	**444,077**	**479,040**	**60,287**	**91,116**	**100,035**
Net assets	**1,153**	**52,322**	**87,047**	**(11,667)**	**41,168**	**66,264**
Equity attributable to owners of the Company						
Share capital	359,973	359,973	359,973	359,973	359,973	359,973
Equity reserve	17,860	18,007	17,685	17,860	18,007	17,685
Treasury shares	(26,365)	(26,365)	(26,365)	(26,365)	(26,365)	(26,365)
Foreign currency translation reserve	(7,160)	(8,476)	–	–	–	–
Other reserve	(3,750)	(3,750)	(3,750)	–	–	–
Accumulated losses	(350,854)	(308,862)	(290,567)	(363,135)	(310,447)	(285,029)
	(10,296)	**30,527**	**56,976**	**(11,667)**	**41,168**	**66,264**
Non-controlling interests	11,449	21,795	30,071	–	–	–
Total equity	**1,153**	**52,322**	**87,047**	**(11,667)**	**41,168**	**66,264**

**Refer to paragraph 5 for more explanation*

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 31.12.2018 $'000	Group 31.12.2017 $'000
Secured	3,199	9,236
Unsecured	8,450	100
Total	11,649	9,336

Amount repayable after one year	Group 31.12.2018 $'000	Group 31.12.2017 $'000
Secured	364,349	383,727
Unsecured	4,272	15,000
Total	368,621	398,727

Amount repayable in total	Group 31.12.2018 $'000	Group 31.12.2017 $'000
Secured	367,548	392,963
Unsecured	12,722	15,100
Total	380,270	408,063

Included in unsecured borrowings repayable within one year as at 31 December 2018 was an amount of $135,000 relating to loans from related parties (31 December 2017: $100,000).

Included in secured borrowings repayable after one year as at 31 December 2018 are fixed rate secured bonds due 2020 that were issued by the Company on 8 December 2017 (the "2017 Bonds"). The carrying value of the 2017 Bonds was $38,221,000 (31 December 2017: $65,514,000).

Details of the collaterals:

Secured bank loans are secured on plant and equipment, pledged cash deposits and corporate guarantees by the Company. The 2017 Bonds are secured by a share charge in respect of a portion of the Company's shares in a subsidiary of the Group, KS Drilling Pte Ltd and a negative pledge.

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	
	31.12.2018 $'000	**31.12.2017 $'000**
Operating activities		
Loss before tax	(57,310)	(25,183)
Adjustments for:		
Amortisation of intangible assets	116	187
Depreciation of plant and equipment	29,758	27,531
(Write-back)/Impairment loss on trade receivables	(26)	720
Impairment loss on plant and equipment	1,793	–
Impairment loss on loan to a joint venture	–	12,352
Loss on disposal of plant and equipment	2,021	3,054
Write-down of asset held for sale	–	1,811
Write-back of impairment loss on investment in joint venture	(9,904)	(10,004)
Impairment loss/(Write-back of impairment loss) on non-trade receivables	34	(165)
Finance income	(2,738)	(23,292)
Finance costs	13,356	12,803
Finance costs on bonds	5,560	5,968
Share of results of joint ventures, net of tax	9,226	(16,436)
Unrealised foreign exchange gain	390	(1,428)
Loss on disposal of asset held for sale	363	–
Operating loss before changes in working capital	(7,361)	(12,082)
Changes in working capital:		
- trade receivables	8,680	(4,824)
- other assets	6,222	2,660
- trade and other payables	(7,758)	4,867
- contract assets	2,748	11
- contract liabilities	(2,768)	–
Cash used in operating activities	**(237)**	**(9,368)**
Taxes paid	(339)	(266)
Net cash used in operating activities	**(576)**	**(9,634)**
Investing activities		
Proceeds arising from non-trade net receivables with joint ventures	–	10,372
Interest received	143	46
Acquisition of plant and equipment	(924)	(2,407)
Proceeds from disposal of plant and equipment	2,848	1,401
Proceeds from sale of asset held for sale	295	–
Proceeds from disposal of joint venture	2,782	–
Proceeds from disposal of a subsidiary	1,643	
Proceeds from issue of new shares by an indirect subsidiary	409	–
Acquisition of subsidiary	9,041	–
Net cash from investing activities	**16,237**	**9,412**

	Group	
	31.12.2018 $'000	31.12.2017 $'000
Financing activities		
(Increase)/Decrease in deposits pledged	(403)	1,233
Interest paid on borrowings	(6,228)	(8,453)
Interest paid on related party loan	(39)	–
Issuance of new unsecured bonds	35,000	–
Proceeds from bank loans	–	15,000
Repayment of bank loans	(10,613)	(2,971)
Loan from related parties	2,380	494
Repayment of loan from related parties	(2,380)	(394)
Repayment of secured bonds, excluding interest	(30,000)	–
Payment of transaction costs of bank loans	(48)	(55)
Net cash (used in)/from financing activities	**(12,331)**	**4,854**
Net increase in cash and cash equivalents	**3,330**	**4,632**
Cash and cash equivalents at beginning of the year	6,777	2,409
Effect of exchange rate fluctuations on cash held in foreign currencies	(102)	(264)
Cash and cash equivalents at end of the year	**10,005**	**6,777**
Cash and cash equivalents at end of the year includes the following:		
Cash and cash equivalents	15,606	8,455
Bank overdraft	(3,520)	–
Cash and cash equivalents (net)	12,086	8,455
Deposit pledged	(2,081)	(1,678)
Cash and cash equivalents at end of the year	**10,005**	**6,777**

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

1(d) Statement of Comprehensive Income

	Group		
	31.12.2018 $'000	31.12.2017 $'000	Increase/ (Decrease) %
Loss attributable to:			
Owners of the Company	(42,033)	(18,295)	>100
Non-controlling interests	(11,759)	(6,264)	87.7
Loss for the year	**(53,792)**	**(24,559)**	>100
Other comprehensive income/(expense) for the year:			
Defined benefit plan remeasurements	75	–	N/M
Foreign currency translation differences on translation of financial statements of foreign subsidiaries	1,625	(10,488)	N/M
Other comprehensive income/(expense) for the year	**1,700**	**(10,488)**	N/M
Total comprehensive expense for the year	**(52,092)**	**(35,047)**	48.6
Total comprehensive expense attributable to:			
Owners of the Company	(40,649)	(26,771)	51.8
Non-controlling interests	(11,443)	(8,276)	38.3
Total comprehensive expense for the year	**(52,092)**	**(35,047)**	48.6

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

Group	Share capital $'000	Equity reserve $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Other reserve $'000	Accumulated losses $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018	359,973	18,007	(26,365)	(8,476)	(3,750)	(308,862)	30,527	21,795	52,322
Effects of adoption of SFRS(I) 9	–	–	–	–	–	(27)	(27)	–	(27)
At 1 January 2018, as restated	359,973	18,007	(26,365)	–	(3,750)	(308,889)	30,500	21,795	52,295
Total comprehensive expense for the year									
Loss for the year	–	–	–	–	–	(42,033)	(42,033)	(11,759)	(53,792)
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	–	–	–	1,316	–	8	1,324	301	1,625
Defined benefit plan remeasurements	–	–	–	–	–	60	60	15	75
Total other comprehensive income	–	–	–	1,316	–	68	1,384	316	1,700
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**1,316**	**–**	**(41,965)**	**(40,649)**	**(11,443)**	**(52,092)**
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	–	688	688
Issuance of shares in subsidiary with non-controlling interests	–	–	–	–	–	–	–	409	409
Change in equity reserve due to equity component of secured bonds	–	(147)	–	–	–	–	(147)	–	(147)
Total contributions by and distributions to owners of the Company	**–**	**(147)**	**–**	**–**	**–**	**–**	**(147)**	**1,097**	**950**
At 31 December 2018	**359,973**	**17,860**	**(26,365)**	**(7,160)**	**(3,750)**	**(350,854)**	**(10,296)**	**11,449**	**1,153**

Group	Share capital $'000	Equity reserve $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Other reserve $'000	Accumulated losses $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	359,973	17,685	(26,365)	(9,045)	(3,750)	(281,522)	56,976	30,071	87,047
Effects of adoption of SFRS(I) 1,15	–	–	–	9,045	–	(9,045)	–	–	–
At 1 January 2017, as restated	359,973	17,685	(26,365)	–	(3,750)	(290,567)	–	–	87,047
Total comprehensive expense for the year									
Loss for the year	–	–	–	–	–	(18,295)	(18,295)	(6,264)	(24,559)
Other comprehensive expense									
Exchange differences on translation of financial statements of foreign operations, and monetary items which form part of net investment in foreign operations	–	–	–	(8,476)	–	–	(8,476)	(2,012)	(10,488)
Total other comprehensive income/(expense)	–	–	–	(8,476)	–	–	(8,476)	(2,012)	(10,488)
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**(8,476)**	**–**	**(18,295)**	**(26,449)**	**(8,276)**	**(34,725)**
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Warrants issued during the year	–	322	–	–	–	–	322	–	322
Total contributions by and distributions to owners of the Company	**–**	**322**	**–**	**–**	**–**	**–**	**322**	**–**	**322**
At 31 December 2017, as restated	**359,973**	**18,007**	**(26,365)**	**(8,476)**	**(3,750)**	**(308,862)**	**30,527**	**21,795**	**52,322**

Company	Share capital $'000	Equity reserve $'000	Treasury shares $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2018	359,973	18,007	(26,365)	(310,447)	41,168
Loss for the year	–	–	–	(52,688)	(52,688)
Total comprehensive expense for the year	**–**	**–**	**–**	**(52,688)**	**(52,688)**
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Change in equity reserve due to equity component of secured bonds	–	(147)	–	–	(147)
Total contributions by and distributions to owners of the Company	**–**	**(147)**	**–**	**–**	**(147)**
At 31 December 2018	**359,973**	**17,860**	**(26,365)**	**(363,135)**	**(11,667)**
At 1 January 2017	359,973	17,685	(26,365)	(285,029)	66,264
Loss for the year	–	–	–	(25,418)	(25,418)
Total comprehensive expense for the year	**–**	**–**	**–**	**(25,418)**	**(25,418)**
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Warrants issued during the year	–	322	–	–	322
Total contributions by and distributions to owners of the Company	**–**	**322**	**–**	**–**	**322**
At 31 December 2017	**359,973**	**18,007**	**(26,365)**	**(310,447)**	**41,168**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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 2018 to 31 December 2018. The Company did not have any subsidiary holdings as at 31 December 2018 (31 December 2017: Nil).

As at 31 December 2018 and 31 December 2017, the number of ordinary shares in issue was 524,240,215 of which 8,639,000 were held by the Company as treasury shares.

Convertible Bonds

As at 31 December 2018 and 31 December 2017, there were no convertible bonds outstanding.

Warrants

On 8 December 2017, the Company issued 65.5 million non-listed bonus warrants pursuant to the issue of $65.5 million aggregate principal value of secured fixed rate bonds due 2020. Each warrant carries the right to subscribe for one fully-paid ordinary share of the Company at an initial exercise price of $0.045 per new share. The warrants, unless previously exercised, will expire on 8 December 2020.

The Company has on 7 December 2018 entered into a termination deed pursuant to which an aggregate of 65,500,000 outstanding unexercised warrants shall be terminated (see the announcement by the Company dated 7 December 2018).

As at 31 December 2018, there were no outstanding warrants (31 December 2017: 65,500,000).

KS Energy Performance Share Plan (the "Plan")

As at 31 December 2018, there were no outstanding shares issued under the Plan which was approved by the shareholders of the Company on 2 July 2009.

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 2018 and 31 December 2017, 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).

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

There were no sales, transfers, cancellation and/or use of treasury shares as at 31 December 2018 (31 December 2017: Nil).

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

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2018 (31 December 2017: Nil).

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 2017.

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 adopted all the applicable Singapore Financial Reporting Standards (International) ("SFRS(I)") and related Interpretations ("INT SFRS(I)") that are effective for annual periods beginning on 1 January 2018. The impact of the adoption of the SFRS(I) and INT SFRS(I) on the Group are as follows:

(i) SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Group adopted SFRS(I) effective 1 January 2017, the Group will therefore apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative Foreign Currency Translation Reserve ("FCTR") for all foreign operations at the date of transition, and reclassify the cumulative FCTR of $9,045,058 as at 1 January 2017 determined in accordance with FRS at that date to accumulated losses. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

Applying the optional exemption provision per SFRS(I) 1, the Group has reclassified $9,045,058 from its foreign currency translation reserve to accumulated losses on 1 January 2017.

(ii) SFRS(I) 9 Financial Instruments

With effect from 1 January 2018, the Group adopted the simplified approach and recorded lifetime expected credit loss ("ECL") on all trade receivables and any contract assets arising from the application of SFRS(I) 15. The Group applied the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in accumulated losses and reserves as at 1 January 2018. Accordingly, the Group has increased the impairment for trade receivables by $33,985 and increased accumulated losses by the same amount as at 1 January 2018.

(iii) SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group has adopted SFRS(I) 15 with effect from 1 January 2017, with no significant impact on the Group's financial statements upon its adoption.

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	
	31.12.2018	**31.12.2017**
Loss per share attributable to owners of the Group:		
(a) Based on weighted average number of ordinary shares in issue (cents per share)	(8.15)	(3.55)
- Weighted average number of shares	515,601,215	515,601,215
(b) On a fully diluted basis (cents per share)	(8.15)	(3.55)
- Weighted average number of shares	515,601,215	515,601,215

The basic and diluted earnings per share for the year ended 31 December 2018 was calculated by dividing the loss attributable to shareholders of $42,033,000 (31.12.2017: $18,295,000) by the weighted average number of shares in issue during the financial year.

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

The diluted earnings per share computations have not taken into consideration the effects of outstanding warrants issued along with the 2017 Bonds as at 31 December 2018, nor the convertible bonds as at 31 December 2017, as they are anti-dilutive pursuant to para 41 of SFRS(I) 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	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	Cents	Cents	Cents	Cents
Net asset value (excluding non-controlling interests) per ordinary share based on existing issued share capital as at the end of the year reported on	(2.0)	5.9	(2.3)	8.0

The Group's and the Company's net asset values per ordinary share have been computed based on the 515,601,215 ordinary shares issued as at 31 December 2018 (31.12.2017: 515,601,215).

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 2018

	Group		
	31.12.2018	31.12.2017	Change
	$'000	$'000	
Revenue by segment			
Drilling	50,617	46,568	8.7%
Engineering	832	576	44.4%
	51,449	**47,144**	**9.1%**

Overview

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

On 11 December 2018, the Company announced the completion of the disposal of the entire issued share capital of KS Resources Pte Ltd, a wholly owned subsidiary of the Company. KS Resources Pte Ltd held the Group's shareholding in the joint venture KS Distribution Pte Ltd and had issued $35.0 million of unsecured fixed rate bonds at the time of disposal. After accounting for the share of results from KS Distribution Pte Ltd up to the disposal date, which were losses of $9.2 million, the Group recognised a gain of $9.9 million which was recognised as a write-back of impairment losses on the investment in KS Distribution Pte Ltd.

Results for the twelve months ended 31 December 2018 ("FY2018")

The consolidated revenue was $51.4 million for FY2018, an increase of $4.3 million, or 9.1%, above that of $47.1 million reported for the twelve months ended 31 December 2017 ("FY2017") due to the higher revenue from the Drilling business.

The consolidated loss after tax was $53.8 million for FY2018, an increase of $29.2 million compared to the consolidated loss after tax of $24.6 million for FY2017. The higher loss was mainly due to:

i. a $25.6 million decrease in share of results from joint ventures, from a $16.4 million gain in FY2017 to a $9.2 million loss in FY2018;
ii. a $20.6 million decrease in Finance Income from $23.3 million in FY2017 to $2.7 million in FY2018; and
iii. a $0.1 million increase in Finance Costs from $18.8 million in FY2017 to $18.9 million in FY2018

Partially offset by

i. improved result from operating activities which improved by $14.2 million from a $46.1 million loss in FY2017 to a $31.9 million loss in FY2018; and
ii. a $2.9 million increase in tax credit from $0.6 million in FY2017 to $3.5 million in FY2018.

Revenue

The consolidated revenue was $51.4 million in FY2018, an increase of $4.3 million, or 9.1%, above that of $47.1 million for FY2017.

Revenue from the Drilling business increased $4.1 million, or 8.7%, from $46.5 million for FY2017 to $50.6 million for FY2018. The higher revenue resulted from higher fleet utilisation following the award of charter contracts. Revenue contribution from the Drilling business made up about 98.4% of the Group's consolidated revenue for FY2018.

Revenue from the Engineering business increased $0.2 million from $0.6 million for FY2017 to $0.8 million for FY2018. The higher revenue resulted from projects delivered in Q2 2018 and Q3 2018. Revenue contribution from the Engineering business made up about 1.6% of the Group's consolidated revenue for FY2018.

Gross Loss

The gross loss of $18.1 million for FY2018 was 7.2% smaller than the gross loss of $19.5 million reported for FY2017. The smaller gross loss in FY2018 was the net result of a $2.9 million increase in cost of sales and a $4.3 million increase in revenue. Included in cost of sales are the cost of goods sold, the cost of services provided, and certain fixed costs associated with our fleet of rigs such as depreciation charges which increased from $26.9 million in FY2017 to $29.3 million in FY2018. The higher depreciation charge in FY2018 was mainly due to KSDI being consolidated as a subsidiary instead of being equity-accounted as a joint venture.

The gross loss margin decreased from 41.4% in FY2017 to 35.2% in FY2018.

Other Income

The breakdown of "other income" is shown below:

	31.12.2018 $'000	31.12.2017 $'000	Movement $'000
Detailed breakdown:			
Foreign exchange gain	**–**	1,430	(1,430)
Scrap sales	**41**	**–**	41
Gain on sale of diesel supplies	**30**	**–**	30
Others	**35**	64	(29)
Other Income	**106**	**1,494**	**(1,388)**

Other income decreased from $1.5 million for FY2017 to $0.1 million for FY2018. Other income mainly comprised foreign exchange gains and other income not directly related to the revenue generated from our day-to-day operations.

Operating Expenses

Administrative expenses decreased $1.1 million from $18.6 million in FY2017 to $17.5 million in FY2018 mainly due to reduced legal and professional costs and staff costs.

Other operating expenses decreased $13.1 million from $9.5 million expense in FY2017 to $3.6 million income in FY2018 mainly due to:

i. a $12.4 million decrease in impairment losses on a loan to a joint venture which decreased from $12.4 million in FY2017 to $0 in FY2018 due to KSDI being consolidated as a subsidiary instead of being equity-accounted as a joint venture;
ii. a $1.8 million decrease in additional write-down of asset held for sale which decreased from $1.8 million in FY2017 to $0 in FY2018. The asset was disposed in Q1 2018; and
iii. a $1.0 million decrease in losses on disposal of plant and equipment which decreased from $3.0 million in FY2017 to $2.0 million in FY2018

Partially offset by

i. a $1.8 million increase in impairment losses on plant and equipment which increased from $0 in FY2017 to $1.8 million in FY2018; and
ii. a $0.4 million loss on disposal of an asset held for sale in FY2018

Finance Income and Costs

Finance income decreased from $23.3 million in FY2017 to $2.7 million in FY2018. In FY2018, finance income included a $2.6 million gain on redemption of secured bonds. In FY2017, finance income included a $17.1 million gain on redemption of convertible bonds. The remaining finance income in FY2017 was mainly derived from interest income on loans provided to a joint venture and has decreased due to KSDI being consolidated as a subsidiary instead of being equity-accounted as a joint venture.

Finance costs increased $0.1 million from $18.8 million in FY2017 to $18.9 million in FY2018 due to slightly higher overall interest rates.

Share of results of Joint Ventures

The Group's share of results from joint ventures decreased $25.6 million from a profit of $16.4 million for FY2017 to a loss of $9.2 million for FY2018. The loss in FY2018 is due to losses recorded by the Distribution business. The Group's share of results from the KS Distribution Group improved by $4.8 million from a loss of $14.0 million for FY2017 to a loss of $9.2 million for FY2018. In addition, in FY2017, the Group recorded a $20.5 million one-time gain from a joint venture following a court ruling (see the announcement by the Company dated 13 July 2017) and a related $9.9 million one-time gain from releasing a provision for loss from a joint venture.

Tax credit

The tax expense increased from a tax credit of $0.6 million in FY2017 to a tax credit of $3.5 million in FY2018 following an adjustment for over provision of tax in respect of prior years.

Result Attributable to Shareholders

The result attributable to Owners of the Company was a loss of $42.0 million for FY2018 which was $23.7 million larger than the loss of $18.3 million reported for FY2017.

STATEMENT OF FINANCIAL POSITION REVIEW

Assets

The Group's total non-current assets decreased $64.4 million from $454.1 million as at 31 December 2017 to $389.7 million as at 31 December 2018.

Non-current assets mainly comprise plant and equipment in our Drilling business. The carrying value of the drilling rig fleet increased by $1.4 million from $322.5 million as at 31 December 2017 to $323.9 million as at 31 December 2018 mainly due to a $30.6 million increase from KSDI being consolidated as a subsidiary instead of being equity-accounted as a joint venture, the purchase of plant and equipment of $0.6 million and foreign exchange impacts of $6.7 million, offset by depreciation charges of $29.8 million, impairment charges of $1.8 million and the disposal of plant and equipment of $4.9 million. There was a corresponding decrease in non-current amounts due from joint ventures of $27.5 million from $27.5 million as at 31 December 2017 to $0 as at 31 December 2018. The carrying value of assets under construction increased by $1.6 million from $62.6 million as at 31 December 2017 to $64.2 million as at 31 December 2018 mainly due to the foreign exchange impacts.

The carrying value of joint ventures decreased $38.7 million from $38.7 million as at 31 December 2017, to $0 as at 31 December 2018. On 11 December 2018, the Company disposed of all its shareholding in the joint venture KS Distribution Pte Ltd.

Total current assets decreased $18.4 million from $42.3 million as at 31 December 2017 to $23.9 million as at 31 December 2018. The decrease in current assets was mainly due to lower trade receivables, amounts due from joint ventures, other assets and offset against the higher amount of cash and cash equivalents. Trade receivables decreased $8.5 million from $11.5 million as at 31 December 2017 to $3.0 million as at 31 December 2018 due to collections from customers and lower activity levels before this year-end. Current amounts due from joint ventures decreased $8.3 million also due to KSDI being consolidated as a subsidiary instead of being equity-accounted as a joint venture. Other current assets

decreased $8.1 million from $13.1 million as at 31 December 2017 to $5.0 million as at 31 December 2018 (see table below).

The carrying value of the asset held for sale as at 31 December 2018 was $0 (31 December 2017: $0.7 million) as the disposal was completed in Q1 2018.

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

	31.12.2018 $'000	31.12.2017 $'000	Movement $'000
Detailed breakdown:			
Sundry deposits	**112**	128	(16)
Withholding tax recoverable	**615**	1,480	(865)
Value-added tax receivable	**3,269**	4,865	(1,596)
Deferred operating expenses	**–**	2,768	(2,768)
Other debtors	**506**	1,832	(1,326)
Advanced payment to supplier	**63**	1,594	(1,531)
Prepayments	**474**	481	(7)
Other Current Assets	**5,039**	**13,148**	**(8,109)**

The decrease in other current assets was mainly due to lower amounts under "deferred operating expenses", "value-added tax receivable", "advanced payment to supplier", "other debtors", "withholding tax recoverable", "sundry deposits" and "prepayments" as at 31 December 2018 compared to 31 December 2017. These balances mainly originate from our Drilling business and are routine in nature.

Liabilities

Total liabilities decreased $31.6 million, or 7.1%, from $444.1 million as at 31 December 2017 to $412.5 million as at 31 December 2018. This was principally attributable to a $27.8 million decrease in total borrowings (current and non-current), a $4.8 million decrease in provision for taxes and a $3.4 million decrease in trade and other payables (current and non-current), offset by a $3.5 million increase in bank overdraft.

Total borrowings decreased by $27.8 million from $408.0 million as at 31 December 2017 to $380.2 million as at 31 December 2018 due to a $25.4 million decrease in secured borrowings and a $2.4 million decrease in unsecured borrowings. The decrease in total borrowings was due to loan repayments of $5.6 million, the waiver of the redemption premium on the repurchased secured bonds of $2.3 million and the divestment of $35.0 million new bonds issued by our subsidiary, KS Resources Pte Ltd ("KSR"). The decrease in total borrowings was offset by increases due to $8.2 million of deferred finance costs and $6.9 million of foreign exchange impacts, as most of the secured bank loans are denominated in a foreign currency.

The amount of current borrowings due within the next twelve months increased $2.3 million from $9.3 million as at 31 December 2017 to $11.6 million as at 31 December 2018 due to higher scheduled contractual repayment amounts beginning in 2019 leading to a reclassification from non-current to current borrowings.

The amount of non-current borrowings due after more than one year decreased $30.1 million from $398.7 million as at 31 December 2017 to $368.6 million as at 31 December 2018 mainly due to the divestment of new bonds described above.

Within current liabilities, trade and other payables decreased $3.4 million from $27.3 million as at 31 December 2017 to $23.9 million as at 31 December 2018 mainly due to a $2.6 million reduction in trade creditors and a $5.3 million reduction in accrued operating expenses, offset by a $4.2 million increase in accrued interest. The reduction in trade creditors and accrued operating expenses were due to lower activity levels before this year-end. Provisions for tax decreased $4.8 million from $8.0 million as at 31 December 2017 to $3.2 million as at 31 December 2018 due to the adjustment for the over provision of

tax in respect of prior years. The bank overdraft increased $3.5 million from $0 as at 31 December 2017 to $3.5 million as at 31 December 2018.

As at 31 December 2018, the Group and Company were in a net current liability position (current liabilities exceeded current assets) of $18.3 million and $2.5 million, respectively. As at 31 December 2017, the Group and Company were in a net current liability position (current liabilities exceeded current assets) of $2.5 million and $19.7 million, respectively. Improving the net current liability position of the Group and Company is a key concern for the Company.

In addition, as at 31 December 2018, the Group had negative shareholder's equity of $10.3 million and the Company was in a net liability position (total liabilities exceeded total assets) of $11.7 million. The Group has announced on 9 November 2018 a proposed repurchase of $31.0 million existing secured bonds and the issuance of new shares as consideration for the payment of the Company for the purchase of the existing secured bonds and anticipates convening an extraordinary general meeting soon.

The financial statements for the year ended 31 December 2018 are prepared on a going concern basis, the validity of which is premised on the continuing availability of credit facilities to the Group for at least another twelve months from the reporting date, and the sufficiency of cash flows to be generated from the Group's operating activities.

Although the Group expects the overall operating environment to remain challenging in the next twelve months, it anticipates generating positive cash flows from existing rig charter contracts and prospective rig charter contracts. The Group expects to secure additional work for its rigs in South East Asia over the course of the year ahead with contract values of at least US$30 million. The operating cash flow forecast is derived from the chartering cash flow forecast, the forecast for other operating costs and the forecast for changes in working capital which are continuously reviewed by management. In addition, the Group shall seek to divest any surplus assets when opportunities arise and currently expects to generate at least US$1.2 million over the course of the year. The Group shall continue to work closely with its bankers and is confident of extending the repayment of $5.7 million loan currently within current borrowings to allow the Group to meet its debt obligations as and when they fall due.

The Group has capital commitments of $258.1 million and $230.8 million for assets under construction. The Group continues to engage in discussions with the shipyards and, subject to obtaining the required financing, is expected to have sufficient resources to meet the capital commitments of the Group.

STATEMENT OF CASH FLOWS REVIEW

As at 31 December 2018, cash and cash equivalents less the bank overdraft amounted to $12.1 million (31 December 2017: $8.5 million), of which unpledged cash and cash equivalents amounted to $10.0 million (31 December 2017: $6.8 million).

Cash Flow from Operating Activities

Operating activities incurred a net cash outflow of $0.6 million for the year ended 31 December 2018. The net cash outflow from operating activities comprised a cash outflow of $7.4 million arising due to operating losses before changes in working capital; a cash outflow of $0.3 million arising due to taxes paid; and offset with a cash inflow of $7.1 million arising due to changes in working capital.

Cash Flow from Investing Activities

The net cash flow from investing activities amounted to an inflow of $16.2 million for the year ended 31 December 2018. This was mainly due to proceeds from disposal of joint venture of $2.8 million; KSDI being consolidated as a subsidiary instead of being equity-accounted as a joint venture which generated a cash inflow of $9.0 million; proceeds from disposal of plant and equipment of $2.9 million; proceeds from a disposal of a subsidiary of $1.6 million (see the announcement by the Company dated 19 October 2018); proceeds from sale of asset held for sale of $0.3 million; proceeds from issue of new shares by an indirect subsidiary of $0.4 million (see the announcement by the Company dated 4 June 2018); interest received of $0.1 million; offset with the acquisition of plant and equipment which incurred cash outflow of $0.9 million.

Cash Flow from Financing Activities

The net cash flow from financing activities amounted to an outflow of $12.3 million for the year ended 31 December 2018. The issuance of new unsecured bonds during FY2018 generated a cash inflow of $35.0 million. The repayment of secured bonds during FY2018 generated a cash outflow of $30.0 million. The repayment of bank loans during FY2018 generated a cash outflow of $10.6 million. Interest paid on loans during FY2018 incurred a cash outflow of $6.2 million. An increase of cash deposits pledged generated a cash outflow of $0.4 million in FY2018. A payment of transaction costs of bank loans during FY2018 incurred a cash outflow of $0.1 million.

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 2018 was in line with the views expressed in a statement in Paragraph 10 of the Company's previous results announcement dated 9 November 2018.

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 current trend in oil prices indicates the probability of a better business environment for the offshore services sector. If this trend sustains, it would be reasonable to expect opportunities to eventuate for companies such as KS Energy at least through the medium term. The Group shall continue to manage its 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

No dividend has been declared/recommended for the current financial reporting period due to the lack of distributable funds.

13. Interested persons transaction

The Group has the following interested person transactions ("IPT") for the twelve months of the financial year ended 31 December 2018:

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 KS Drilling Indonesia and its subsidiaries ("JVC Group")		
• Expected additional interest income on Financing [2]		SGD 3,562,231
• Extension of outstanding principal and interest due on the Additional Loan [1]	SGD 2,544,497	
• Expected additional interest income on the Additional Loan [1]	SGD 56,526	
Additional information pursuant to the JVC IPT Mandate:		*USD 86,088*
• *Injection of funds by KS Drilling to JVC Group*		
• *Total outstanding amount due from JVC Group on Additional Loan including accrued interest thereon as at the end of the period [1]*	*USD 2,432,438*	
• *Total outstanding amount due from JVC Group for rig management fees and other services as at the end of the period*	*USD 312,768*	*USD 49,220,154*
• *Total outstanding amount due from JVC Group including loan principal, accrued interest and guarantee fees as at the end of period [2]*		

(1) On 22 January 2016, PT Java Star Rig ("PT JSR", a subsidiary of PT KS Drilling Indonesia) was notified that its appeal had been rejected, and the Ministry of Finance of the Republic of Indonesia – Directorate General Customs and Excise commenced the process to call upon the Customs Bond. The Insurer paid the amount due under the Customs Bond, and subsequently called on the Guarantee. The funds were disbursed pursuant to the Guarantee on 4 February 2016. As a result, a debt arose between KS Drilling as creditor and PT JSR as debtor (the "Additional Loan"). The Additional Loan has been charged to PT JSR at an interest rate of 7.0% per annum (please refer to the announcement dated 1 March 2016 for more details) and the principal amount outstanding as at 31 December 2018 was US$0.5 million. The Company released an update announcement dated 21 June 2018.

(2) With reference to the IPT Mandate approved by shareholders at the EGM held on 7 December 2012 and the Circular dated 22 November 2012, which was reapproved by shareholders at the AGM held on 27 April 2017, the Group provided funding for the purchase of Rigs and Equipment which has been provided by way of shareholder guarantees and shareholder loans (the "Financing") to JVC Group. The shareholder loans provided under such Financing by KS Drilling Pte Ltd ("KS Drilling"), an 80.09% subsidiary of the Company, to PT JSR, accrue interest at a rate of 7% per year and the principal amount outstanding as at 31 December 2018 was US$37.8 million which has been used to finance the acquisition of the jack-up rig named "KS Java Star" and additional equipment required by the rig. Included in the US$37.8 million balance is US$0.09 million that was advanced during the current financial year to 31 December 2018.

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, the chief executive officer and chief financial officer.

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
External revenues	50,617	46,568	832	576	–	–	–	–	–	–	51,449	47,144
Inter-segment revenues	–	–	–	–	–	–	–	–	–	–	–	–
Total revenue	50,617	46,568	832	576	–	–	–	–	–	–	51,449	47,144
Finance income	143	6,188	1	4	–	–	2,601	17,108	(7)	(8)	2,738	23,292
Finance costs	(12,381)	(11,773)	(9)	(10)	–	–	(6,533)	(6,996)	7	8	(18,916)	(18,771)
Reportable segment loss before income tax	(55,785)	(57,908)	620	(761)	–	–	2,291	17,050	4,790	–	(48,084)	(41,619)
Share of results of joint ventures	–	30,474	–	–	(9,226)	(14,038)	–	–	–	–	(9,226)	16,436
Consolidated loss before tax	(55,785)	(27,434)	620	(761)	(9,226)	(14,038)	2,291	17,050	4,790	–	(57,310)	(25,183)
Income tax	(1,070)	(498)	–	11	–	–	4,588	1,111	–	–	3,518	624
Other material non-cash items:												
Depreciation of plant and equipment	29,637	27,279	24	31	–	–	97	221	–	–	29,758	27,531
Amortisation of intangible assets	108	175	8	12	–	–	–	–	–	–	116	187
Impairment loss/(Write-back) for receivables	8	12,352	–	–	–	–	–	(165)	–	–	8	12,187
Impairment loss on rigs	1,793	–	–	–	–	–	–	–	–	–	1,793	–
Write-back of impairment loss on investment in joint venture**	–	–	–	–	–	–	(9,904)	(10,004)	–	–	(9,904)	(10,004)
Foreign exchange loss/(gain) (net)	1,374	351	–	–	–	–	398	(1,781)	–	–	1,772	(1,430)
Loss on disposal of plant and equipment	2,021	3,054	–	–	–	–	–	–	–		2,021	3,054
Adjustment for over provision of tax in respect of prior years	(377)	(387)	–	(12)	–	–	(4,570)	(1,165)	–	–	(4,947)	(1,564)

* The results from Distribution segment (from January 2018 to November 2018) are accounted for using the equity method since it is a joint venture.

** This amount relates to the Group's impairment of investment in joint venture, which has been disposed off on 11 December 2018.

Business segments	Drilling		Engineering		Distribution*		Others		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Assets and liabilities										
Reportable segment assets	410,238	453,977	1,619	1,768	–	–	1,202	749	413,059	456,494
Investment in joint ventures	–	–	–	–	–	38,746	–	–	–	38,746
Deferred tax assets	555	1,132	–	–	–	–	–	–	555	1,132
Total assets	410,793	455,109	1,619	1,768	–	38,746	1,202	749	413,614	496,372
Reportable segment liabilities	366,093	361,393	1,418	2,171	–	–	40,700	72,427	408,211	435,991
Provision for tax	3,195	3,459	2	2	–	–	–	4,570	3,197	8,031
Deferred tax liabilities	1,023	–	–	–	–	–	30	55	1,053	55
Total liabilities	370,311	364,852	1,420	2,173	–	–	40,730	77,052	412,461	444,077
Other segment information										
Capital expenditure	920	2,398	–	7	–	–	4	2	924	2,407

* The results from Distribution segment (from January 2018 to November 2018) are accounted for using the equity method since it is a joint venture.

Secondary reporting format – geographical segments

	Revenue		Other non-current assets		Capital expenditure	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Singapore	739	–	42	39,011	12	9
The People's Republic of China	–	–	64,212	62,634	314	759
Kurdistan	–	19	–	19,575	–	–
Egypt	4,472	9,341	19,238	24,066	430	–
Pakistan	339	1,451	9,116	10,755	–	–
Vietnam	16,523	11,983	205,362	209,144	161	–
Indonesia	29,297	23,846	91,752	88,924	7	1,639
Malaysia	71	192	–	–	–	–
Other countries	8	312	–	–	–	–
	51,449	47,144	389,722	454,109	924	2,407

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		
	2018	2017	Increase/ (decrease)
	$'000	$'000	%
First Half			
(a) Revenue	28,856	20,837	38.5%
(b) Loss after tax before deducting non-controlling interests	(29,492)	(19,529)	51.0%
Second Half			
(a) Revenue	22,593	26,307	(14.1%)
(b) Loss after tax before deducting non-controlling interests	(24,300)	(5,030)	>100%

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	70	Father of Richard James Wiluan, father-in-law of Samuel Paul Oliver Carew-Jones and 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.	
Richard James Wiluan	40	Son of Kris Taenar Wiluan, who is the Executive Chairman & Chief Executive Officer of KS Energy Ltd and Richard is also 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.	
Samuel Paul Oliver Carew-Jones	44	Son-in-law of Kris Taenar Wiluan, who is the Executive Chairman & Chief Executive Officer of KS Energy Limited and who is 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. Appointed as an Executive Director and Deputy Chief Executive Officer of the Company on 15 August 2018.	Appointed as an Executive Director and Deputy Chief Executive Officer of the Company on 15 August 2018

BY ORDER OF THE BOARD

Lai Kuan Loong, Victor
Company Secretary

27 February 2019