KS ENERGY LIMITED
An Integrated Energy Services Hub

RESPONSE TO SGX-ST'S QUERIES ON THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Board of Directors (the "**Board**") of KS Energy Limited (the "**Company**", together with its subsidiaries, the "**Group**") would like to respond to the questions raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 4 March 2019 in relation to the Company's unaudited financial statements for the year ended 31 December 2018 ("**Financial Statement**") released to the SGX-ST on 27 February 2019 (the "**Announcement**") as follows:

SGX-ST'S QUESTIONS:

1. With regard to page 2 of Financial Statement, please explain what the write-back of impairment loss on investment in a joint venture (which amounts to $9.9 million) relate to; and

Company's Reponses to question 1:

Please see the following explanation on page 13 of the Financial Statement:

"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."

2. We note that the Company has stated on page 14 of the Financial Statement that "[other] operating expenses decreased $13.1 million from $9.5 million expense in FY 2017 to $3.6 million income in FY 2018". Please explain this statement.

Company's Reponses to question 2:

On page 14 of the Financial Statement we highlighted the main causes of the $13.1 million decrease in other operating expenses from a $9.5 million net charge in FY2017 to a $3.6 million net credit in FY2018. The net credit in FY2018 was principally due to the $9.9 million write-back of impairment loss on investment in a joint venture, explained on page 13 of the Financial Statement and in the response to question 1 above, being recorded in other operating expenses as it related to a write-back of expenses previously recorded in other operating expenses.

Further details of other operating expenses in FY2017 and FY2018 are shown below. For a better understanding, the table extracts the items shown on page 2 of the Financial Statement, which the profit/(loss) for the period was arrived at after crediting/(charging) and are also classified within other operating expenses.

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	FY2018	FY2017	Change
	$'000	$'000	$'000
Line items within other operating expenses that significantly decreased and were highlighted on page 14:			
Impairment loss on receivables and loans to a joint venture	0	12,352	-12,352
Write-down of assets held for sale	0	1,811	-1,811
Loss on disposal of plant and equipment	2,021	3,054	-1,033
Line items within other operating expenses that significantly increased and were highlighted on page 14:			
Impairment loss on plant and equipment	1,793	0	1,793
Loss on disposal of asset held for sale	363	0	363
Other line items within other operating expenses:			
Write-back of impairment loss on investment in joint venture	-9,904	-10,004	100
Write-back of impairment loss on trade receivables	-26	0	-26
Bad debts written off	0	720	-720
Foreign exchange loss	1,772	0	1,772
Depreciation of plant & equipment	468	637	-169
Amortisation of intangible assets	116	187	-71
Impairment /(write-back) of impairment on non-trade receivables	34	-165	199
Other items	-286	941	-1,227
Other Operating Expenses	**-3,649**	**9,533**	**-13,182**

BY ORDER OF THE BOARD
KS ENERGY LIMITED

Victor Lai Kuan Loong
Company Secretary

5 March 2019

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