

KRISENERGY LTD

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

Unaudited Full-Year 2017 Financial Statements Announcement



1 March 2018

The following announcement may contain forward-looking statements by KrisEnergy Ltd. (the “**Company**” or “**KrisEnergy**”, and collectively with its subsidiaries, the “**Group**”) 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, among others, the financial condition, results of operation and business, and the related plans and objectives of the Company and/or the Group. 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. As 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 and/or the Group. It should be noted that our actual performance may vary significantly from such statements. No undue reliance should be placed on 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,

Although we welcomed the steady improvement in oil prices throughout 2017, the markets' gyrations in the first two months of 2018 continue to test confidence in the upstream sector and management's ability to plan and commit to capital expenditure. In this uncertain environment, our emphasis will remain on safeguarding our balance sheet through cost control, focusing our capital expenditure towards committed expenditures whilst at the same time continuing to maximise oil and gas production.

With that in mind, we have continued the portfolio management process and as a result we have taken the decision to cease participation in the Block A Aceh gas project in Indonesia, thereby reducing the Group's risk exposure. The financial impact in 2017 of the Block A Aceh cessation was a non-cash impairment of US\$120.7 million, which was the main factor contributing to the Group's net loss after tax of US\$139.2 million. An additional impairment was taken for the Kutai production sharing contract ("**PSC**"), which we relinquished in 2017 following the expiration of the licence and a management review of non-core assets.

Our financial resources in 2018 and 2019 will be redirected towards our core Cambodian and Thai assets in the Gulf of Thailand where our oil development projects are less capital-intensive and have shorter cycle times, and any mandatory commitment activities as required under our licence agreements.

EHSS

Environment, health, safety and security remained, and continues to remain, a priority and KrisEnergy recorded 1,587,181 man-hours on its operated assets with zero lost time injuries in 2017. KrisEnergy has maintained its OSHAS 18001 and ISO 14001 accreditation for its offices in Dhaka, Bangladesh; Jakarta in Indonesia and Singapore, as well as the Bangora gas field operations onshore Bangladesh. Work is underway to extend these accreditations to KrisEnergy-operated fields in the Gulf of Thailand.

Steady revenues

A near 60% increase in our average realised oil price in 2017 enabled us to maintain year-on-year revenues steady at US\$140.7 million despite a 21.0% drop in working interest production to 12,745 barrels of oil equivalent per day ("**boepd**"). Lower production was primarily attributed to the Wassana oil field in the G10/48 concession, with average gross production at Wassana being 4,377 barrels of oil per day ("**bopd**") in FY2017. A six-well infill drilling program commenced in the Wassana field in the fourth quarter. Production from each of these six infill wells has been progressively brought on stream since December 2017, and flow rates are expected to reach approximately 7,000 bopd from 16 producing wells.

The annual third-party review of our proved plus probable (“**2P**”) reserves¹ estimated the Group’s working interest total at 83.5 million barrels of oil equivalent (“**mmboe**”) versus 96.6 mmboe as at 31 December 2016. The majority of the decline resulted from an 18.5 mmboe reduction in KrisEnergy’s working interest to 15.0% from 41.6666% in the Block A Aceh PSC following approval by the Indonesian authorities for the Company’s farm-out in April 2017. The reduction was partially offset by a reclassification to 2P reserves of 8.1 million barrels of oil (“**mmbo**”) from contingent resources associated with the Apsara oil development in Cambodia Block A.

Our best estimate contingent (“**2C**”) resources was 87.8 mmboe as at 31 December 2017 (150.8 mmboe as at 31 December 2016); taking into account the reclassification of 2C resources to 2P reserves for Cambodia Block A, reduced working interest in the Block A Aceh PSC (48.0 mmboe) and the relinquishment of the Kutai PSC in Indonesia (6.9 mmboe).

Gross margin highest in three years

Lower production, primarily from the Wassana oil field, contributed to a 27.7% increase in the Group’s average lifting cost to US\$17.69 per barrel of oil equivalent (“**boe**”) in 2017 compared with US\$13.85/boe in 2016. However, the Group’s gross margin improved to the highest level since 2014 to a gross loss of US\$3.5 million compared with a gross loss of US\$62.1 million in 2016. The gross margin is largely dependent on working interest production and volatility in sales prices for oil, liquids and natural gas. The Group realised a 59.0% rise in the average price for crude oil and liquids at US\$49.26 per barrel (“**bbl**”). The average gas price achieved from our Thai fields rose a more modestly 10.5% to 3.98 per thousand cubic feet (“**mcf**”).

Net cash flow from operations improved during 2017, amounting to US\$23.1 million versus net cash flow used in operating activities of US\$4.3 million for the 2016 financial year, primarily a result of a lower net loss before tax and movements in working capital including proceeds from a crude term sales agreement of US\$18.9 million.

As a consequence of cash and non-cash finance charges associated with the financial restructuring at the beginning of 2017, together with the non-cash asset impairments and write downs, leading to the annual net loss after tax, the Group’s gearing increased to 73.5%.

Capital expenditure

We continue to high grade our core development assets and we are encouraged by the progress being made to implement fully integrated funding solutions, specifically for the Apsara development in Cambodia Block A. The Apsara development was significantly de-risked in 2017 with the signing of the formal petroleum agreement and the production permit and the subsequent final investment decision (“**FID**”), all of which provided for the reclassification of 2C resources to 2P reserves at the end of the year. We believe we remain on track to deliver first oil in 2019.

¹ Reviewed by Netherland, Sewell & Associates, Inc. (“**NSAI**”) as at 31 December 2017

In addition, we continue to discuss opportunities to farm-down our working interest in parallel with financing solutions to attract maximum valuations. Farm-out discussions have been hampered in the last 24 months largely due to turbulent oil markets, which have impacted valuations as well as access to financing. Stress tests on our developments under multiple oil price scenarios indicate that current market valuations support full commercial development.

As well as the somewhat tentative improvement in oil prices, the macro picture for oil and gas, particularly in Asia, appears positive. Asia is widely predicted by research bodies and think-tanks to be the driver of global energy demand growth in the coming decades with economic and population expansion and urbanisation. Although various energy sources will contribute to fill the increase in consumption, fossil fuels will continue to play a primary role to ensure consistent, secure and affordable supplies.

I would like to thank shareholders, noteholders, the Board of Directors, our colleagues in the offshore and marine sector and the staff of KrisEnergy for the support and encouragement I have received throughout 2017. While there remain many hurdles ahead, we remain committed to overcoming them.

For and on behalf of the Board of Directors

Kelvin Tang,
Executive Director and Chief Executive Officer
1 March 2018

Financial and Operations Update

KrisEnergy Ltd. is an independent upstream oil and gas company focused on the 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 16 contract areas in Asia, 10 of which we operate, balancing cash flow from oil and gas production with significant development potential and exploration upside. Today, we present the Group's unaudited financial statements reflecting the financial and operating results for the year ended 31 December 2017 (the "Results" or "FY2017"). References made to the Company pertain to KrisEnergy Ltd. and references made to the Group pertain to the Company and its subsidiaries.

	For the year ended 31 December		
	2017	2016	% Change
	(US\$ thousands, except where otherwise indicated)		
Financial			
Sale of crude oil & liquids	122,836.3	121,589.3	1.0
Sale of gas	17,863.9	21,242.0	(15.9)
Revenue	140,700.2	142,831.3	(1.5)
EBITDAX^(1,2)	26,804.0	51,059.1	(47.5)
Cash and bank balances	73,824.8	45,792.3	61.2
Operations⁽²⁾			
Production volumes (boepd)	12,745	16,136	(21.0)
Average sales price			
• Oil and liquids (US\$/bbl)	49.26	30.99	59.0
• Gas – B8/32 & B9A (US\$/mcf)	3.98	3.60	10.5
• Gas – Block 9 (US\$/mcf)	2.32	2.32	-
Average lifting costs (US\$/boe) ⁽³⁾	17.69	13.85	27.7

Notes:

The financial statements for the year ended 31 December 2016 are audited, while the financial statements for the year ended 31 December 2017 are unaudited as at the date of this announcement.

- (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 measure
- (3) Calculated in accordance with IFRS

Full-Year 2017 Financial Update

Following the Group's financial restructuring at the beginning of 2017, KrisEnergy realigned strategic and operational goals with due consideration to the macroeconomic environment in order to maximise efficiencies at its producing assets and to further the development of NPV ("**net present value**")-positive oil assets in the Gulf of Thailand. Cost management, overall liquidity and improvements in operational efficiencies remain at the forefront of the Group's investment decisions within the confines that an upstream oil and gas company may only capture long-term growth through heavy capital investment.

- Group working interest production in FY2017 averaged 12,745 boepd, a decrease of 21.0% from a year ago (FY2016: 16,136 boepd). The decrease was attributable to a combination of natural decline and mechanical issues associated with deviated wells at the Wassana oil field in the G10/48 concession in the Gulf of Thailand, while the Tantawan field and production facilities in B8/32 & B9A, also in the Gulf of Thailand, permanently ceased production on 31 October 2017 taking 1,100 boepd out of the gross production stream (51 boepd net to KrisEnergy).
- Despite the decrease in production and due to higher average realised selling prices for both crude oil, liquids and natural gas, revenue recognised for FY2017 amounted to US\$140.7 million, largely in line with last year (FY2016: US\$142.8 million).
- The average realised oil and liquids sales price in FY2017 increased 59.0% to US\$49.26/bbl (FY2016: US\$30.99/bbl), in line with higher prices for global crude oil benchmarks. The average realised gas sales price achieved from the Gulf of Thailand fields, B8/32 & B9A, was US\$3.98/mcf in FY2017, 10.5% higher than the same period last year (FY2016: US\$3.60/mcf). The realised price from the Bangora gas field in Bangladesh was unchanged at US\$2.32/mcf.
- Operating costs remained flat year-on-year at US\$82.3 million in FY2017 (FY2016: US\$81.8 million) as the Group's operating costs for producing assets are fixed in nature. Lower production, primarily from the Wassana oil field, contributed to a 27.7% increase in the Group's average lifting cost to US\$17.69/boe in FY2017 compared with US\$13.85/boe in FY2016.
- Depreciation, depletion and amortisation ("**DD&A**") charges more than halved to US\$48.3 million (FY2016: US\$104.5 million) as a result of reduced production and lower asset carrying values following impairment charges recognised in FY2016.
- The Group's gross margin improved to the highest level since 2014 to a gross loss of US\$3.5 million compared with a gross loss of US\$62.1 million in 2016. The gross margin is largely dependent on working interest production and volatility in the average sales prices for oil, liquids and natural gas realised by the Group.
- Corporate general and administrative expenses decreased by 36.6% to US\$5.7 million (FY2016: US\$9.0 million) due to ongoing cost cutting measures implemented across the Group.

- EBITDAX decreased 47.5% to US\$26.8 million (FY2016: US\$51.1 million). The year-on-year decrease was primarily attributed to the recognition of US\$16.1 million non-cash unrealised exchange losses incurred on the translation of the S\$130 million senior unsecured notes due 2022 (“**2022 Notes**”), the S\$200 million senior unsecured notes due 2023 (“**2023 Notes**”) and the S\$139.5 million in principal amount of senior secured zero coupon notes due 2024 (“**2024 ZCNs**”) in FY2017 and a US\$10.6 million gain from the sale of a subsidiary in FY2016.
- Net loss after tax in FY2017 reduced to US\$139.2 million compared with a net loss after tax of US\$237.1 million in FY2016. The loss was mainly attributable to (i) an impairment charge related to the cession of participation in the Block A Aceh PSC; (ii) write-offs related to the relinquishment of the Kutai PSC; and (iii) higher finance costs incurred for the exchange of the 2022 Notes, 2023 Notes and the issuance of the 2024 ZCNs. The charges were partially offset by (i) fair value gain on the exchange of the 2022 Notes and 2023 Notes; and (ii) reduced DD&A charges on the Thai producing assets due to lower production and lower asset carrying values following impairment charges recognised in FY2016.
- Material non-cash transactions recognised on the Group's profit and loss statement in FY2017 amounted to US\$139.9 million, comprising (i) net fair value gain of US\$73.9 million on the exchange of the 2022 Notes and 2023 Notes; (ii) impairment charges of US\$120.7 million in relation to the Group's cessation of participation in the Block A Aceh PSC; (iii) write-offs of joint operation receivables of US\$6.2 million in relation to the relinquishment of the Kutai PSC; (iv) accretion of bond discount in relation to the 2022 Notes, 2023 Notes and the 2024 ZCNs of US\$22.5 million; (v) US\$16.1 million unrealised non-cash exchange losses on the translation of the 2022 Notes, 2023 Notes and 2024 ZCNs; and (vi) US\$48.3 million in DD&A charges.
- As at 31 December 2017, the Group's cash and cash equivalents amounted to US\$65.6 million and the total amount drawn on the revolving credit facility (“**RCF**”) with DBS Bank Ltd (“**DBS**”) was US\$148.3 million. Unused sources of liquidity amounted to US\$65.6 million.
- As at 31 December 2017, total debt amounted to US\$424.6 million and the Group's gearing was 73.5%.

Group Capital Management

- On 6 January 2017, the Company successfully concluded its capital markets restructuring in which (i) the Company's debt profile was extended to 2022 and 2023 in the case of the 2022 Notes and 2023 Notes respectively, and (ii) the 2024 ZCNs combined with detachable warrants were issued. Keppel Corporation's wholly-owned subsidiary, Keppel Oil & Gas Pte Ltd, successfully subscribed for 107,205,985 2024 ZCNs with 964,853,865 warrants, pursuant to an irrevocable undertaking.
- As the maturity date of the RCF is 30 June 2018, the entire outstanding RCF liability was reclassified as a current liability at 31 December 2017. The reclassification resulted in a negative working capital position. DBS continues to work with the Company on this extension, for a period and terms to be agreed.

- In line with the overall upstream oil and gas sector, liquidity, balance sheet management as well as optimisation of operations remains critically important. The Group undertook the capital markets financial restructuring in 2016/2017 and has made significant progress in maximising cost efficiencies, focussing capital expenditure to committed expenditures and high-grading its NPV-positive assets for both farm-out as well as development. In order to safeguard the Group's assets and stakeholder interests, the Company decided in the fourth quarter 2017 to cease participation in the gas development in the Block A Aceh PSC in Indonesia. In furtherance of protecting and strengthening the Group's balance sheet, the Group will continue to evaluate all options and where appropriate, execute on strategies to achieve the desired outcomes.

Corporate

- The appointment of Deloitte & Touche LLP as the Group's external auditors (in place of the outgoing external auditors, Ernst & Young LLP) and the amendment of the Company's Memorandum and Articles of Association were approved at an Extraordinary General Meeting of the Company on 16 October 2017. For further information, please refer to the announcement *Resolutions passed at KrisEnergy Ltd.'s Extraordinary General Meeting* dated 16 October 2017.
- With effect from 9 November 2017, the Board of Directors appointed Kelvin Tang, Chief Executive Officer, as Executive Director and Kiran Raj, Chief Financial Officer, was appointed Alternate Executive Director. Additionally, Sally Ting, KrisEnergy's General Counsel, took over the role of Joint Company Secretary (together with Jennifer Lee from Intertrust Group).

Full-Year 2017 Operational Update

The Group realigned its business strategy in 2017 to allocate capital resources to existing producing fields and near-term development projects with the objective to increase production and cash flow. Despite the prevailing financial challenges, several operational hurdles were crossed in 2017.

Working interest 2P reserves were estimated by NSAI at 83.5 mmboe as at 31 December 2017, a reduction of 13.6 % from 96.6 mmboe as at 31 December 2016. The majority of the decline (18.5 mmboe), resulted from KrisEnergy's reduced working interest in the Block A Aceh PSC², which was partially offset by a reclassification to 2P reserves of 8.1 million barrels of oil from contingent resources associated with the Apsara development in Cambodia Block A. For a breakdown by asset of 2P reserves and 2C resources as estimated by NSAI, see section entitled *Reserves and Contingent Resources Summary* of these Results.

Production and Development

- Average gross production at the KrisEnergy-operated Wassana oil field in G10/48 was 4,377 barrels of oil per day (“bopd”) in FY2017 and working interest share of production was 3,896 bopd.
 - Planned 28-hour shutdown in October 2017 to replace the produced water return line, a floating hose approximately 100 metres in length between the CALM buoy and the floating storage and offloading vessel;
 - Production was shut in for 2.5 days in early November 2017 for the arrival and positioning of the *PV Drilling I* jack-up rig for a six-well infill drilling program;
 - Two deviated producing wells, A-05 and A-08, were shut-in and isolated for sidetrack drilling, which commenced in November 2017. Two infill horizontal wells, A-20H and A-22H (formerly A-05 and A-08 respectively), were put on stream in December 2017 and gross production at the end of the month increased to 5,875 bopd from 12 producing wells. The existing A-12 deviated well was permanently plugged and abandoned;
 - Four additional horizontal infill wells, A-18H, A-19H, A-23H and A-25H, were completed and brought online in the first two months of 2018 and production is expected to increase to approximately 7,000 bopd from 16 producing wells once optimisations operations are completed;
 - The Thai authorities approved in December 2017 a relinquishment of 152 sq. km of the G10/48 contract area, which subsequently covers approximately 1,525 sq. km versus 1,677 sq. km prior to the relinquishment; and
 - Lower Wassana production in 2017 resulted in six cargo offloadings in the year compared with 10 cargoes in 2016.
- Average gross production at the non-operated Nong Yao oil field in G11/48 was 8,613 bopd in FY2017 and KrisEnergy's working interest share of production was 1,938 bopd.

² KrisEnergy farmed out 21.6666% working interest in the Block A Aceh PSC in April 2017. Subsequently, the Company has ceased participation in the Block A Aceh PSC.

- Six infill wells were drilled in 2017. Three wells put on stream at the end of the first half of 2017 and a fourth well went into production in October 2017. In total, 22 wells were producing at the end of 2017. The two additional infill wells drilled are scheduled to go on line by the end of the first quarter 2018;
 - The Thai authorities approved the relinquishment of 65 sq. km of the G11/48 concession, reducing the contract area to approximately 992 sq. km. The relinquished portion contained the Mantana gas discovery for which 3.34 billion cubic feet of gas were removed from the Company's portfolio of 2C resources; and
 - Four infill wells are planned to be drilled in the Nong Yao field in 2018.
- Gross production at the non-operated B8/32 & B9A oil and gas complex in the Gulf of Thailand averaged 24,767 boepd and 110.7 million cubic feet per day (“**mmcfd**”) of gas, or together, the equivalent of an annual average of 43,212 boepd. KrisEnergy's average working interest share of production was 2,003 boepd.
 - The Tantawan field and production facilities in B8/32 and B9A permanently ceased production on 31 October 2017 taking 1,100 boepd out of the gross production stream (51 boepd net to KrisEnergy);
 - A 10-year extension of the B8/32 production licence to 2030 was approved and signed on 16 January 2017;
 - Eleven infill wells were drilled in the B8/32 contract area in FY2017 bringing the total number of producing wells as at 31 January 2018 to 190 with 30 platforms in operation; and
 - For 2018, 13 infill wells are scheduled to be drilled in B8/32.
- Average gross production in FY2017 at the KrisEnergy-operated Bangora gas field in Block 9, onshore Bangladesh, was 96.5 mmcfd and 282 barrels of condensate per day. KrisEnergy's average working interest share of production was 4,908 boepd.
 - The Bangora-6 development well commenced drilling late in the third quarter of 2016 and was completed and put into production in January 2017; and
 - Scheduled maintenance shutdown was completed on 1-3 September 2017.
- The amended and restated petroleum agreement and production permit for Cambodia Block A was signed on 23 August 2017 between KrisEnergy as the operator, the Ministry of Mines of Energy and the Ministry of Economy and Finance. KrisEnergy announced FID for the Apsara oil development in October 2017, resulting in the reclassification of 8.1 million barrels of oil from 2C resources to 2P reserves associated with the Apsara development in Cambodia Block A.

Portfolio management

- The Indonesian government approved in April 2017 a farm-out agreement with PT Medco E&P Melaka (“**Medco**”) to reduce KrisEnergy's working interest in the Block A Aceh PSC to 15.0% from 41.6666%. Subsequently, KrisEnergy decided to cease participation in the Block A Aceh gas development to reduce capital expenditure and the Group's risk exposure. The Company is currently awaiting approval from the Indonesian authorities.
- In October 2017, the Indonesian authorities approved the relinquishment of the KrisEnergy-operated East Muriah PSC, offshore East Java.

- The Kutai PSC in the Makassar Strait, Indonesia, expired on 15 January 2017. An application for relinquishment was submitted to the Indonesian authorities and is pending approval.

For activities and developments since 31 December 2017, see paragraph 10 of these Results entitled Recent Developments.

Capital Expenditure

Pursuant to our *Unaudited Second Quarter and Six Months ended 30 June 2017 Financial Statements Announcement* dated 14 August 2017, the Group's estimated planned capital expenditure for FY2017 was US\$110.3 million. In FY2017, the Group's actual capital expenditure amounted to US\$68.7 million. The variance resulted from lower expenditure in the Block A Aceh gas development project and deferment of infill drilling in the Wassana oil field to the fourth quarter versus an original schedule in the first half of 2017.

In FY2017, the Group's capital expenditure was primarily spent on:

- Infill drilling in the Wassana field in G10/48;
- Infill drilling in the Nong Yao field in G11/48;
- Residual expenditure relating to the drilling of the B-6 development well in Bangora gas field in Block 9, onshore Bangladesh; and
- Expenditure relating to the Block A Aceh gas development, which was offset with the purchase consideration from the farm-out to Medco.

Planned capital expenditure for FY2018 is derived from the work program and budget of each of our contract areas as well as the minimum exploration commitments as required under the terms of the petroleum licences. The following table sets out KrisEnergy's planned capital expenditure for FY2018.

	For the year ending 31 December 2018
	<i>(US\$ thousands)</i>
Assets in production ⁽¹⁾	54,875.7
Assets under Development ⁽²⁾	41,086.9
Exploration Assets ⁽³⁾	18,828.9
Total capital expenditure	114,791.5

Notes:

- (1) Expenditure for assets in production, which includes G10/48, G11/48 and Block 9
- (2) Expenditure for assets under development, which includes Cambodia Block A, the production barge and G6/48
- (3) Expenditure for exploration assets, which includes SS-11, and the Group's assets in Indonesia and Vietnam

The Group intends to fund planned capital expenditure through a combination of free cash flow from operations, the RCF, development funding and proceeds or carried interests from select farm-out and asset divestment 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 the Group has 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.

Reserves and Contingent Resources Summary as estimated by NSAI as at 31 December 2017

Reserves										
Oil	1P Reserves			2P Reserves			3P Reserves			Remarks
	Gross	Working Interest		Gross	Working Interest		Gross	Working Interest		
	(mmbbl) ¹	(mmbbl)	Change from previous update (%)	(mmbbl)	(mmbbl)	Change from previous update (%)	(mmbbl)	(mmbbl)	Change from previous update (%)	
Bangladesh										
Block 9	0.60	0.18	7	0.81	0.24	(14)	1.03	0.31	(5)	
Cambodia										
Block A	-	-	-	8.54	8.11	100	14.95	14.21	100	Following FID, transferred from 2C to 2P
Indonesia										
Block A Aceh	3.51	0.53	(69)	5.11	0.77	(64)	6.44	0.97	(64)	Farm-out of 26.6666% working interest
Thailand										
B8/32 & B9A	7.47	0.35	(48)	72.72	3.37	(24)	88.06	4.08	(24)	
G6/48	-	-	-	11.70	3.51	-	15.80	4.74	-	
G10/48	8.53	7.59	100	13.60	12.10	11	16.16	14.38	(2)	
G11/48	5.25	1.18	12	7.58	1.70	12	9.56	2.15	7	
Gas	(bcf) ²	(bcf)	Change from previous update (%)	(bcf)	(bcf)	Change from previous update (%)	(bcf)	(bcf)	Change from previous update (%)	Remarks
Bangladesh										
Block 9	208.42	62.52	6	323.42	97.03	(13)	411.14	123.34	(5)	
Indonesia										
Block A Aceh	253.08	37.96	(73)	350.45	52.57	(66)	357.53	53.63	(66)	Farm-out of 26.6666% working interest
Bulu PSC	-	-	-	358.55	152.38	-	419.60	178.33	-	
Thailand										
B8/32 & B9A	31.94	1.48	(58)	438.28	20.31	(18)	546.06	25.31	(19)	

¹ mmbbl refers to millions of barrels

² bcf refers to billions of cubic feet



1C Resources											2C Resources			3C Resources			Remarks
	Gross	Working Interest		Gross	Working Interest		Gross	Working Interest									
			Change from previous update (%)			Change from previous update (%)			Change from previous update (%)								
Oil	(mmbbl)	(mmbbl)		(mmbbl)	(mmbbl)		(mmbbl)	(mmbbl)									
Bangladesh																	
Block 9	0.02	0.01	-	0.11	0.03	-	0.54	0.16	-								
Cambodia																	
Block A	0.91	0.86	-	1.73	1.65	(83)	3.13	2.97	(83)	Reclassification of 2C resources to 2P reserves							
Indonesia																	
Block A Aceh	0.99	0.15	-	1.03	0.16	(59)	2.50	0.37	(64)	Farm-out of 26.6666% working interest							
Thailand																	
G10/48	3.15	2.80	-	5.04	4.48	-	8.54	7.60	-								
G11/48	1.52	0.34	36	2.14	0.48	30	22.82	5.13	2								

1C Resources				2C Resources			3C Resources			Remarks
	Gross	Working Interest		Gross	Working Interest		Gross	Working Interest		
			Change from previous update (%)			Change from previous update (%)			Change from previous update (%)	
	(bcf)	(bcf)		(bcf)	(bcf)		(bcf)	(bcf)		
Gas										
Bangladesh										Farm-out of 26.6666% working interest
Block 9	6.08	1.82	-	27.68	8.31	-	128.95	38.69	-	
Indonesia										
Block A Aceh	857.29	128.59	(60)	1,107.92	166.19	(63)	1,612.65	241.90	(64)	
Sakti	37.24	35.37	-	221.52	210.45	-	425.36	404.10	-	
Bala-Balakang	-	-	-	110.51	93.93	-	155.81	132.44	-	
Thailand										
G6/48	11.48	3.44	-	13.24	3.97	-	15.37	4.61	-	

Source: All figures estimated by NSAI

Name of Qualified Person: NSAI

Date: 31 December 2017

Professional Society Affiliation/Membership: NSAI: Texas Board of Professional Engineers Registration No. F-2699 / Mr. Scott Frost: Licensed Professional Engineer in the States of Texas (No. 88738) and Society of Petroleum Engineers / Mr. Allen Evans: Licensed Professional Geoscientist in the State of Texas, Geology (No. 1286) and American Association of Petroleum Geologists

Financial Statements Announcement

Full Year ended 31 December 2017

Figures for the year ended 31 December 2017 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 year ended 31 December	
	2017	2016
	(unaudited)	(audited)
	(US\$ thousands)	
Sales of crude oil	122,836.3	121,589.3
Sales of gas	17,863.9	21,242.0
Revenue	140,700.2	142,831.3
Cost of sales:		
Operating costs	(82,293.8)	(81,823.8)
Thai petroleum royalties paid	(11,213.4)	(11,508.0)
Write down of inventories	(2,422.0)	(7,080.8)
Depreciation, depletion and amortisation	(48,313.9)	(104,480.3)
Gross loss	(3,542.9)	(62,061.6)
Other income	8,350.0	100,159.1
General and administrative expenses	(21,974.8)	(38,570.5)
Other operating expenses	(64,118.0)	(201,168.3)
Finance income	287.5	273.3
Finance costs	(53,834.1)	(33,276.1)
Loss before tax	(134,832.3)	(234,644.1)
Tax expense	(4,403.2)	(2,444.7)
Loss after tax for the year	(139,235.5)	(237,088.8)
Attributable to:		
Owners of the Group	(139,235.5)	(235,305.7)
Non-controlling interests	-	(1,783.1)
Loss after tax for the year	(139,235.5)	(237,088.8)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(15.0)	(149.7)
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	(49.3)	135.3
Total comprehensive income for the year	(139,299.8)	(237,103.2)
Attributable to:		
Owners of the Group	(139,299.8)	(235,320.1)
Non-controlling interests	-	(1,783.1)
Total comprehensive income for the year	(139,299.8)	(237,103.2)
Loss per share attributable to owners of the Company (cents per share)		

Basic	(9)	(16)
Diluted	(9)	(16)

Extraordinary items

There were no extraordinary items during the period.

EBITDAX Computation

	For the year ended 31 December	
	2017	2016
	(unaudited)	
	(US\$ thousands)	
Adjusted loss before tax	(134,832.3)	(234,644.1)
Add:		
Finance costs	53,834.1	33,276.1
Depreciation, depletion and amortisation	48,564.4	105,098.9
Impairment losses	120,720.9	199,145.8
Net fair value (gain)/loss on financial instruments	(74,515.7)	1,549.9
Write-off of joint operations receivables	6,160.0	-
Write down of inventories	2,422.0	7,080.8
EBITDA	22,353.4	111,507.4
Geological and geophysical expense	5,488.2	20,085.0
Gain on settlement of working capital for impaired assets	(1,407.2)	-
Gain on transfer of working interests	-	(81,005.8)
Exploration expense	369.6	472.5
EBITDAX	26,804.0	51,059.1

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 31 December 2017 (unaudited)	As at 31 December 2016 (audited)	As at 31 December 2017 (unaudited)	As at 31 December 2016 (audited)
	(US\$ thousands)			
ASSETS				
Non-current assets				
Exploration and evaluation assets	380,947.8	507,419.2	-	-
Oil and gas properties	177,540.9	207,418.6	-	-
Other property, plant and equipment	11,181.8	11,018.5	-	-
Intangible assets	8,444.9	8,444.9	-	-

Investment in subsidiaries	-	-	335,572.5	335,047.5
Other receivables	4,422.0	11,966.3	982,392.7	887,546.4
	582,537.4	746,267.5	1,317,965.2	1,222,593.9
Current assets				
Inventories	22,569.0	26,802.4	-	-
Trade and other receivables	59,863.2	64,283.4	-	-
Prepayments	739.0	1,584.3	101.8	149.8
Other current assets	-	1,919.7	-	1,919.7
Cash and bank balances	73,824.8	45,792.3	247.4	4,986.9
	156,996.0	140,382.1	349.2	7,056.4
Total Assets	739,533.4	886,649.6	1,318,314.4	1,229,650.3
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	1,878.6	1,874.5	1,878.6	1,874.5
Share premium	730,302.2	729,529.1	730,302.2	729,529.1
Other reserves	30,524.5	(9,516.1)	41,067.5	1,011.8
Accumulated (losses)/earnings	(602,978.9)	(463,694.1)	(24,307.8)	(43,811.0)
Total Equity	159,726.4	258,193.4	748,940.5	688,604.4
Non-current liabilities				
Employee benefit liability	1,630.8	1,410.8	-	-
Loans and borrowings	276,342.6	287,911.7	276,342.6	139,641.7
Deferred tax liabilities	36,836.6	38,404.5	-	-
Provisions	42,675.1	50,406.9	-	-
Derivatives	7,321.5	-	7,321.5	-
Other payables	-	-	278,746.3	269,397.2
	364,806.6	378,133.9	562,410.4	409,038.9
Current liabilities				
Trade and other payables	44,199.7	50,987.1	5,923.5	4,537.0
Accrued operating expenses	19,486.9	27,952.1	1,040.0	444.8
Loans and borrowings	148,270.0	129,051.1	-	89,051.1
Derivatives	-	37,974.1	-	37,974.1
Withholding tax payable	215.2	1,044.0	-	-
Tax payable	2,828.6	3,313.9	-	-
	215,000.4	250,322.3	6,963.5	132,007.0
Total Liabilities	579,807.0	628,456.2	569,373.9	541,045.9
Total Equity And Liabilities	739,533.4	886,649.6	1,318,314.4	1,229,650.3

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

Amount repayable in one year or less, or on demand

As at 31 December 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
(US\$ thousands)			
148,270.0	-	40,000.0	-

Amount repayable after one year

As at 31 December 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
(US\$ thousands)			
62,768.8	213,573.8	148,270.0	231,189.6

Details of any collateral

As at 31 December 2017, certain subsidiaries of the Company have assets pledged under the RCF. Certain terms and covenants of the RCF were amended, through various stages of the financial restructuring process and the second amendment and restatement of the RCF was executed on 13 April 2017.

The 2024 ZCNs, issued pursuant to the Preferential Offering, have a first ranking security interest over the shares and certain accounts of SJ Production Barge Ltd., a wholly-owned subsidiary of the Company, and a junior ranking security interest over the assets secured or to be secured from time to time under the RCF.

For further information on the secured assets, see the offering circular for the Preferential Offering dated 6 January 2017 and the section entitled "Material Indebtedness" under the final information memorandum in relation to the 2022 Notes and 2023 Notes dated 11 January 2017.

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 year ended 31 December	
	2017	2016
	(unaudited)	(audited)
	(US\$ thousands)	
Operating activities:		
Loss before tax	(134,832.3)	(234,644.1)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation, depletion and amortisation	48,313.9	104,480.3
Depreciation of other property, plant and equipment	250.5	618.6
Decommissioning provisions	(2,431.9)	249.2
Employee retirement benefits	170.7	(342.8)
Equity-settled transactions with employees	531.2	1,625.9
Gain on transfer and assignment of working interest	-	(81,005.8)
Gain on sale of subsidiary	-	(10,607.1)
Impairment loss on exploration and evaluation assets	120,720.9	77,855.6
Impairment loss on intangible assets	-	24,513.5
Impairment loss on oil and gas properties	-	96,560.7
Impairment loss on investment securities	-	216.0
Loss on disposal of property, plant and equipment	-	44.5
Net fair value loss/(gain) on financial instruments	(74,515.7)	1,549.9
Write-off of joint operations receivables	6,160.0	-
Finance cost	28,828.3	30,954.8
Unwinding of discount on bonds	22,450.2	-
Unwinding of discount on decommissioning provisions	2,555.6	2,321.3
Interest income	(287.5)	(273.3)
Operating cash flows before changes in working capital	17,913.9	14,117.2

Decrease in inventories	4,233.4	100.9
Decrease/(increase) in other current assets	1,919.7	(1,919.7)
Decrease/(increase) in trade and other receivables	7,900.1	(18,684.3)
Increase in trade and other payables	8,187.1	18,496.6
Cash flows from operations	40,154.2	12,110.7
Interest received	287.5	273.3
Interest paid	(10,902.8)	(13,748.8)
Taxes paid	(6,456.3)	(2,941.7)
Net cash flows from/(used in) operating activities	23,082.6	(4,306.5)
Investing activities:		
Additions to exploration and evaluation assets	(37,758.4)	(56,864.0)
Farm-out of exploration and evaluation assets	22,105.5	-
Additions to oil and gas properties	(18,436.1)	(20,605.5)
Expenditure on assets refurbishment	(380.4)	(416.9)
Proceeds from disposal of other property, plant and equipment	0.9	2.0
Proceeds from sale of subsidiary	-	821.6
Purchase of other plant, property and equipment	(33.2)	(16.2)
Net cash flows used in investing activities	(34,501.7)	(77,079.0)
Financing activities:		
Proceeds from bank borrowings	43,000.0	113,270.0
Repayment of bank borrowings	(83,000.0)	-
Proceeds from issuance of bonds	94,404.1	-
Proceeds from warrants exercised	0.9	-
Financial restructuring expense	(7,809.8)	-
Payment of bonds interest	(7,127.5)	(15,288.2)
Increase in short-term deposits	-	(8,270.0)
Decrease in cash collateralised	-	1,500.0
Net cash flows from financing activities	39,467.7	91,211.8
Net increase in cash and cash equivalents	28,048.6	9,826.3
Cash and cash equivalents at beginning of the period	37,522.3	27,851.6
Net effect of exchange rate changes	(16.1)	(155.6)
Cash and cash equivalents at end of the period	65,554.8	37,522.3

As at 31 December 2017, aggregate cash and cash equivalents were US\$65.6 million compared with US\$37.5 million as at 31 December 2016 and unused sources of liquidity as at 31 December 2017 amounted to US\$65.6 million as the RCF was fully drawn at US\$148.3 million.

Net Cash Flow from Operating Activities

In FY2017, the Group generated net cash flow from operations amounting to US\$23.1 million compared with net cash flow used in operations of US\$4.3 million in FY2016. The Group's net cash flow from operations was primarily a result of a lower reported net loss before tax and movements in working capital including proceeds from crude term sales agreement of US\$18.9 million.

Net Cash Flow used in Investing Activities

In FY2017, net cash flow used in investing activities amounted to US\$34.5 million compared with US\$77.1 million in FY2016. Material movements in capital expenditure in FY2017 include (i) the drilling program in G10/48 of US\$18.4 million; (ii) development drilling in the Nong Yao field in G11/48 of US\$5.4 million; and (iii) development activities in Block A Aceh

amounting to US\$14.2 million, which was offset with the purchase consideration from the farm-out to Medco.

Net Cash Flow from Financing Activities

In FY2017, net cash flow from financing activities amounted to US\$39.5 million compared with US\$91.2 million in FY2016. During FY2017, the Group received net proceeds of US\$94.4 million from the preferential offering of which US\$48.0 million was utilised to repay the bridge upside. Financial restructuring expenses and bond coupon payments amounted to US\$14.9 million.

Borrowings

As at 31 December 2017, the total amount drawn from the RCF was US\$148.3 million. Unused sources of liquidity (comprising cash and cash equivalents) amounted to US\$65.6 million. Gearing as at 31 December 2017 was 73.5%. DBS continues to work with the Company on this extension, for a period and terms to be agreed.

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	Share Capital	Share Premium	Accumulated Losses	Foreign Currency Translation Reserve	Employee Share Reserve	General Reserve	Total Equity
				(unaudited)			
				(US\$ thousands)			
At 1 January 2017	1,874.5	729,529.1	(463,694.1)	(1,846.9)	1,011.8	(8,681.0)	258,193.4
Loss net of tax	-	-	(139,235.5)	-	-	-	(139,235.5)
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	-	(15.1)	-	-	(15.1)
Remeasurement of defined benefit obligations	-	-	(49.3)	-	-	-	(49.3)
Total comprehensive income for the period	-	-	(139,284.8)	(15.1)	-	-	(139,299.9)
Grant of equity-settled transactions with employees	-	-	-	-	531.4	-	531.4
Vesting of equity-settled transactions with employees	4.1	771.9	-	-	(776.0)	-	-
Issuance of warrants	-	-	-	-	-	40,300.7	40,300.7
Issuance of shares on warrants exercised	-	1.2	-	-	-	(0.4)	0.8
At 31 December 2017	1,878.6	730,302.2	(602,978.9)	(1,862.0)	767.2	31,619.3	159,726.4

Attributable to owners of the Company							
THE GROUP	Share Capital	Share Premium	Accumulated Losses	Foreign Currency Translation Reserve	Employee Share Reserve	General Reserve	Non-controlling interests
				(audited)			
				(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

	Share Capital	Share Premium	Accumulated Losses	Employee Share Option Reserve	General Reserve	Total Equity
THE COMPANY						
			(unaudited)			
			(US\$ thousands)			
At 1 January 2017	1,874.5	729,529.1	(43,811.0)	1,011.8	-	688,604.4
Profit net of tax	-	-	19,503.2	-	-	19,503.2
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	19,503.2	-	-	19,503.2
Grant of equity-settled transactions with employees	-	-	-	531.4	-	531.4
Vesting of equity-settled transactions with employees	4.1	771.9	-	(776.0)	-	-
Issuance of warrants	-	-	-	-	40,300.7	40,300.7
Issuance of shares on warrants exercised	-	1.2	-	-	(0.4)	0.8
At 31 December 2017	1,878.6	730,302.2	(24,307.8)	767.2	40,300.3	748,940.5



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 31 December 2017 (31 December 2016: 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 31 December 2017, 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 31 December 2017, the number of Shares granted as awards under the KrisEnergy PSP, but not yet vested was (a) up to 3.0% of the Shares may be vested upon the satisfaction of the conditions of the MS-Awards; and (b) 5,186,848 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.
- 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 employees, including 214,140 Shares to Executive Directors.
- On 30 December 2016, pursuant to the partial vesting of awards granted on 9 November 2015 under the KrisEnergy PSP, 3,649,501 Shares were allotted and issued to employees, including 360,498 Shares to Executive Directors.
- On 19 July 2017, pursuant to the partial vesting of awards granted on 17 March 2015 under the KrisEnergy PSP, 205,154 Shares were allotted and issued to employees.
- On 29 December 2017, pursuant to the partial vesting of awards granted on 9 November 2015 under the KrisEnergy PSP, 3,010,511 Shares were allotted and issued to employees, including 288,400 Shares to Executive Directors.

On 2 February 2017, along with the 2024 Zero Coupon Notes, 1,255,183,632 Warrants were issued by the Company. Each Warrant converts to one share in the ordinary share capital of the Company.

On 17 February 2017 and 7 March 2017, 9,000 Warrants and 2,376 Warrants were exercised and converted into 9,000 Shares and 2,376 Shares, respectively.

As at 31 December 2017, the Company's issued share capital was 1,502,849,065 Shares and outstanding Warrants was 1,255,172,256.

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 31 December 2017		As at 31 December 2016	
	(unaudited)		(audited)	
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid ordinary shares				
At 1 January	1,499,622,024	1,874,528	1,494,051,245	1,867,564

Vesting of equity-settled transactions with employees on 19 July 2016	-	-	1,921,278	2,402
Vesting of equity-settled transactions with employees on 30 December 2016	-	-	3,649,501	4,562
Warrants exercised on 17 February 2017	9,000	11	-	-
Warrants exercised on 7 March 2017	2,376	3	-	-
Vesting of equity-settled transactions with employees on 19 July 2017	205,154	256	-	-
Vesting of equity-settled transactions with employees on 29 December 2017	3,010,511	3,763	-	-
At reporting date	1,502,849,065	1,878,561	1,499,622,024	1,874,528

SHARE PREMIUM

	As at 31 December 2017	As at 31 December 2016
	<i>(unaudited)</i>	<i>(audited)</i>
	US\$	
At 1 January	729,529,098	727,245,039
Vesting of equity-settled transactions with employees on 19 July 2016	-	1,412,187
Vesting of equity-settled transactions with employees on 30 December 2016	-	871,872
Warrants exercised on 17 February 2017	978	-
Warrants exercised on 7 March 2017	259	-
Vesting of equity-settled transactions with employees on 19 July 2017	62,888	-
Vesting of equity-settled transactions with employees on 29 December 2017	708,927	-
At reporting date	730,302,150	729,529,098

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 31 December 2017 (31 December 2016: 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 2016, 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 2017. 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 year ended 31 December	
	2017	2016
Loss per share attributable to owners of the Group:		
(i) Based on a weighted average number of shares (cents per share)	(9)	(16)
- Weighted average number of shares	1,499,749,865	1,494,942,587
(ii) On a fully diluted basis (cents per share)	(9)	(16)
- Adjusted weighted average number of shares	1,508,848,398	1,509,127,617

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 31 December		As at 31 December	
	2017	2016	2017	2016
	(Unaudited) (US\$)			
Net asset value per ordinary share ⁽¹⁾	0.11	0.17	0.50	0.46
Net tangible asset per ordinary share ⁽¹⁾	0.10	0.17	0.50	0.46

Note:

(1) Based on share capital of 1,502,849,065 and 1,499,622,024 ordinary shares as at 31 December 2017 and 31 December 2016, respectively.

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 year ended 31 December 2017.

	For the year ended 31 December	
	2017	2016
	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(US\$ thousands)</i>	
Sales of crude oil	122,836.3	121,589.3
Sales of gas	17,863.9	21,242.0
Revenue	140,700.2	142,831.3
Cost of sales:		
Operating costs	(82,293.8)	(81,823.8)
Thai petroleum royalties paid	(11,213.4)	(11,508.0)
Write down of inventories	(2,422.0)	(7,080.8)
Depreciation, depletion and amortisation	(48,313.9)	(104,480.3)
Gross loss	(3,542.9)	(62,061.6)
Other income	8,350.0	100,159.1
General and administrative expenses	(21,974.8)	(38,570.5)
Other operating expenses	(64,118.0)	(201,168.3)
Finance income	287.5	273.3
Finance costs	(53,834.1)	(33,276.1)
Loss before tax	(134,832.3)	(234,644.1)
Tax expense	(4,403.2)	(2,444.7)
Loss after tax for the year	(139,235.5)	(237,088.8)

	For the year ended 31 December	
	2017	2016
	<i>(unaudited)</i>	
	<i>(US\$ thousands)</i>	
Revenue	140,700.2	142,831.3
Adjusted operating costs	(82,293.8)	(81,823.8)
Thai petroleum royalties paid	(11,213.4)	(11,508.0)
Gross profit before depreciation, depletion and amortisation	47,193.0	49,499.5
Corporate general and administrative expense	(5,737.3)	(9,047.5)
Gain on restructuring of the 2017 Notes to 2022 Notes and the 2018 Notes to 2023 Notes	1,438.4	-
Gain on sale of subsidiary	-	10,607.1
Unrealised exchange difference on 2022 Notes, 2023 Notes and 2024 ZCNs	(16,090.1)	-
EBITDAX	26,804.0	51,059.1
Geological and geophysical expense	(5,488.2)	(20,085.0)
Gain on settlement of working capital for impaired assets	1,407.2	-
Gain on transfer of working interests	-	81,005.8
Exploration expense	(369.6)	(472.5)
EBITDA	22,353.4	111,507.4

Revenue

Group working interest production in FY2017 averaged 12,745 boepd, a decrease of 21.0% from a year ago (FY2016: 16,136 boepd). The decrease was attributable to a combination of natural decline and mechanical issues associated with deviated wells at the Wassana oil field in the G10/48 concession in the Gulf of Thailand, while the Tantawan field and production facilities in B8/32 & B9A, also in the Gulf of Thailand, permanently ceased production on 31 October 2017 taking 1,100 boepd out of the gross production stream (51 boepd net to KrisEnergy).

Despite the decrease in production and due to higher average realised selling prices for both crude oil, liquids and natural gas, revenue recognised for FY2017 amounted to US\$140.7 million, largely in line with last year (FY2016: US\$142.8 million). The average realised oil and liquids sales price in FY2017 increased 59.0% to US\$49.26/bbl (FY2016: US\$30.99/bbl), in line with higher prices for global crude oil benchmarks. The average realised gas sales price achieved from the Gulf of Thailand fields, B8/32 & B9A, was US\$3.98/mcf in FY2017, 10.5% higher than the same period last year (FY2016: US\$3.60/mcf). The realised price from the Bangora gas field in Bangladesh remained flat at US\$2.32/mcf.

	For the year ended 31 December	
	2017	2016
Production volumes		
Oil and liquids (bopd)	7,066	10,146
Gas (mmcf)	34.1	35.9
Total (boepd)	12,745	16,136
Average sales price		
Oils and liquids (US\$/bbl)	49.26	30.99
Gas – B8/32 and B9A (US\$/mcf)	3.98	3.60
Gas – Block 9 (US\$/mcf)	2.32	2.32

Cost of Sales

Operating costs remained flat year-on-year at US\$82.3 million in FY2017 (FY2016: US\$81.8 million) as the Group's operating costs for associated with producing assets are fixed in nature. Lower production, primarily from the Wassana oil field, contributed to the 27.7% increase in the average lifting cost to US\$17.69/boe in FY2017 compared with US\$13.85/boe in FY2016.

DD&A charges more than halved to US\$48.3 million (FY2016: US\$104.5 million) as a result of reduced production and lower asset carrying values following impairment charges recognised in FY2016.

	For the year ended 31 December	
	2017	2016
Average lifting cost		
Oil, liquids and gas (US\$/boe)	17.69	13.85
Operating costs (US\$'000)	82,293.8	81,823.8
Total production (boe)	4,651,845	5,905,930

The Group's gross margin improved to the highest level since 2014 to a gross loss of US\$3.5 million compared with a gross loss of US\$62.1 million in 2016. The gross margin is largely dependent on working interest production and volatility in the average sales prices for oil, liquids and natural gas realised by the Group.

Other Income

Other income amounted to US\$8.4 million in FY2017 (FY2016: US\$100.2 million). In FY2016, the Group recognised a gain amounting to US\$81.0 million from the transfer of working interests from previous joint venture partners in Cambodia Block A and a gain amounting to US\$10.9 million from the sale of a Group subsidiary in relation to its interests held in the G10/48 concession.

General and Administrative Expenses

General and administrative expenses nearly halved to US\$22.0 million in FY2017 compared to US\$38.6 million in FY2016. The decrease was primarily attributable to lower general and administrative expenses allocated to G10/48 and G11/48 and lower employee benefits expenses.

Other Operating Expense

Other operating expense decreased to US\$64.1 million in FY2017 (FY2016: US\$201.2 million). During FY2017, the Group recognised an impairment charge of US\$120.7 million in relation to its working interest in the Block A Aceh PSC, following the completion of the farm-out transaction and the decision to cease involvement in the development of the asset, and a write down of US\$6.2 million of joint operation receivables related to the relinquishment of the Kutai PSC. These expenses were partially offset by a net fair value gain of US\$73.9 million for the exchange of 2017 Notes and 2018 Notes to 2022 Notes and 2023 Notes, respectively.

Finance Income

Finance income was higher year-on-year due to higher average bank balances in FY2017.

Finance Costs

Finance costs amounted to US\$53.8 million in FY2017 (FY2016: US\$33.3 million) mainly due to (i) the recurring non-cash accretion of bond discount in relation to the 2022 Notes, 2023 Notes and the 2024 ZCNs amounting to US\$22.5 million; (ii) interest expense on the 2022 Notes, 2023 Notes and RCF amounting to US\$20.4 million; and (iii) financial restructuring expenses amounting to US\$7.8 million.

Loss before tax

We recorded a loss before tax of US\$134.8 million in FY2017 compared with a loss before tax of US\$234.6 million in FY2016. The loss was mainly attributable to (i) impairment charges related to the working interest in the Block A Aceh PSC; (ii) write-offs related to the relinquishment of the Kutai PSC; and (iii) higher finance costs incurred from the exchange of the 2022 Notes, 2023 Notes and the issuance of the 2024 ZCNs. The charges were partially offset by (i) fair value gain on the exchange of the 2022 Notes and 2023 Notes; and (ii) reduced DD&A charges on the Thai producing assets due to lower production and lower asset carrying values following impairment charges recognised in FY2016.

Tax Expense

Tax expenses increased to US\$4.4 million in FY2017 (FY2016: US\$2.4 million) mainly due higher provision of tax expenses in line with higher revenue from B8/32 & B9A oil and gas production.

Loss after tax for the year

We recorded a loss of US\$139.2 million in FY2017 compared with a loss of US\$237.1 million in FY2016 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

Trading conditions based on oil price improved for KrisEnergy in 2017 as Brent crude futures recovered, averaging US\$55/bbl for the year. However, oil prices continued to be volatile, touching three-year highs above US\$70/bbl in January 2018 before skidding to the biggest weekly loss in two years at around US\$62/bbl in February 2018. While average oil prices have recovered, trading and financing conditions remained turbulent. Such fluctuations have caused significant uncertainty in the upstream sector's ability to plan and commit to capital expenditure, and continue to dent investor sentiment and reduce avenues to capital.

Recent Developments

- An offtake of 273,000 barrels of Wassana crude oil was completed on 31 January 2018.
- The Vietnamese authorities approved in January 2018 the new licence for Block 105-110/04 and the concession has been transferred to the new operator, PetroVietnam. KrisEnergy no longer holds any working interest in the exploration block.
- In January 2018, the Indonesian authorities awarded the Andaman II joint study area to operator Premier Oil (40%), KrisEnergy (30%) and Mubadala Petroleum (30%). The signing of the formal production sharing contract is expected in the first half of 2018. The Andaman II PSC is an exploration block over the North Sumatra Basin, offshore North Sumatra, covering an area of 7,345 sq. km in water depths ranging from 200 metres to 1,950 metres.

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 full year ended 31 December 2017.

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

There were no interested person transactions during the financial period under review.

As at 31 December 2017, the Group did not have any general IPT mandate from shareholders for interested person transactions that is to be disclosed under Rule 920(1)(a)(ii).

14. 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.

For management purposes, the Group operates in one business segment: exploration and production of oil and gas across geological basins in Asia. Revenue and non-current assets information based on the geographical location of assets respectively are as follows:

	Revenue		Non-current assets	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
	(unaudited)	(audited)	(unaudited)	(audited)
	(US\$ thousands)			
Bangladesh	12,221.4	14,168.4	39,459.2	42,826.8
Cambodia	-	-	176,250.2	173,280.1
Indonesia	-	-	112,531.3	244,801.1
Thailand	128,478.8	128,662.9	202,263.1	227,846.4
Vietnam	-	-	36,429.8	34,528.3
Total	140,700.2	142,831.3	566,933.6	723,282.7

Non-current assets information presented above consist of exploration and evaluation assets, oil and gas properties and intangible assets.

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

Full year production was lower due to a combination of natural decline and mechanical issues associated with deviated wells at the Wassana oil field in the G10/48 concession in the Gulf of Thailand, while the Tantawan field and production facilities in B8/32 & B9A, also in the Gulf of Thailand.

For more details on our capital expenditure, please refer to *Net Cash Flow from Investing Activities* in section 1(c) and for more information on the revenue breakdown, please refer to *Revenue* in section 8.

16. A breakdown of sales as follow:

	The Group		
	For the year ended 31 December		% increase /
	2017	2016	(decrease)
	(unaudited)		
	(US\$ thousands)		
Sales reported for the first half year	68,478.5	63,819.7	7.3
Operating loss after tax reported for first half year	(26,098.9)	(45,244.1)	(42.3)
Sales reported for the second half year	72,221.7	79,011.6	(8.6)
Operating loss after tax reported for second half year	(113,136.6)	(191,844.7)	(41.0)

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

None.

18. Disclosure of persons 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) in the format below. If there are such persons, the issuer must make an appropriate negative statement.

There were no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company during the financial period under review.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers pursuant to Rule 720(1).

On behalf of the Board of Directors.

Tan Ek Kia
Independent Non-Executive Chairman

Singapore, 1 March 2018

Kelvin Tang
Executive Director &
Chief Executive Officer