

KRISENERGY LTD

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

Unaudited Second Quarter & Six Months ended 30 June 2018 Financial Statements Announcement



14 August 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

We have been encouraged in the second quarter of 2018 by firmer sentiment in the benchmark oil markets, which has been reflected in the realised prices we achieved for our sales of crude oil and, correspondingly, revenue in the first six months, which at US\$88.2 million was the highest for any first-half period in the Company's history.

Operationally, we have overcome two issues encountered in the first quarter 2018 at the Wassana oil field in the Gulf of Thailand; namely the replacement of a damaged subsea flowline and the repair of a water injection pump shaft. Both incidents affected our water handling capabilities and Wassana production was curtailed to around 4,000 barrels of oil per day ("**bopd**") from late February 2018. Following completion of equipment repairs, Wassana was producing at approximately 5,750 bopd in the first weeks of August 2018.

Overall group production totalled 11,514 barrels of oil equivalent per day ("**boepd**") in 1H2018, 12.3% lower than a year ago largely as a result of the Wassana curtailment and a scheduled 22-day shutdown of the main Benchamas oil and gas field in the B8/32 licence in the Gulf of Thailand. The Benchamas shut-in was originally forecast for 40 days to install a new floating, storage and offloading ("**FSO**") vessel.

We recognised production from the non-operated Nong Yao oil field in the Gulf of Thailand from January 2018 to end-May 2018 following a strategic exit of the G11/48 concession as part of ongoing portfolio rationalisation and after considerations of deployment of capital.

Associated with the rationalisation process, we received approval from the Indonesian authorities for the takeover of our residual 15.0% working interest in the Block A Aceh production sharing contract ("**PSC**") by PT Medco Daya Energi Nusantara. KrisEnergy has no further participating interest in the Block A Aceh PSC.

We also decided to relinquish the East Seruway exploration block following the expiry of the PSC. The relinquishment resulted in a non-cash impairment charge of US\$12.9 million in the second quarter 2018.

As at 31 July 2018, KrisEnergy's portfolio comprised 14 contract areas, three of which are in production, three in the development phase and the remainder in various stages of exploration and appraisal.

Positive cash flows

Net cash flows from operations were positive in both the first and second quarters of 2018 and amounted to US\$42.4 million for the first six months of the year.

Non-cash items amounting to US\$50.2 million arising from the East Seruway impairment, depreciation, depletion and amortisation charges, and various finance expenses related to debt servicing, resulted in a loss after tax of US\$51.3 million for the first half of 2018.

Our balance sheet remains under considerable strain and the Group's net gearing increased to 81.1% as at 30 June 2018. Unfortunately, our exposure to high levels of debt invariably means the incremental benefit from the increase in realised pricing is impacted by our growing interest costs.

Cost reductions

We have been vigilant on reducing and maintaining strict control over costs. In 2017, corporate general and administrative (“**G&A**”) expenses decreased 36.6% versus 2016 and such costs reduced 59.8% to US\$1.5 million in 1H2018 compared with a year ago. Going forward, it is likely that corporate G&A may rise as we progress multiple development projects in parallel.

In addition, an improving and stable oil price environment has potential to create inflationary pressures for the cost of services, equipment and materials. We are focused on keeping a firm grip on budgets and capital expenditure.

While we continue to make progress within the confines of our financial means, we reiterate that additional funding solutions will be required to advance our existing near-term developments to increase future production and therefore generating future free cash flow. We continue to explore all available options to chart a path which will improve the Group’s financial situation, including corporate actions and alternative funding solutions.

For and on behalf of the Board of Directors

Kelvin Tang

Chief Executive Officer
14 August 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 14 contract areas in Asia, nine of which we operate, balancing cash flow from oil and gas production with significant development potential and exploration upside. Today, we present our unaudited financial statements reflecting the financial and operating results for the three months (“2Q2018”) and six months (“1H2018”) ended 30 June 2018 (the “Results”). References made to the Company pertain to KrisEnergy Ltd. and references made to the Group pertain to the Company and its subsidiaries.

	For the three months ended 30 June			For the six months ended 30 June		
	2018	2017	% Change	2018	2017	% Change
(US\$ thousands, except where otherwise indicated)						
Financial						
Sale of crude oil & liquids	42,422.8	32,466.7	30.7	81,409.3	58,883.2	38.3
Sale of gas	3,303.1	4,207.9	(21.5)	6,824.7	9,595.3	(28.9)
Revenue	45,725.9	36,674.6	24.7	88,234.0	68,478.5	28.8
EBITDAX^(1,2)	17,855.1	4,664.6	282.8	27,351.2	21,830.6	25.3
Cash and bank balances	89,551.4	53,771.3	66.5	89,551.4	53,771.3	66.5
Operations⁽²⁾						
Production volumes (boepd) ⁽³⁾	10,902	12,649	(13.8)	11,514	13,127	(12.3)
Average sales price						
• Oil and liquids (US\$/bbl)	69.82	46.11	51.4	65.59	46.49	41.1
• Gas – B8/32 (US\$/mcf)	4.35	4.11	5.8	4.21	3.84	9.6
• Gas – Block 9 (US\$/mcf)	2.32	2.32	-	2.32	2.32	-
Average lifting costs (US\$/boe) ⁽⁴⁾	26.98	19.25	40.2	23.45	18.30	28.1

Notes:

- (1) EBITDAX is a non-IFRS measure and is defined as earnings before interest, taxation, depreciation, amortisation, geological and geophysical expenses and exploration expenses
- (2) Non-IFRS measures
- (3) Includes KrisEnergy's working interest share in G11/48 up to 31 May 2018
- (4) Calculation of average lifting cost has been revised to reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period. See section 8 *Cost of Sales* in this *Financial Statement Announcement* for a detailed explanation

First Half 2018 Financial Update

Average benchmark oil prices continued to climb in 2Q2018 and overall the global bellwether Brent crude marker averaged approximately 35.0% higher in 1H2018 than in the same 2017 period (“**1H2017**”). The increase was reflected in the average realised oil sales price and revenue achieved by the Group despite a decline in production volumes. The majority of the production decrease was attributable to a prolonged scheduled shutdown of operations at the B8/32 oil and gas fields, curtailed output at the Wassana field, as well as a shortened reported production period from the Nong Yao field. The Group’s cash flow from operations year-on-year increased substantially both in the second-quarter and the first-half periods and revenue for 1H2018 was the highest since the Company was established in 2009.

- Working interest production in 1H2018 averaged 11,514 boepd, 12.3% lower than a year ago (1H2017: 13,127 boepd). The year-on-year decrease was largely a result of a 22-day scheduled shutdown at the B8/32 fields to replace the FSO vessel, lower Wassana output and a shortened reported production period from the Nong Yao oil field up to 31 May 2018. Natural decline also reduced gas production at the Bangora field onshore Bangladesh.
- Revenue for 1H2018 increased 28.8% to US\$88.2 million (1H2017: US\$68.5 million) due to higher average realised selling prices for oil and liquids, and natural gas in Thailand.
- In 1H2018, the Group’s average realised price for oil and liquids was US\$65.59 per barrel (“**bbl**”), 41.1% higher than a year ago (1H2017: US\$46.49/bbl). The average realised gas price for the B8/32 licence increased 9.6% to US\$4.21 per thousand cubic feet (“**mcf**”) (1H2017: US\$3.84/mcf) due to an upward price adjustment in April 2018 related to, among other factors, a rise in the price of benchmark medium sulphur fuel oil. The realised gas price from the onshore Bangladesh Bangora field in Block 9 remained flat at US\$2.32/mcf.
- Operating costs in 1H2018 increased to US\$54.7 million (1H2017: US\$38.9 million) as a result of expenditure for equipment repairs and well workovers in the Wassana field in G10/48 in the Gulf of Thailand. In addition, five Wassana crude liftings were recorded in 1H2018 versus three cargo liftings in 1H2017. In accordance with the Group’s accounting policies and industry practice, operating costs are incurred and matched with revenue earned at the point of offtake. Although operating expenditure associated with the Wassana field is largely fixed, the accounting recognition of costs will fluctuate in line with sales volumes and hence, revenue earned.
- In the first quarter 2018, the calculation of average lifting cost was revised to reflect the Group’s working interest share of joint-venture operating expenditure incurred versus production¹. In 1H2018, the average lifting cost was US\$23.45 per barrel of oil equivalent (“**boe**”) compared with a revised computed average lifting cost of US\$18.30/boe for 1H2017. The 28.2% increase from the same period last year was attributed to higher operating expenditure related to equipment repairs and well

¹ Previously, the average lifting cost was calculated using operating cost reported in accordance with IFRS matched with the cost of production to the volume sold.

workovers in the Wassana oil field coupled with overall lower production volumes for the period.

- Depreciation, depletion and amortisation (“**DD&A**”) charges declined to US\$22.5 million in 1H2018 (1H2017: US\$30.2 million) as a consequence of lower production and lower carrying values of oil and gas properties.
- EBITDAX in 1H2018 amounted to US\$27.4 million (1H2017: US\$21.8 million). The year-on-year increase was primarily attributed to a higher gross margin related to higher average realised selling prices and lower corporate G&A expenses, which more than halved compared with the 2017 period.
- The net loss after tax in 1H2018 was US\$51.3 million versus a net loss of US\$26.1 million in 1H2017. Material non-cash charges to the profit and loss statement in 1H2018 amounted to US\$50.2 million, comprising: (i) US\$22.5 million for DD&A charges; (ii) US\$12.9 million for the relinquishment of the East Seruway exploration block in Indonesia following the expiry of the PSC; (iii) US\$10.5 million related to the non-cash accretion of the bond discount related to the S\$130 million senior unsecured notes due 2022 (“**2022 Notes**”), the S\$200 million senior unsecured notes due 2023 (“**2023 Notes**”) and 2024 zero coupon notes (“**2024 ZCNs**”); and (iv) US\$4.3 million non-cash fair value adjustment of financial instruments.
- Pursuant to the financial restructuring in the first quarter 2017 (“**1Q2017**”), the Group recognised a one-off non-cash fair value gain on exchange of the 2022 Notes and 2023 Notes amounting to US\$73.9 million (the “**Notes Exchange Gain**”) as the 2022 Notes and 2023 Notes were recognised at a discount to par value upon exchange. Each reporting quarter until maturity or redemption of the 2022 Notes and 2023 Notes, the non-cash accretion of the bond discount, computed on the effective interest method in accordance with IFRS, will be charged to the Group’s profit and loss as finance costs to offset the Notes Exchange Gain. In addition, non-cash accretion of bond discount on the 2024 ZCNs will be charged to finance costs as the 2024 ZCNs were initially recognised at a discount to par value on issuance in 1Q2017.
- As at 30 June 2018, the Group’s cash and bank balances amounted to US\$89.6 million and, after taking into account restricted cash of US\$8.3 million, the Group’s cash and cash equivalents amounted to US\$81.3 million. Total unused sources of liquidity, including undrawn amounts of the revolving credit facility (“**RCF**”) amounted to US\$96.3 million.
- As at 30 June 2018, total debt amounted to US\$440.6 million and the Group’s gearing was 81.1%.

Group Capital Management

- On 29 March 2018, the Company and DBS Bank Ltd (“**DBS**”) signed an extension request letter whereby the tenor of the existing RCF was extended by two years to 30 June 2020. There were no changes to the existing terms and conditions of the RCF. On 9 April 2018, DBS provided an additional commitment of US\$20.0 million (the “**Bridge Upsize**”) under the RCF for a period of up to three months to support the Group’s

liquidity requirements. On 5 July 2018, the Bridge Upsize maturity date was extended to 8 October 2018.

- The Group is benefitting from the general improvement and stability in oil commodity prices and continues to tightly manage costs and take steps to maximise operational efficiencies.
- Balance sheet management remains at the forefront of all operational, financial and strategic decisions of the Group. Although realised pricing has increased, finance charges remain at significantly elevated levels and impacted the benefits of improved and stabilised oil prices. Management remains focused on strategies to ensure not only progress with its development projects but to implement processes and solutions to improve the Group's net gearing and cash liquidity levels in both the short and long terms.

First Half 2018 Operational Update

Operationally, there has been significant progress to achieve higher and stable production levels from the Wassana oil field and advances have been made in the pre-development work on the Apsara oil development, offshore Cambodia.

Production and Development

- Average gross production at the KrisEnergy-operated Wassana oil field in the G10/48 concession was 4,491 bopd in 1H2018 and the Group's average working interest production in the period was 3,997 bopd. Following repairs to a water injection pump and a subsea flowline, well workovers commenced in late May 2018 resulting in an increase in average gross production to approximately 5,750 bopd in the first weeks of August 2018.
- Average gross production at the non-operated Nong Yao oil field in the G11/48 concession was 8,274 bopd in the January to May 2018 period, and the Group's average working interest production was approximately 1,862 bopd for the five months. On a half-year basis, the Group's average working interest was 1,553 bopd.
- Gross production at the non-operated B8/32 oil and gas producing fields in 1H2018 was 17,898 bopd of liquids and 80.1 mmcf of gas. Average working interest production for the period was 1,449 boepd. The main Benchamas field resumed production on 29 April 2018 following a 22-day scheduled shutdown to install a new FSO vessel. Production at the nearby 2,500 bopd Chaba field was uninterrupted.
- At the KrisEnergy-operated Bangora field in the Block 9 PSC onshore Bangladesh, gross output in 1H2018 averaged 88.7 mmcf of gas and 264 barrels per day of condensate. The Group's average working production in 1H2018 was 4,515 boepd.
- Invitations to tender were issued in 2Q2018 for Integrated Drilling Services and a Minimum Facilities Platform engineering, procurement, construction, installation and commissioning related to the KrisEnergy-operated Apsara oil development in Cambodia Block A in the Gulf of Thailand. Both tenders closed in the first half of July 2018. KrisEnergy is reviewing the submitted bids and is seeking clarifications with the participants.

Exploration

- On 18 May 2018, the *Hai Yang Shi You 721* seismic vessel completed a 305 sq. km 3D seismic acquisition program in the non-operated SS-11 exploration licence offshore Bangladesh in the Bay of Bengal.
- The Ministry of Industry and Trade in Vietnam approved a two-year extension of the KrisEnergy-operated Block 115/09 exploration PSC, offshore Vietnam.
- The Ca Lang-1 exploration well commenced drilling on 23 May 2018 in the non-operated Block 120 PSC, offshore Vietnam. The well reached a total depth of 1,933

metres measured depth on 23 June 2018 without encountering hydrocarbons. The well was plugged and abandoned.

- The East Seruway PSC offshore North Sumatra in Indonesia expired in June 2018 and an application of relinquishment has been submitted to the authorities.

For activities and developments since 30 June 2018, see paragraph 10 of these Results entitled *Recent Developments*.

Capital Expenditure

As set out in the Unaudited Full-Year 2017 Financial Statements Announcement dated 1 March 2018, planned capital expenditure for FY2018 was estimated at US\$114.8 million. In 1H2018, the Group incurred capital expenditure amounting to US\$30.3 million, which was primarily expenditures relating to:

- Drilling of G10/48 and G11/48 infill wells;
- Development activities for the Cambodia Block A project; and
- Seismic acquisition in the SS-11 PSC.

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

	For the year ending 31 December 2018	
	March 2018 forecast	August 2018 forecast
	<i>(unaudited)</i>	
	<i>(US\$ thousands)</i>	
Assets in production ⁽¹⁾	54,875.7	45,786.1
Assets under development ⁽²⁾	41,086.9	32,953.3
Exploration assets ⁽³⁾	18,828.9	18,078.0
Total capital expenditure	114,791.5	96,817.4

Notes:

(1) Expenditure for assets in production, which include G10/48, G11/48 and Block 9

(2) Expenditure for assets under development, which include Cambodia Block A, the production barge and G6/48

(3) Expenditure for exploration assets, which include SS-11 and the Group's assets in Indonesian and Vietnam

The Group intends to fund planned capital expenditures through a combination of, including but not limited to, free cash flow from operations, the RCF and development funding.

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.

Financial Statements Announcement

Second Quarter and Six Months ended 30 June 2018

Figures for the period ended 30 June 2018 have not been audited.

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

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

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(unaudited) (US\$ thousands)			
Sales of crude oil	42,422.8	32,466.7	81,409.3	58,883.2
Sales of gas	3,303.1	4,207.9	6,824.7	9,595.3
Revenue	45,725.9	36,674.6	88,234.0	68,478.5
Cost of sales:				
Operating costs ⁽¹⁾	(30,254.5)	(26,540.0)	(54,747.4)	(38,980.1)
Thai petroleum royalties paid	(3,384.8)	(2,851.5)	(6,657.9)	(5,508.9)
Depreciation, depletion and amortisation	(10,581.7)	(14,871.6)	(22,468.5)	(30,214.4)
Gross profit/(loss)	1,504.9	(7,588.5)	4,360.2	(6,134.9)
Other income	7,675.1	1,239.0	4,749.8	6,889.9
General and administrative expenses	(3,610.2)	(5,845.0)	(8,249.0)	(12,871.7)
Other operating (expenses)/income	(22,851.2)	(57,189.9)	(24,240.9)	20,330.7
Finance income	144.8	70.6	217.4	157.7
Finance costs	(14,840.4)	(11,269.0)	(26,068.9)	(31,841.1)
Loss before tax	(31,977.0)	(80,582.8)	(49,231.4)	(23,469.4)
Tax expense	(1,133.4)	(1,238.9)	(2,066.5)	(2,629.5)
Loss for the period	(33,110.4)	(81,821.7)	(51,297.9)	(26,098.9)
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations	(52.6)	(7.2)	(20.9)	(33.3)
Total comprehensive income for the period	(33,163.0)	(81,828.9)	(51,318.8)	(26,132.2)
Loss per share attributable to owners of the Company (cents per share)				
Basic	(2.2)	(5.5)	(3.4)	(1.7)
Diluted	(2.2)	(5.5)	(3.4)	(1.7)

Note:

(1) Calculation of average lifting cost has been revised to reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period. See section 8 *Cost of Sales* for a detailed explanation.



Extraordinary items

There were no extraordinary items during the period.

EBITDAX Computation

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(unaudited) (US\$ thousands)			
Adjusted loss before tax	(31,977.0)	(80,582.8)	(49,231.4)	(23,469.4)
Add:				
Finance costs	14,840.4	11,269.0	26,068.9	31,841.1
Depreciation, depletion and amortisation	10,593.9	14,936.6	22,504.4	30,373.2
Impairment losses	12,938.6	52,266.5	12,938.6	52,266.5
Net fair value (loss)/gain on financial instruments	3,481.9	(1,331.6)	4,271.5	(78,852.3)
Write-off of joint operations receivables	-	6,160.0	-	6,160.0
EBITDA	9,877.8	2,717.7	16,552.0	18,319.1
Geological and geophysical expenses	1,546.5	1,851.8	3,768.4	3,416.4
Exploration expenses	6,430.8	95.1	7,030.8	95.1
EBITDAX	17,855.1	4,664.6	27,351.2	21,830.6

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

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

	The Group		The Company	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December
	2018	2017	2018	2017
	(unaudited)	(audited)	(unaudited)	(audited)
	(US\$ thousands)			
ASSETS				
Non-current assets				
Exploration and evaluation assets	377,007.2	380,947.8	-	-
Oil and gas properties	159,661.1	177,540.9	-	-
Other property, plant and equipment	11,594.2	11,181.8	-	-
Intangible assets	8,444.9	8,444.9	-	-
Investment in subsidiaries	-	-	335,696.0	335,572.5
Other receivables	4,084.4	4,422.0	724,757.9	729,357.5
	560,791.8	582,537.4	1,060,453.9	1,064,930.0

Current assets				
Inventories	11,501.6	22,569.0	-	-
Trade and other receivables	47,519.5	59,863.2	-	-
Prepayments	1,154.5	739.0	160.9	101.8
Cash and bank balances	89,551.4	73,824.8	161.7	247.4
	149,727.0	156,996.0	322.6	349.2
Total Assets	710,518.8	739,533.4	1,060,776.5	1,065,279.2
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	1,878.6	1,878.6	1,878.6	1,878.6
Share premium	730,302.2	730,302.2	730,302.2	730,302.2
Other reserves	30,627.0	30,524.5	41,191.0	41,067.5
Accumulated losses	(654,276.8)	(602,978.9)	(47,275.4)	(24,307.8)
Total Equity	108,531.0	159,726.4	726,096.4	748,940.5
Non-current liabilities				
Employee benefit liability	1,392.8	1,630.8	-	-
Loans and borrowings	420,639.1	276,342.6	287,369.1	276,342.6
Derivative liabilities	11,599.2	7,321.5	11,599.2	7,321.5
Deferred tax liabilities	36,274.2	36,836.6	-	-
Provisions	35,090.1	42,675.1	-	-
Other payables	-	-	25,667.9	25,711.1
	504,995.4	364,806.6	324,636.2	309,375.2
Current liabilities				
Trade and other payables	55,702.6	44,199.7	9,034.9	5,923.5
Accrued operating expenses	18,500.2	19,486.9	1,009.0	1,040.0
Loans and borrowings	20,000.0	148,270.0	-	-
Withholding tax payable	226.3	215.2	-	-
Tax payable	2,563.3	2,828.6	-	-
	96,992.4	215,000.4	10,043.9	6,963.5
Total Liabilities	601,987.8	579,807.0	334,680.1	316,338.7
Total Equity And Liabilities	710,518.8	739,533.4	1,060,776.5	1,065,279.2

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

Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
(US\$ thousands)			
20,000.0	-	148,270.0	-

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
Secured ⁽¹⁾	Unsecured ⁽²⁾	Secured	Unsecured
(US\$ thousands)			
198,869.9	221,769.2	62,768.8	213,573.8

Notes:

(1) Aggregate of the RCF and discounted 2024 ZCNs

(2) Aggregate of the discounted 2022 Notes, discounted 2023 Notes and the US\$34.4 million unsecured term loan

Details of any collateral

As at 30 June 2018, certain subsidiaries of the Company have assets pledged under the RCF. On 29 March 2018, the RCF was extended by two years to 30 June 2020. There were no changes to the existing terms and conditions of the RCF. On 9 April 2018, DBS provided the Bridge Upsize under the RCF for a period of up to three months to support the Group's liquidity requirements. On 5 July 2018, the Bridge Upsize maturity date was extended to 8 October 2018.

The 2024 ZCNs, issued under the terms of 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 RCF security, see the offering circular for the Preferential Offering dated 6 January 2017 and 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 three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(unaudited) (US\$ thousands)			
Operating activities:				
Loss before tax	(31,977.0)	(80,582.8)	(49,231.4)	(23,469.4)
Adjustments for:				
Depreciation, depletion and amortisation	10,581.7	14,871.6	22,468.5	30,214.4
Depreciation of property, plant and equipment	12.2	65.0	35.9	158.8
Decommissioning provisions	(298.2)	-	(688.3)	-
Dry hole expenses	6,430.8	-	6,430.8	-
Employee defined benefits	(122.2)	12.6	(238.0)	12.6
Equity-settled transactions with employees	62.0	159.3	123.4	313.5
Gain on sale	(2,526.7)	-	(2,526.7)	-
Impairment loss on exploration and evaluation assets	12,938.6	52,266.5	12,938.6	52,266.5
Net fair value loss/(gain) on financial instruments	3,481.9	(1,331.6)	4,271.5	(78,852.3)
Write-off of joint operations receivables	-	6,160.0	-	6,160.0
Unrealised foreign exchange (gain)/loss on financial instruments	(4,431.4)	-	522.4	-
Finance cost	9,061.0	5,690.3	14,641.7	17,893.2
Unwinding of discount on bonds	5,352.2	4,939.8	10,510.3	12,670.1

	The Group			
	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(unaudited) (US\$ thousands)			
Unwinding of discount on decommissioning provisions	427.2	638.9	916.9	1,277.8
Interest income	(144.8)	(70.6)	(217.4)	(157.7)
Operating cash flows before changes in working capital	8,847.3	2,819.0	19,958.2	18,487.5
Decrease/(increase) in inventories	3,854.9	2,561.9	6,632.5	(7,126.9)
Decrease in other current assets	-	-	-	1,919.7
Decrease/(increase) in trade and other receivables	20,518.9	(1,000.5)	14,250.0	(388.7)
Increase/(decrease) in trade and other payables	13,118.7	(18,902.0)	12,714.6	(7,996.2)
Cash flows from/(used in) operations	46,339.8	(14,521.6)	53,555.3	4,895.4
Interest received	144.8	70.6	217.4	157.7
Interest paid	(4,968.4)	(1,869.2)	(8,478.2)	(4,949.9)
Tax paid	(2,918.6)	(3,307.6)	(2,918.6)	(3,307.6)
Net cash flows from/(used in) operating activities	38,597.6	(19,627.8)	42,375.9	(3,204.4)
Investing activities:				
Addition to exploration and evaluation assets	(9,361.5)	(8,780.2)	(15,428.7)	(29,662.9)
Farm-out of exploration and evaluation assets	-	22,105.5	-	22,105.5
Addition to oil and gas properties	(4,609.7)	(6,471.5)	(21,659.6)	(7,973.4)
Proceeds from sale	8,450.0	-	8,450.0	-
Purchase of other plant, property and equipment	(3.4)	(26.0)	(7.5)	(26.0)
Subsequent expenditure on assets refurbishment	(148.6)	(72.5)	(440.8)	(129.6)
Net cash flows (used in)/from investing activities	(5,673.2)	6,755.3	(29,086.6)	(15,686.4)
Financing activities:				
Payment of bond interest	(983.8)	(767.2)	(2,541.6)	(4,691.6)
Proceeds from bank borrowings	20,000.0	10,000.0	20,000.0	18,000.0
Repayment of bank borrowings	(15,000.0)	-	(15,000.0)	(73,000.0)
Proceeds from issuance of bonds	-	-	-	94,404.1
Proceeds from warrants exercised	-	-	-	0.9
Financial restructuring expense	-	(544.7)	-	(7,809.8)
Net cash flows from financing activities	4,016.2	8,688.1	2,458.4	26,903.6
Net increase/(decrease) in cash and cash equivalents	36,940.6	(4,184.4)	15,747.7	8,012.8
Cash and cash equivalents at beginning of the period	44,393.0	49,687.2	65,554.8	37,522.3
Net effect of exchange rate changes	(52.2)	(1.5)	(21.1)	(33.8)

	The Group			
	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(unaudited) (US\$ thousands)			
Cash and cash equivalents at end of the period	81,281.4	45,501.3	81,281.4	45,501.3
Add: restricted cash	8,270.0	8,270.0	8,270.0	8,270.0
Cash and bank balances at end of the period	89,551.4	53,771.3	89,551.4	53,771.3

As at 30 June 2018, total cash and cash equivalents were US\$81.3 million compared with US\$45.5 million as at 30 June 2017, and unused sources of liquidity as at 30 June 2018 amounted to US\$96.3 million.

Net Cash Flow from/used in Operating Activities

Net cash flow from operating activities was US\$38.6 million in 2Q2018 versus net cash flow used in operating activities of US\$19.6 million in 2Q2017. The increase was primarily a result of movements in working capital including proceeds from a crude term sales agreement of US\$26.1 million.

Net Cash Flow used in/from Investing Activities

In 2Q2018, net cash flow used in investing activities amounted to US\$5.7 million compared with net cash flow from investing activities of US\$6.8 million in 2Q2017. Material capital expenditure in 2Q2018 included (i) development activities in Cambodia Block A of US\$1.2 million; (ii) US\$1.1 million for 3D seismic expenditure in Block SS-11, offshore Bangladesh; and as well as (iii) ongoing ordinary course of business expenditure in each of B8/32, G11/48 and G10/48.

Net Cash Flow from Financing Activities

In 2Q2018, net cash flow from financing activities amounted to US\$4.0 million (2Q2017: US\$8.7 million). During 2Q2018, US\$20.0 million was drawn from the Bridge Upsize, and US\$15.0 million of the RCF was repaid. Bond coupon payments for the 2022 Notes amounted to US\$1.0 million.

Borrowings

As at 30 June 2018, the total amount drawn on the RCF was US\$133.27 million and the total amount drawn on the Bridge Upsize was US\$20.0 million. Unused sources of liquidity (comprising cash and cash equivalents and undrawn amounts from the RCF) amounted to US\$96.3 million. Gearing as at 30 June 2018 was 81.1%.

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

THE GROUP	Attributable to owners of the Company						Total Equity
	Share Capital	Share Premium	Accumulated Losses	Foreign Currency Translation Reserve	Employee Share Reserve	General Reserve	
	(US\$ thousands)						
At 1 January 2018	1,878.6	730,302.2	(602,978.9)	(1,862.0)	767.2	31,619.3	159,726.4
Loss net of tax	-	-	(18,187.5)	-	-	-	(18,187.5)
<u>Other comprehensive income:</u>							
Exchange differences on translation of foreign operations	-	-	-	31.6	-	-	31.6
Total comprehensive income for the period	-	-	(18,187.5)	31.6	-	-	(18,155.9)
Equity-settled transactions with employees	-	-	-	-	61.5	-	61.5
At 31 March 2018	1,878.6	730,302.2	(621,166.4)	(1,830.4)	828.7	31,619.3	141,632.0
Loss net of tax	-	-	(33,110.4)	-	-	-	(33,110.4)
<u>Other comprehensive income:</u>							
Exchange differences on translation of foreign operations	-	-	-	(52.6)	-	-	(52.6)
Total comprehensive income for the period	-	-	(33,110.4)	(52.6)	-	-	(33,163.0)
Equity-settled transactions with employees	-	-	-	-	62.0	-	62.0
At 30 June 2018	1,878.6	730,302.2	(654,276.8)	(1,883.0)	890.7	31,619.3	108,531.0

THE GROUP	Attributable to owners of the Company						Total Equity
	Share Capital	Share Premium	Accumulated Losses	Foreign Currency Translation Reserve	Employee Share Reserve	General Reserve	
	(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
Profit net of tax	-	-	55,722.8	-	-	-	55,722.8
<u>Other comprehensive income:</u>							
Exchange differences on translation of foreign operations	-	-	-	(26.1)	-	-	(26.1)
Total comprehensive income for the period	-	-	55,722.8	(26.1)	-	-	55,696.7
Equity-settled transactions with employees	-	-	-	-	154.2	-	154.2
Issuance of warrants	-	-	-	-	-	40,300.7	40,300.7
Issuance of shares on warrants exercised	-	1.2	-	-	-	(0.4)	0.8
At 31 March 2017	1,874.5	729,530.3	(407,971.3)	(1,873.0)	1,166.0	31,619.3	354,345.8
Loss net of tax	-	-	(81,821.7)	-	-	-	(81,821.7)
<u>Other comprehensive income:</u>							
Exchange differences on translation of foreign operations	-	-	-	(7.2)	-	-	(7.2)
Total comprehensive income for the period	-	-	(81,821.7)	(7.2)	-	-	(81,828.9)

Equity-settled transactions with employees

At 30 June 2017

-	-	-	-	159.3	-	159.3
<u>1,874.5</u>	<u>729,530.3</u>	<u>(489,793.0)</u>	<u>(1,880.2)</u>	<u>1,325.3</u>	<u>31,619.3</u>	<u>272,676.2</u>

THE COMPANY

Share Capital	Share Premium	Accumulated Losses	Employee Share Option Reserve	General Reserve	Total Equity
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(US\$ thousands)

At 1 January 2018

<u>1,878.6</u>	<u>730,302.2</u>	<u>(24,307.8)</u>	<u>767.2</u>	<u>40,300.3</u>	<u>748,940.5</u>
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Loss net of tax

-	-	(14,080.0)	-	-	(14,080.0)
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Other comprehensive income

-	-	-	-	-	-
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Total comprehensive income for the period

-	-	(14,080.0)	-	-	(14,080.0)
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Equity-settled transactions with employees

-	-	-	61.5	-	61.5
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At 31 March 2018

<u>1,878.6</u>	<u>730,302.2</u>	<u>(38,387.8)</u>	<u>828.7</u>	<u>40,300.3</u>	<u>734,922.0</u>
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Loss net of tax

-	-	(8,887.6)	-	-	(8,887.6)
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Other comprehensive income

-	-	-	-	-	-
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Total comprehensive income for the period

-	-	(8,887.6)	-	-	(8,887.6)
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Equity-settled transactions with employees

-	-	-	62.0	-	62.0
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At 30 June 2018

<u>1,878.6</u>	<u>730,302.2</u>	<u>(47,275.4)</u>	<u>890.7</u>	<u>40,300.3</u>	<u>726,096.4</u>
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THE COMPANY

Share Capital	Share Premium	Accumulated Losses	Employee Share Option Reserve	General Reserve	Total Equity
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(US\$ thousands)

At 1 January 2017

<u>1,874.5</u>	<u>729,529.1</u>	<u>(43,811.0)</u>	<u>1,011.8</u>	-	<u>688,604.4</u>
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Profit net of tax

-	-	64,026.3	-	-	64,026.3
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Other comprehensive income

-	-	-	-	-	-
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Total comprehensive income for the period

-	-	64,026.3	-	-	64,026.3
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Equity-settled transactions with employees

-	-	-	154.2	-	154.2
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Issuance of warrants

-	-	-	-	40,300.7	40,300.7
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Issuance of shares on warrants exercised

-	1.2	-	-	(0.4)	0.8
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At 31 March 2017

<u>1,874.5</u>	<u>729,530.3</u>	<u>20,215.3</u>	<u>1,166.0</u>	<u>40,300.3</u>	<u>793,086.4</u>
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Loss net of tax

-	-	(6,994.7)	-	-	(6,994.7)
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Other comprehensive income

-	-	-	-	-	-
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Total comprehensive income for the period

-	-	(6,994.7)	-	-	(6,994.7)
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Equity-settled transactions with employees

-	-	-	159.3	-	159.3
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At 30 June 2017

<u>1,874.5</u>	<u>729,530.3</u>	<u>13,220.6</u>	<u>1,325.3</u>	<u>40,300.3</u>	<u>786,251.0</u>
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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 of the issuer and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

The Company did not hold any treasury shares or subsidiary holdings as at 30 June 2018 (30 June 2017: Nil).

KrisEnergy Employee Share Option Scheme ("KrisEnergy ESOS")

The KrisEnergy ESOS was implemented and adopted during the Company's initial public offering ("IPO"). The duration of the KrisEnergy ESOS is 10 years commencing from 10 July 2013. As at 30 June 2018, 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% (issued under equal First Tranche and Second Tranche) 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. Following the exit of First Reserve Fund, XII LP on 6 April 2018, the First Tranche Condition (as defined in the Prospectus) had been satisfied. However, in accordance with and as permitted under the terms of the MS-Awards, (i) as the Company does not have sufficient distributable reserves or amounts credited to its premium account at this juncture to make the required issue of Shares (being the first one-third of the First Tranche), the Company has determined to pay a cash sum equal to the aggregate fair market value of the Shares that would otherwise have been issued; and (ii) the Company has (taking into account cash reserves and budgeted commitments for the following 12 months) delayed such cash payment until further notice.
- On 13 November 2013, awards comprising 5,429,689 Shares were granted to employees, including 963,624 Shares to the Executive Directors.

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

As at 30 June 2018, the number of Shares granted as awards under the KrisEnergy PSP, but not yet vested was (a) up to 2.5% of the Shares may be vested upon the satisfaction of the conditions of the MS-Awards; and (b) 5,186,848 Shares.

The awards allotted and issued 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 ZCNs, 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 30 June 2018, the Company's issued share capital was 1,502,849,065 Shares and 1,255,172,256 outstanding Warrants.

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

SHARE CAPITAL	As at 30 June 2018		As at 31 December 2017	
	(unaudited)			
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid ordinary shares				
At 1 January	1,502,849,065	1,878,561	1,499,622,024	1,874,528
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	257
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	1,502,849,065	1,878,561

SHARE PREMIUM	As at 30 June 2018		As at 31 December 2017	
	(unaudited)			
	US\$			
At 1 January	730,302,151		729,529,098	
Warrants exercised on 17 February 2017	-		978	
Warrants exercised on 7 March 2017	-		260	
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	730,302,151		730,302,151	

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

There were no sales, transfer, cancellation and/or use of treasury shares as at 30 June 2018 (30 June 2017: Nil).

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

There were no sales, transfer, cancellation and/or use of subsidiary holdings as at 30 June 2018 (30 June 2017: 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 2017, 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 2018. The adoption of these standards did not have any material effect on the financial performance of the Group for the current financial period.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
Loss per share attributable to owners of the Company:				
(i) Based on a weighted average number of shares (cents per share)	(2.2)	(5.5)	(3.4)	(1.7)
- Weighted average number of shares	1,502,849,065	1,499,630,210	1,502,849,065	1,499,630,210
(ii) On a fully diluted basis (cents per share)	(2.2)	(5.5)	(3.4)	(1.7)
- Adjusted weighted average number of shares	1,508,035,913	1,508,858,318	1,508,035,913	1,508,858,318

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

	The Group		The Company	
	As at 30 June	As at 31 December	As at 30 June	As at 31 December
	2018	2017	2018	2017
	(Unaudited) (US\$)			
Net asset value per ordinary share ⁽¹⁾	0.07	0.11	0.48	0.50
Net tangible asset per ordinary share ⁽¹⁾	0.07	0.10	0.48	0.50

Note:

(1) Based on share capital of 1,502,849,065 ordinary shares as at 30 June 2018 and 31 December 2017

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) seasonable or cyclical factors and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The following table sets forth a selected summary of our income statement and non-IFRS financial data for the three months and six months ended 30 June 2018.

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(unaudited) (US\$ thousands)			
Sales of crude oil	42,422.8	32,466.7	81,409.3	58,883.2
Sales of gas	3,303.1	4,207.9	6,824.7	9,595.3
Revenue	45,725.9	36,674.6	88,234.0	68,478.5
Cost of sales:				
Operating costs	(30,254.5)	(26,540.0)	(54,747.4)	(38,890.1)
Thai petroleum royalties paid	(3,384.8)	(2,851.5)	(6,657.9)	(5,508.9)
Depreciation, depletion and amortisation	(10,581.7)	(14,871.6)	(22,468.5)	(30,214.4)
Gross profit/(loss)	1,504.9	(7,588.5)	4,360.2	(6,134.9)
Other income	7,675.1	1,239.0	4,749.8	6,889.9
General and administrative expenses	(3,610.2)	(5,845.0)	(8,249.0)	(12,871.7)
Other operating (expenses)/income	(22,851.2)	(57,189.9)	(24,240.9)	20,330.7
Finance income	144.8	70.6	217.4	157.7
Finance costs	(14,840.4)	(11,269.0)	(26,068.9)	(31,841.1)
Loss before tax	(31,977.0)	(80,582.8)	(49,231.4)	(23,469.4)
Tax expense	(1,133.4)	(1,238.9)	(2,066.5)	(2,629.5)
Loss for the period	(33,110.4)	(81,821.7)	(51,297.9)	(26,098.9)

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(unaudited) (US\$ thousands)			
Revenue	45,725.9	36,674.6	88,234.0	68,478.5
Adjusted operating costs	(30,254.5)	(26,540.0)	(54,747.4)	(38,890.1)
Thai petroleum royalties paid	(3,384.8)	(2,851.5)	(6,657.9)	(5,508.9)
Gross profit before depreciation, depletion and amortisation	12,086.6	7,283.1	26,828.7	24,079.5
Corporate general and administrative expenses	(1,189.6)	(2,618.5)	(1,481.8)	(3,687.3)
Gain on early termination of fair value hedge	-	-	-	1,438.4
Gain on sale	2,526.7	-	2,526.7	-
Unrealised foreign exchange gain/(loss) on financial instruments	4,431.4	-	(522.4)	-
EBITDAX	17,855.1	4,664.6	27,351.2	21,830.6
Geological and geophysical expenses	(1,546.5)	(1,851.8)	(3,768.4)	(3,416.4)
Exploration expenses	(6,430.8)	(95.1)	(7,030.8)	(95.1)
EBITDA	9,877.8	2,717.7	16,552.0	18,319.1

Revenue

Working interest production in 2Q2018 averaged 10,902 boepd, a 13.8% decrease from the same period last year (2Q2017: 12,649 boepd), mainly due to the scheduled shut down of the B8/32 oil and gas fields for 22 days to replace the FSO vessel, curtailed output at the Wassana field and a shortened reported production period from the Nong Yao oil field up to 31 May 2018. Despite the decrease in production, revenue for 2Q2018 increased 24.7% to US\$45.7 million (2Q2017: US\$36.7 million) due to higher average realised selling prices for both oil and liquids, and natural gas in Thailand.

The average realised oil and liquids sales price in 2Q2018 increased 51.4% to US\$69.82/bbl (2Q2017: US\$46.11/bbl). The average realised gas price achieved from B8/32 in 2Q2018 was US\$4.35/mcf, 5.8% higher than a year ago (2Q2017: US\$4.11/mcf) due to a price adjustment in April 2018.

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
Production volumes⁽¹⁾				
Oil and liquids (bopd)	6,031	6,864	6,458	7,304
Gas (mmcf)	29.2	34.7	30.3	34.9
Total (boepd)	10,902	12,649	11,514	13,127
Average sales price				
Oils and liquids (US\$/bbl)	69.82	46.11	65.59	46.49
Gas – B8/32 and B9A (US\$/mcf)	4.35	4.11	4.21	3.84
Gas – Block 9 (US\$/mcf)	2.32	2.32	2.32	2.32

Note:

(1) Included KrisEnergy's working interest share in G11/48 up to 31 May 2018

Cost of Sales

Operating costs increased 14.0% to US\$30.3 million in 2Q2018 (2Q2017: US\$26.5 million) as a result of operating expenditure for equipment repairs and well workovers in the Wassana field. The calculation of the Group's average lifting cost was revised in 1Q2018 to reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period. Previously, average lifting costs were calculated using operating cost reported in accordance with IFRS, which was matched with the cost of production to the volume sold. In 2Q2018, average lifting cost was US\$26.98/boe, compared with the revised computed average lifting cost of US\$19.25/boe in 2Q2017.

In 2Q2018, DD&A charges decreased 28.8% to US\$10.6 million (2Q2017: US\$14.9 million) as a result of lower production.

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
Average lifting cost⁽¹⁾				
Oil, liquids and gas (US\$/boe)	26.98	19.25	23.45	18.30
Net operating expenditure (US\$'000)	26,768.3	22,159.2	48,878.5	43,480.9
Total production (boe) ⁽²⁾	992,049	1,151,074	2,083,952	2,375,951

Note:

- (1) Calculation of average lifting cost has been revised to reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period.
(2) Included KrisEnergy's working interest share in G11/48 up to 31 May 2018

Other income

Other income was US\$7.7 million in 2Q2018 compared with US\$1.2 million in 2Q2017. The increase was mainly due to the gain on the sale of a subsidiary amounting to US\$2.5 million and net foreign exchange gain of US\$3.3 million.

General and administrative expenses

General and administrative expenses decreased to US\$3.6 million in 2Q2018 (2Q2017: US\$5.8 million). The 38.2% decrease was primarily attributable to reduced employee benefits expenses and lower professional fees.

Other operating expenses

Other operating expenses amounted to US\$22.9 million in 2Q2018 (2Q2017: US\$57.2 million). In 2Q2018, the Group wrote off US\$12.9 million in relation to the relinquishment of the East Seruway PSC and recognised US\$6.4 million in dry hole expenses for the Ca Lang-1 exploration well in the Block 120 PSC. In addition, the net loss on the quarterly fair value adjustment of financial instruments was US\$3.5 million.

Finance income

Finance income was higher year-on-year due to higher average bank balances in 2Q2018.

Finance costs

Finance costs amounted to US\$14.8 million in 2Q2018 (2Q2017: US\$11.3 million), as a result of non-cash accretion of bond discount for the 2022 Notes, 2023 Notes and the 2024 ZCNs amounting to US\$5.4 million, and a one-off bank arrangement fee for the extension of the RCF amounting to US\$2.3 million. In 2Q2018, interest expenses on the 2022 Notes, 2023 Notes

and RCF amounted to US\$6.7 million, including the cash interest step-up for the 2022 Notes and 2023 Notes in relation to the higher average Brent crude oil price in the interest period.

Loss before tax

The loss before tax in 2Q2018 of US\$32.0 million (2Q2017: US\$80.6 million) was mainly attributable to the write-off of East Seruway PSC in Indonesia on relinquishment and recognition of dry hole expenses for the Block 120 PSC in Vietnam, coupled with interest expenses and RCF extension fee charges.

Tax expense

Tax expense amounted to US\$1.1 million in 2Q2018 (2Q2017: US\$1.2 million) due to lower provision of tax expense in line with lower revenue contribution from B8/32 oil and gas fields compared with the same period last year.

Loss for the period

The net loss for the period was US\$33.1 million in 2Q2018 (2Q2017: US\$81.8 million) 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

While first-half 2018 revenues were boosted by higher and more stable oil prices, such market conditions may result in inflationary pressures on the costs of oil field services, materials and equipment. Given KrisEnergy's extensive near-term development portfolio, management remains vigilant on potential pressures on the Group's capital expenditure.

The Group continues to focus on securing financing for its development projects and other capital management initiatives that may include various corporate actions, to strengthen its balance sheet.

Recent Developments

- Following receipt of relevant government approvals, the takeover of KrisEnergy's residual 15.0% working interest in the Block A Aceh PSC by PT Medco Daya Energi Nusantara (affiliate of the operator PT Medco E&P Malaka) was completed on 23 July 2018.
- Following receipt of the relevant government approvals for the strategic exit of the non-operated G11/48 licence in the Gulf of Thailand and the non-operated Block A Aceh PSC in Indonesia, the Group's working interest proved plus probable reserves have

reduced to 72.3 million barrels of oil equivalent (“**mmboe**”) and the best estimate contingent resources have decreased to 58.9 mmboe from 87.3 mmboe.

- The Indonesian authorities have approved the final four-year exploration period (with a drill-or-drop decision by 19 July 2020) for the KrisEnergy-operated Udan Emas PSC, onshore West Papua. The PSC was extended to 19 July 2022 and the gross acreage of the contract area was reduced to 1,069.5 sq. km.

11. Dividend

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

None.

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the three months ended 30 June 2018.

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

The Company obtained shareholders’ approval for the adoption of a general mandate for interested person transactions at an extraordinary general meeting of the Company held on 26 April 2018. For further information, please refer to the *Circular to Shareholders in relation to the Proposed Adoption of the Interested Person Transactions Mandate* dated 9 April 2018.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)

Keppel Corporation Limited (and/or its subsidiaries including Keppel Shipyard Limited)	Nil	S\$140,000
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14. Negative confirmation pursuant to Rule 705(5)

Pursuant to Rule 705(5), we, Tan Ek Kia and Kelvin Tang, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial results for the three months ended 30 June 2018 to be false or misleading in any material aspect.

15. 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

Kelvin Tang
Executive Director &
Chief Executive Officer

Singapore, 14 August 2018