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Full Year Results * Financial Statement And Related Announcement

* Asterisks denote mandatory information

Name of Announcer *	KS ENERGY SERVICES LIMITED
Company Registration No.	198300104G
Announcement submitted on behalf of	KS ENERGY SERVICES LIMITED
Announcement is submitted with respect to *	KS ENERGY SERVICES LIMITED
Announcement is submitted by *	Shirley Lim
Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2009
Description	Please see attached

Attachments

 [4Q_Results_Announcement.pdf](#)
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Financial Statement and Dividend Announcement for the Year Ended 31/12/2009

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

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

	Group (4th quarter)			Group (Year-To-Date)		
	3 months ended		Increase/ (Decrease)	12 months ended		Increase/ (Decrease)
	31.12.2009	31.12.2008		31.12.2009	31.12.2008	
	\$'000	\$'000		\$'000	\$'000	
Revenue	120,787	165,278	(26.9%)	489,836	611,022	(19.8%)
Cost of sales	(90,670)	(115,716)	(21.6%)	(348,919)	(428,596)	(18.6%)
Gross profit before direct depreciation	30,117	49,562	(39.2%)	140,917	182,426	(22.8%)
Direct depreciation	(8,153)	(5,557)	46.7%	(29,193)	(17,326)	68.5%
Gross profit after direct depreciation	21,964	44,005	(50.1%)	111,724	165,100	(32.3%)
Other operating income	739	867	(14.8%)	8,486	16,099	(47.3%)
Distribution costs	(4,867)	(5,975)	(18.5%)	(21,065)	(24,886)	(15.4%)
Administrative expenses	(5,114)	(11,145)	(54.1%)	(26,913)	(37,116)	(27.5%)
Other operating expenses	(7,360)	(15,312)	(51.9%)	(21,811)	(31,432)	(30.6%)
Profit from operations	5,362	12,440	(56.9%)	50,421	87,765	(42.5%)
Finance costs	(4,119)	(6,707)	(38.6%)	(16,969)	(25,800)	(34.2%)
Share of results of associates	(16)	1,512	(101.1%)	(105)	8,208	(101.3%)
Share of results of jointly controlled entities	1,368	(4,325)	(131.6%)	19,378	(4,631)	(518.4%)
Profit before tax	2,595	2,920	(11.1%)	52,725	65,542	(19.6%)
Income tax	(1,114)	7,972	(114.0%)	(9,169)	(5,209)	76.0%
Profit for the period	1,481	10,892	(86.4%)	43,556	60,333	(27.8%)
Attributable to:						
Equity holders of the parent	234	9,078	(97.4%)	40,041	51,920	(22.9%)
Minority interests	1,247	1,814	(31.3%)	3,515	8,413	(58.2%)
Profit for the period	1,481	10,892	(86.4%)	43,556	60,333	(27.8%)

1(b) Profit for the year is arrived at after crediting/(charging):-

	Group (4th quarter)			Group (Year-To-Date)		
	3 months ended		Increase/ (Decrease)	12 months ended		Increase/ (Decrease)
	31.12.2009	31.12.2008		31.12.2009	31.12.2008	
	\$'000	\$'000		\$'000	\$'000	
Dividend income	-	-	N/M	21	882	(97.6%)
Other income including interest income	784	1,110	(29.4%)	3,054	4,037	(24.3%)
Amortisation of intangible assets	(487)	(716)	(32.0%)	(1,608)	(4,794)	(66.5%)
Depreciation of property, plant and equipment	(9,215)	(7,091)	30.0%	(33,572)	(21,251)	58.0%
Impairment loss on plant and equipment	(3,068)	-	100.0%	(3,068)	-	100.0%
Impairment loss on intangible assets	(82)	-	100.0%	(82)	-	100.0%
Amortisation of discount on convertible notes	(1,540)	(1,455)	5.8%	(6,044)	(5,711)	5.8%
Amortisation of transaction costs incurred in connection with the issue of convertible notes	(53)	(53)	0.0%	(213)	(213)	0.0%
Allowance for doubtful debts	(863)	(5,537)	(84.4%)	(231)	(4,818)	(95.2%)
Bad trade debts written off	13	(538)	(102.4%)	(169)	(758)	(77.7%)
Allowance for inventory obsolescence	(17)	(1,506)	(98.9%)	(384)	(1,806)	(78.7%)
Inventories written off	(16)	(652)	(97.5%)	(325)	(1,916)	(83.0%)
Foreign exchange gain/(loss), net	1,274	(2,635)	(148.3%)	(1,873)	(790)	137.1%
Adjustment of tax provision in respect of prior periods	2,869	10,737	(73.3%)	2,869	6,077	(52.8%)
Loss on disposal of plant and equipment	(94)	(118)	(20.3%)	(138)	(109)	26.6%
Plant and equipment written off	(6)	-	N/M	(40)	(77)	(48.1%)
Loss on disposal of subsidiaries	-	(243)	(100.0%)	-	(137)	(100.0%)
Gain/(loss) on disposal of interest in an associate	(44)	-	100.0%	1,996	-	100.0%
Gain on disposal of available-for-sale equity securities	-	-	N/M	3,416	11,317	(69.8%)

N/M – Not Meaningful

See Note 8 for more explanation on the income statement review

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.

	Group		Company	
	31.12.2009 \$'000	31.12.2008 \$'000	31.12.2009 \$'000	31.12.2008 \$'000
Current Assets				
Cash and cash equivalents	72,173	68,302	24,688	17,249
Amounts due from subsidiaries	-	-	59,096	54,600
Trade receivables	107,772	132,127	5,011	1,545
Inventories	56,880	83,171	-	-
Contract work-in-progress	28,937	5,603	-	-
Other current assets	48,310	51,042	3,787	3,032
Financial derivatives	253	-	189	-
	314,325	340,245	92,771	76,426
Non-Current Assets				
Available-for-sale equity securities	115	1,852	-	1,737
Associates and jointly controlled entities	138,817	139,547	86,884	87,628
Subsidiaries	-	-	255,770	253,699
Property, plant and equipment	406,274	417,195	2,141	2,568
Intangible assets	25,028	25,772	74	-
Other non-current assets	980	6,033	301	301
	571,214	590,399	345,170	345,933
Total assets	885,539	930,644	437,941	422,359
Current Liabilities				
Trade and other payables	96,745	139,972	7,968	16,019
Provision for current tax	11,705	17,904	788	1,381
Progress billings in excess of work-in-progress	441	404	-	-
Amounts due to subsidiaries	-	-	24,223	6,955
Borrowings	233,084	138,719	133,017	39,750
Financial derivatives	338	-	463	-
	342,313	296,999	166,459	64,105
Non-Current Liabilities				
Trade and other payables	5,372	6,440	-	-
Amounts due to subsidiaries	-	-	4,968	5,009
Borrowings	75,239	206,829	2,834	109,305
Financial derivatives	-	567	-	567
Deferred taxation	2,295	869	211	481
	82,906	214,705	8,013	115,362
Total liabilities	425,219	511,704	174,472	179,467
Net assets	460,320	418,940	263,469	242,892
Equity Attributable to Equity Holders of the Parent:				
Share capital	228,962	228,962	228,962	228,962
Equity reserve	17,391	959	17,391	959
Treasury shares	(34,510)	(34,510)	(34,510)	(34,510)
Foreign currency translation reserve	(22,909)	(13,001)	-	-
Fair value reserve	1,491	1,230	-	1,230
Hedging reserve	(615)	(316)	(99)	(316)
Accumulated profits	217,050	183,085	51,725	46,567
	406,860	366,409	263,469	242,892
Minority interests	53,460	52,531	-	-
Total equity	460,320	418,940	263,469	242,892

See note 8 for more explanation on the balance sheet review

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

Amount repayable in one year or less, or on demand

Group As at 31.12.2009		Group As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
61,841	171,243	54,947	83,772

Amount repayable after one year

Group As at 31.12.2009		Group As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
61,791	13,448	81,261	125,568

Details of the collaterals:

As at 31 December 2009, the current secured borrowings of \$61.8 million comprised the following:

1. \$7.9 million was secured by 64,125,000 ordinary shares in a subsidiary, Aqua-Terra Supply Co. Limited.
2. \$8.8 million was secured by an accommodation jackup rig.
3. \$27.0 million was secured by a jackup rig and all shares in wholly owned subsidiaries KS Discovery (HK) Limited and QIM Ventures Limited.
4. \$4.7 million was secured by a land rig owned by KS Discoverer 3 (HK) Ltd.
5. \$1.4 million was secured by cash deposits, credit balances & securities of KS Oilfield Services Ltd.
6. \$5.5 million was secured by a land rig owned by and shares in KS Discoverer 2 Pte Ltd.
7. \$6.3 million was secured by a land rig owned by and shares in KS Discoverer 4 Pte Ltd.
8. The remaining secured borrowings relate to hire purchase liabilities secured on certain motor vehicles and office equipment of the Group.

As at 31 December 2009, the non-current secured borrowings of \$61.8 million comprised the following:

1. \$29.4 million was secured by a jackup rig and all shares in wholly owned subsidiaries KS Discovery (HK) Limited and QIM Ventures Limited.
2. \$7.8 million was secured by a land rig owned by KS Discoverer 3 (HK) Ltd.
3. \$2.0 million was secured by cash deposits, credit balances & securities of KS Oilfield Services Ltd.
4. \$10.1 million was secured by a land rig owned by and shares in KS Discoverer 2 Pte Ltd.
5. \$12.2 million was secured by a land rig owned by and shares in KS Discoverer 4 Pte Ltd.
6. The remaining secured borrowings relate to hire purchase liabilities secured on certain motor vehicles and office equipment of the Group.

As at 31 December 2008, the current secured borrowings of \$54.9 million comprised the following:

1. \$5.8 million was secured by 64,125,000 ordinary shares in a subsidiary, Aqua-Terra Supply Co. Limited.
2. \$12.3 million was secured by 66,666,668 ordinary shares in a subsidiary, Atlantic Oilfield Services Ltd and 10,000 ordinary shares in Sphinx Frontier Ltd, a wholly owned subsidiary which owns Atlantic Oilfield Services Ltd.
3. \$18.0 million was secured by an accommodation jackup rig.
4. \$18.6 million was secured by a jackup rig and all shares in wholly owned subsidiaries KS Discovery (HK) Limited and QIM Ventures Limited.
5. The remaining secured borrowings relate to hire purchase liabilities secured on certain motor vehicles and office equipment of the Group.

As at 31 December 2008, the non-current secured borrowings of \$81.3 million comprised the following:

1. \$6.4 million was secured by 64,125,000 ordinary shares in a subsidiary, Aqua-Terra Supply Co. Limited.
2. \$9.0 million was secured by an accommodation jackup rig.
3. \$65.2 million was secured by a jackup rig and all shares in wholly owned subsidiaries KS Discovery (HK) Limited and QIM Ventures Limited.
4. The remaining secured borrowings relate to hire purchase liabilities secured on certain motor vehicles and office equipment of the Group.

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

	Group (Year-To-Date)	
	31.12.2009	31.12.2008
	\$'000	\$'000
Operating activities		
Profit before tax	52,725	65,542
Adjustments for:		
Amortisation of intangible assets	1,608	4,794
Depreciation of property, plant and equipment	33,572	21,251
Impairment of property, plant and equipment	3,068	-
Impairment of intangible assets	82	-
Interest income	(328)	(1,912)
Interest expense	10,787	19,625
Amortisation of discount on convertible notes	6,044	5,711
Amortisation of transaction costs incurred in connection with the issue of convertible notes	213	213
Ineffective portion of changes in fair value of cash flow hedge	(75)	251
Share of results of associates	105	(8,208)
Share of results of jointly controlled entities	(19,378)	4,631
Loss/(Gain) on disposal of plant and equipment	138	109
Plant and equipment written off	40	77
Gain on disposal of interest in an associate	(1,996)	-
Gain on disposal of available-for-sale equity securities	(3,416)	(11,317)
Gain on disposal of subsidiaries	-	137
Dividend income	(21)	(882)
Operating profit before changes in working capital	<u>83,168</u>	<u>100,022</u>
Changes in working capital:		
Inventories	26,309	57,342
Trade receivables	24,654	(5,061)
Contract work-in-progress	(23,297)	(5,405)
Other current assets	7,481	16,805
Trade and other payables	(44,948)	8,575
Cash generated from/(used in) operations	<u>73,367</u>	<u>172,278</u>
Income taxes paid	<u>(13,761)</u>	<u>(7,716)</u>
Cash flows from operating activities	<u>59,606</u>	<u>164,562</u>
Investing activities		
Payments for purchase of plant and equipment	(22,525)	(257,914)
Proceeds from disposal of plant and equipment	270	646
Dividends received	21	3,322
Payments for purchase of intangible assets	(660)	-
Interest received	269	1,913
Net cash outflow on acquisition of subsidiaries and minority interest	(2,238)	(396)
Payments for investments in jointly controlled entities	(13)	(1,786)
Payments for acquisition of financial derivatives	(760)	-
Proceeds from sale of available-for-sale equity securities	4,787	18,824
Proceeds from disposal of interest in an associate	9,193	-
Proceeds from partial disposal in a subsidiary	4,743	1,487
Advances to jointly controlled entities	(2,038)	(45,487)
Cash flows from investing activities	<u>(8,951)</u>	<u>(279,391)</u>
Financing activities		
Repayment of finance lease liabilities	(284)	(13)
Proceeds from bank loans	132,770	376,171
Repayment of bank loans	(176,587)	(385,470)
Proceeds from issue of new shares, net	-	153,021
Proceeds from issue of warrants	16,432	-
Bills payable to banks	(1,276)	(11,253)
Decrease/(increase) in deposits pledged	7,673	(658)
Dividends paid to shareholders of the Company	(6,060)	(16,714)
Dividends paid to minority shareholders of subsidiaries	(1,457)	(1,876)
Interest paid	(10,792)	(15,816)
Cash flows from financing activities	<u>(39,581)</u>	<u>97,392</u>
Net (decrease)/ increase in cash and cash equivalents	11,074	(17,437)
Cash and cash equivalents at beginning of the year	56,075	73,456
Effect of exchange rate changes on balances held in foreign currencies	470	56
Cash and cash equivalents at end of the year	<u>67,619</u>	<u>56,075</u>
Cash and cash equivalents at end of the year includes the following:		
Cash and cash equivalents	72,173	68,302
Deposits pledged	(4,554)	(12,227)
Cash and cash equivalents at end of the year	<u>67,619</u>	<u>56,075</u>

See note 8 for explanation on the cash flow statement review

1(d)(i) Statement of Comprehensive Income

With effect from 1 January 2009, FRS 1 Presentation of Financial Statements requires an entity to present all non-owner changes in the equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognised directly in equity. This is a change of presentation and does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes are included in the Statement of Changes in Equity.

	Group		Increase/ (Decrease) %
	12 months ended 31.12.2009 \$'000	12 months ended 31.12.2008 \$'000	
Profit attributable to:			
Equity holders of the parent	40,041	51,920	(22.9)
Minority interests	3,515	8,413	(58.2)
Profit for the year	43,556	60,333	(27.8)
Other comprehensive income/(loss) for the year:			
Translation differences relating to financial statements of foreign subsidiaries	(9,908)	475	N/M
Increase/(decrease) in equity reserve	16,432	-	100.0
Increase/(decrease) in fair value reserve	261	(17,158)	N/M
Decrease in hedging reserve	(299)	(316)	(5.4)
Other comprehensive income/(loss) for the year	6,486	(16,999)	N/M
Total comprehensive income for the year	50,042	43,334	15.5
Total comprehensive income attributable to:			
Equity holders of the parent	46,527	34,921	33.2
Minority interests	3,515	8,413	(58.2)
Total comprehensive income for the year	50,042	43,334	15.5

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

	Share capital	Equity reserve	Treasury shares	Foreign currency translation reserve	Fair value reserve	Hedging reserve	Accumulated profits	Total attributable to equity holders of the parent	Minority Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
At 1 January 2009	228,962	959	(34,510)	(13,001)	1,230	(316)	183,085	366,409	52,531	418,940
Total comprehensive income/(loss) for the year	-	16,432	-	(9,908)	261	(299)	40,041	46,527	3,515	50,042
Dividends paid	-	-	-	-	-	-	(6,060)	(6,060)	-	(6,060)
Dividends paid to minority interest	-	-	-	-	-	-	-	-	(1,457)	(1,457)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(16)	(16)	(1,129)	(1,145)
At 31 December 2009	228,962	17,391	(34,510)	(22,909)	1,491	(615)	217,050	406,860	53,460	460,320
At 1 January 2008	75,941	959	(34,510)	(13,476)	18,388	-	147,879	195,181	46,436	241,617
Issue of new shares	153,021	-	-	-	-	-	-	153,021	-	153,021
Total comprehensive income/(loss) for the year	-	-	-	475	(17,158)	(316)	51,920	34,921	8,413	43,334
Dividends paid	-	-	-	-	-	-	(16,714)	(16,714)	-	(16,714)
Dividends paid to minority interest	-	-	-	-	-	-	-	-	(1,876)	(1,876)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,190)	(1,190)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	748	748
At 31 December 2008	228,962	959	(34,510)	(13,001)	1,230	(316)	183,085	366,409	52,531	418,940
Company										
At 1 January 2009	228,962	959	(34,510)	-	1,230	(316)	46,567	242,892	-	242,892
Total comprehensive income/(loss) for the year	-	16,432	-	-	(1,230)	217	11,218	26,637	-	26,637
Dividends paid	-	-	-	-	-	-	(6,060)	(6,060)	-	(6,060)
At 31 December 2009	228,962	17,391	(34,510)	-	-	(99)	51,725	263,469	-	263,469
At 1 January 2008	75,941	959	(34,510)	-	18,388	-	39,435	100,213	-	100,213
Issue of new shares	153,021	-	-	-	-	-	-	153,021	-	153,021
Total comprehensive income/(loss) for the year	-	-	-	-	(17,158)	(316)	23,846	6,372	-	6,372
Dividends paid	-	-	-	-	-	-	(16,714)	(16,714)	-	(16,714)
At 31 December 2008	228,962	959	(34,510)	-	1,230	(316)	46,567	242,892	-	242,892

- 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 at the end of the corresponding period of the immediately preceding financial year.**

Share Capital

There is no change in the Company's issued and paid up capital for the period from 1st January 2009 to 31 December 2009.

Convertible Loans & Warrants

As at 31 December 2009, the adjusted number of shares that may be issued upon conversion from the convertible bonds is 25,305,882 ordinary shares (based on the adjusted initial conversion price of \$3.825 for each conversion share and assuming no adjustments to the conversion price). The initial number of shares that may be issued upon conversion from the convertible bonds is 23,900,000 ordinary shares (based on the initial conversion price of \$4.05 for each conversion share and assuming no adjustments to the conversion price). This relates to the 5-year non-listed, freely tradable and transferable zero-coupon convertible bonds issued on 8 August 2007, in a principal amount of \$96.795 million to Stark Master Fund Ltd, Centar Investments (Asia) Ltd and Stark Asia Master Fund Ltd.

As at 31 December 2009, the number of shares that may be issued upon the exercise of all the warrants is 9,000,000 ordinary shares. This relates to the nine non-listed and non-transferable warrants in respect of 1,000,000 ordinary shares each, issued and allotted to Sovereign Assets S.A. on 20 August 2007. Three of the nine non-listed and non-transferable warrants in respect of 1,000,000 ordinary shares each were transferred to Blaster Business Corp on 24 July 2009.

As at 31 December 2009, the total number of shares that may be issued upon the conversion of all convertible bonds and exercise of all warrants was 34,305,882 ordinary shares (31 December 2008: 34,305,882 ordinary shares).

As at 31 December 2009, there were 84,170,634 warrants (31 December 2008: NIL) that may be exercised into ordinary shares. Each warrant carries the right to subscribe for one new share in the issued capital of the company.

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

As at 31 December 2009 and 31 December 2008, the share capital less treasury shares of the Company was 336,682,535 ordinary shares (347,990,535 issued ordinary shares less 11,308,000 treasury shares).

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

The movement of treasury shares is as follows:

As at 1 January 2009: 11,308,000 shares

Purchase of treasury shares: Nil

As at 31 December 2009: 11,308,000 shares

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed under item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those applied for the audited financial statements for the year ended 31 December 2008.

The Group adopted FRS 1 (revised 2008) which was effective for the financial period beginning 1st January 2009.

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

The Group adopted all the applicable new and revised Singapore Financial Reporting Standards ("FRS") including related Interpretations ("INT FRS") promulgated by the Accounting Standards Council, which became effective for the financial statements of the Group and of the Company for the financial year ended 31 December 2009. The adoption of FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

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

	Group (4th quarter) 3 months ended		Group (Year-To-Date) 12 months ended	
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
	Cents	Cents	Cents	Cents
(a) Based on weighted average number of ordinary shares in issue	0.07	2.70	11.89	19.59
(b) On a fully diluted basis	0.07	2.70	11.89	19.59

The basic earnings per share for the three months ended 31 December 2009 was calculated by dividing the profit attributable to shareholders of \$234,000 (31.12.2008: \$9,078,000) by the weighted average number of shares of 336,682,535 (31.12.2008: 336,682,535) in issue during the financial period.

The basic earnings per share for the twelve months ended 31 December 2009 was calculated by dividing the profit attributable to shareholders of \$40,041,000 (31.12.2008: \$51,920,000) by the weighted average number of shares of 336,682,535 (31.12.2008: 264,997,486) in issue during the financial year.

The diluted earnings per share for the three months ended 31 December 2009 was calculated by dividing the profit attributable to shareholders of \$234,000 (31.12.2008: \$9,078,000) by the weighted average number of shares of 336,682,535 (31.12.2008: 336,682,535) in issue during the financial period.

The diluted earnings per share for the twelve months ended 31 December 2009 was calculated by dividing the profit attributable to shareholders of \$40,041,000 (31.12.2008: \$51,920,000) by the weighted average number of shares of 336,682,535 (31.12.2008: 264,997,486) in issue during the financial year.

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

(i) The 6 warrants (6 million new shares to be issued upon exercise) issued to Sovereign Assets S.A and 3 warrants (3 million new shares to be issued upon exercise) issued to Blaster Business Corp will not be dilutive for the purpose of EPS computation. This treatment is in accordance to FRS 33, para 47 that it will only have a dilutive effect when the average market price for the reporting period is higher than the exercise price of the warrant. In this case, in 4Q FY09 and YTD FY09, the average market prices of \$1.15 and \$1.06 respectively is lower than the warrant exercise price of \$3.084, as a result it will not be dilutive for the purpose of EPS computation. In 4Q FY08 and YTD FY08, the average market prices of \$0.82 and \$1.67 respectively is lower than the warrant exercise price of \$3.084, which means it will not be dilutive for the purpose of EPS computation.

(ii) The 5-year convertible zero-coupon bond (25.3 million new shares to be issued upon conversion) will not be dilutive for the purpose of EPS computation. This treatment is in accordance to FRS 33, para 50 that it will not have dilutive effect when its interest (net of tax and other changes in income or expense) per ordinary share obtainable on conversion exceeds basic earnings per share.

(iii) The 84,170,634 warrants (84,170,634 new shares to be issued upon exercise) issued will not be dilutive for the purpose of EPS computation. This treatment is in accordance to FRS 33, para 47 that it will only have a dilutive effect when the average market price for the reporting period is higher than the exercise price of the warrant. In this case, in 4Q FY09 and YTD FY09, the average market prices of \$1.15 and \$1.06 respectively is lower than the warrant exercise price of \$1.40, as a result it will not be dilutive for the purpose of EPS computation.

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

	Group		Company	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	Cents	Cents	Cents	Cents
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	120.8	108.8	78.3	72.1

Net asset value per ordinary share is based on 336,682,535 (31.12.2008: 336,682,535) ordinary shares issued as at 31 December 2009.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

INCOME STATEMENT REVIEW

Overview

FY2009 witnessed a year of volatile oil prices and sluggish economy which saw KS Energy reporting lower profit for the year.

Both our "Distribution" and "Drilling and Capital Equipment Charter" markets bore the impact of the lower demand in the oil and gas industry turning in lower revenue and profitability.

Repayment of bank borrowings and higher cash balances improved our net gearing from 0.76 times to 0.58 times.

Our integration efforts took another step forward this year as we continue to streamline our "Distribution" business and reorganise our Drilling and Capital Equipment Charter business. The current slow down in the global economic landscape has given us the opportunity to speed up our business consolidation and in the process, bring us closer to our vision to transform KS Energy into an integrated energy services hub.

Three months ended 31 December 2009

Revenue

For the quarter ended 31 December 2009, the Group's revenue stood at \$120.8 million compared to \$165.3 million in FY2008. The 26.9% revenue decrease is due to lower contributions from both the Distribution and Drilling and Capital Equipment Charter businesses.

In 4Q FY09, the Distribution business turned in revenue of \$60.0 million (4Q FY08: \$92.9 million) while the revenue from the Drilling and Capital Equipment Charter business amounted to \$60.8 million (4Q FY08: \$72.4 million). Included in the revenue from the Drilling and Capital Equipment Charter in 4Q FY08 is the proceeds of \$26.1m from the sale of a non-core asset (Harta 1).

Gross profit was lower this quarter, declining from \$44.0 million (4Q FY08) to \$22.0 million (4Q FY09) due to lower turnover, lower gross margins and higher direct depreciation costs. During the quarter, direct depreciation rose by 46.7% from \$5.6 million to \$8.2 million due to an additional investment in a subsidiary in FY09 - United Oilfield Services Pte Ltd (previously a jointly controlled entity) and two land rigs which commenced operations in FY09.

Profitability

Other operating income remained relatively stable compared to the corresponding quarter in the previous financial year.

Distribution expenses saw a reduction of 18.5%, decreasing from \$6.0 million in 4Q FY08 to \$4.9 million in 4Q FY09 due to the lower level of activities in the Distribution business.

Administrative expenses were also lower this quarter, declining from \$11.1 million to \$5.1 million. This gave rise to a saving of 54.1%. This is attributable to the lower manpower costs and lower business activities.

Compared to the same quarter in the previous financial year, other operating expenses were also lower this quarter, decreasing from \$15.3 million in 4Q FY08 to \$7.4 million in 4Q FY09. This is due primarily to a foreign exchange gain of \$1.2 million in 4Q FY09 compared to a foreign exchange loss of \$2.6 million in 4Q FY08 and lower provision for doubtful debts (4Q FY09: \$0.9 million; 4Q FY08: \$5.5 million).

Finance costs were lower this quarter, decreasing from \$6.7 million to \$4.1 million representing a decline of 38.6% due to the repayment of bank borrowings and lower interest rates during the quarter.

The Group's share of results from associates also decreased from a profit \$1.5 million in 4Q FY08 to a loss of \$0.01 million in 4Q FY09 due to lower contribution from an associated company.

However, the Group's share of results from jointly controlled entities was higher this quarter, rising from a loss of \$4.3 million in 4Q FY08 to a profit of \$1.4 million in 4Q FY09.

At the close of the quarter, the Group reported a net profit after tax of \$0.2 million compared to a net profit after tax of \$9.1 million in 4Q FY08.

The 4th quarter results are normally not representative of our performance due to the nature of our business, hence the Group will only report the full year results with effect from the financial year ending 31 December 2010.

Financial year ended 31 December 2009

Revenue

The Group's revenue for the financial year 2009 ("FY09") amounted to \$489.8 million compared to \$611.0 million reported for the previous year ("FY08"), representing a decrease of 19.8%.

By business segment, revenue from the Distribution business was lower by 33.3%, declining from \$361.8 million in FY08 to \$241.5 million in FY09.

The revenue for the Drilling and Capital Equipment business remained relatively stable compared to the previous financial year.

Gross profit margin narrowed from 27.0% to 22.8% reflecting the difficult market conditions. In FY09, gross profit totalled \$111.7 million compared to \$165.1 million in FY08, representing a decrease of 32.3%.

Profitability

Other operating income was lower in FY09 due to the reduction in the sale of investments during the year compared to FY08. As a result, other operating income was lower by 47.3%, decreasing from \$16.1 million to \$8.5 million in FY09. Included in this figure are the gain of \$2.0 million from the divestment of an associate and \$3.4 million from the sale of available-for-sale equity securities.

Distribution costs totalled \$21.1 million in FY09, representing a decrease of 15.4%, compared to \$24.9 million incurred in FY08. This is in line with the lower level of activities in the Group's Distribution business.

Administrative expenses reported a drop of 27.5%, decreasing from \$37.1 million to \$26.9 million due to lower manpower costs and jobs credit grant received.

Other operating expenses contracted by 30.6%, decreasing from \$31.4 million to \$21.8 million mainly due to foreign exchange differences, lower allowance for doubtful debts and operating expenses from non-core assets that were divested last year.

With the repayment of borrowings, finance costs were also lower during the year. Finance costs decreased from \$25.8 million to \$17.0 million, representing a reduction of 34.2%.

The share of results from associates declined from a profit of \$8.2 million in FY08 to a loss of \$0.1 million in FY09 as a result of lower contribution from an associate.

The Group's share of results of jointly controlled entities rose from a loss of \$4.6 million in FY08 to a profit of \$19.4 million in FY09. This is mainly from the insurance claim for the KS Titan 1 lift boat as well as the gain from the divestment of a jointly controlled entity.

At the close of the financial year 2009, the Group reported a net profit after tax and minority interest of \$40.0 million, representing a decrease of 22.9% from the profit of \$51.9 million reported in FY08.

BALANCE SHEET REVIEW

Current Assets

Compared to 31 December 2008, the Group's current assets as at 31 December 2009 decreased by \$25.9 million from \$340.2 million to \$314.3 million due mainly to decrease in trade receivables.

Non-current Assets

Total non-current assets were lower this year mainly due to disposal of investment in available-for-sale equity securities and depreciation of plant and equipment during the year. Compared to the previous financial year, total non-current assets reduced by \$19.2 million from \$590.4 million to \$571.2 million.

Current and Non-current Liabilities

Total current liabilities rose from \$297.0 million (31 Dec 2008) to \$342.3 million (31 Dec 2009) due to the reclassification of convertible bond to current liabilities, ameliorated by net repayment of bank loans during the period. Total bank borrowings decreased from \$345.5 million in FY08 to \$308.3 million.

As a result of the reclassification, the balance sheet showed a net current liabilities position and a reduction in non-current liabilities from \$214.8 million to \$82.9 million.

As announced on 26 January 2010, the Company has entered into a purchase agreement for the proposed issue of new convertible bonds of up to an aggregate of \$107 million.

Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent increased by \$40.5 million from \$366.4 million as at 31 December 2008 to \$406.9 million as at 31 December 2009, and included in this amount are the proceeds from the issue of warrants.

CASH FLOW STATEMENT REVIEW

Cash Flow from Operating Activities

Operating activities generated cash inflow of \$59.6 million as at 31 December 2009.

Cash Flow from Investing Activities

Net cash outflow amounted to \$8.9 million. This is attributable mainly to the costs incurred for capital equipment upgrading.

Cash Flow from Financing Activities

There was a net cash outflow of \$39.6 million due to the repayment of bank borrowings and payment of dividends to shareholders. Included in this amount is a cash inflow of \$16.4 million being proceeds from the issuance of warrants in the third quarter of FY09.

At the close of the financial year ended 31 December 2009, cash and cash equivalents totalled \$72.2 million (FY08: \$68.3 million).

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

No forecast was made. However, the Group's performance for 4Q FY09 was in line with the sentiments expressed in a prospect statement (Para 10) of the Company's announcement dated 13th November 2009.

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

The Group is encouraged by the increasing activities in the oil and gas sector buoyed by firmer oil prices. As it continues with its integration efforts and cost control implementation, it is confident that its operations will become increasingly efficient. The Group remains cautiously optimistic about the prospects of its business into the new financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Interim	Special (Interim)	Final
Dividend Type	Cash	Cash	Cash
Dividend Amount per Share	3.5 cents per ordinary share	0.45 cents per ordinary share	1.8 cents per ordinary share
Tax Rate	N.A. (one-tier tax exempt)	N.A. (one-tier tax exempt)	N.A. (one-tier tax exempt)

(c) Date payable

N.A.

(d) Books closure date

N.A.

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

N.A.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Primary reporting format - business segment

Business segments	Distribution		Drilling, capital equipment and related services		Consolidated	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
External revenue	241,450	361,845	248,386	249,177	489,836	611,022
Operating Profit	22,568	30,695	27,853	57,070	50,421	87,765
Interest expense	(2,730)	(1,955)	(14,239)	(23,845)	(16,969)	(25,800)
Share of associates and jointly controlled entities	728	7,415	18,545	(3,838)	19,273	3,577
Reportable segment profit before income tax	20,566	36,155	32,159	29,387	52,725	65,542
Income tax	(3,269)	(5,930)	(5,900)	721	(9,169)	(5,209)
Profit for the year	17,297	30,225	26,259	30,108	43,556	60,333
Other material non-cash items:						
Depreciation of property, plant and equipment	3,720	2,328	29,852	18,923	33,572	21,251
Amortisation of intangible assets	453	574	1,155	4,220	1,608	4,794
Impairment losses on property, plant and equipment and intangible assets	-	-	3,068	-	3,068	-
Gain on disposal of interest in an associate	-	-	1,996	-	1,996	-
Gain on disposal of available-for-sale equity securities	-	-	3,416	11,317	3,416	11,317
Reportable segment assets	191,382	253,205	555,340	537,892	746,722	791,097
Investment in associates	48,910	50,712	166	8,515	49,076	59,227
Investment in jointly controlled entities	1,570	843	88,171	79,477	-	-
Total assets					885,539	930,644
Capital expenditure	6,420	10,459	81,840	247,455	88,260	257,914
Reportable segment liabilities	115,499	141,571	309,720	370,133	425,219	511,704

Secondary reporting format - geographical segments

	Revenue		Carrying amount of segment assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	143,980	219,682	286,890	321,340	4,183	10,700
The People's Republic of China	76,060	78,098	39,148	25,440	121	981
Other Far East and ASEAN countries	54,243	76,983	36,988	32,202	28,815	1,397
Middle East/Mediterranean	128,680	132,792	315,903	285,114	14,456	204,967
Europe	77,252	61,883	132,677	146,370	122	1,442
Other regions	9,621	41,584	73,933	120,178	40,563	38,427
	489,836	611,022	885,539	930,644	88,260	257,914

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

Refer paragraph 8 above.

15. A breakdown of sales

	Group		
	2009	2008	Increase/ (decrease)
	\$'000	\$'000	%
First Half			
(a) Revenue	249,475	313,147	(20)
(b) Profit after tax before deducting minority interests	27,001	35,196	(23)
Second Half			
(a) Revenue	240,361	297,875	(19)
(b) Profit after tax before deducting minority interests	16,225	25,137	(35)

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

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	-	15,560
Preference	-	-
Total	-	15,560

BY ORDER OF THE BOARD

**Shirley Lim
Company Secretary
12 February 2010**

CONFIRMATION BY THE BOARD

We, Kris Wiluan and Koh Soo Keong, being two directors of KS Energy Services Limited (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 full year 2009 financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors

KRIS WILUAN
Executive Chairman

KOH SOO KEONG
Executive Director

Singapore, 12 February 2010