

ENECO ENERGY LIMITED
(Co. Reg. No : 200301668R)
(Incorporated in Singapore)



Notice of Compliance: Requirement To Perform Quarterly Reporting Of Unaudited Financial Statements

- (1)** The Company is required to perform quarterly reporting ("QR") on an ongoing basis from 07 February 2020. This arises from the modified opinion issued by the Company's statutory auditor in the Company's latest 2019 annual report.
- (2)** QR announcement is mandatory, made pursuant to the Exchange's requirements, as required under Listing Rule 705(2C).

Quarterly Financial Statement for the Period Ended 31 March 2020

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 1st QUARTER

The Board of Directors of Eneco Energy Limited wishes to announce the following unaudited operating results of the Group for the period ended 31 March 2020.

1(a) Consolidated Income Statement

	Group 1st Quarter		Increase/ (decrease) %
	2020 S\$'000	2019 S\$'000 (Restated)	
Revenue	9,599	10,876	(11.7)
Other income	304	355	(14.4)
Costs and operating expenses			
Service costs and related expenses	(3,418)	(4,752)	(28.1)
Royalties payment	(25)	(37)	(32.4)
Salaries and employee benefits	(4,962)	(6,236)	(20.4)
Depreciation and amortisation expenses	(1,580)	(2,195)	(28.0)
Finance costs	(971)	(512)	89.6
Other operating expenses	(1,257)	272	NM
Total costs and operating expenses	(12,213)	(13,460)	(9.3)
Loss before tax for the period	(2,310)	(2,229)	3.6
Income tax	(13)	(53)	(75.5)
Loss for the period	(2,323)	(2,282)	1.8
Loss for the period attributable to:			
Owners of the Company	(2,189)	(1,990)	10.0
Non-controlling interests	(134)	(292)	(54.1)
	(2,323)	(2,282)	1.8
Loss per share attributable to owners of the Company (cents per share)			
Basic	(0.34)	(0.31)	
Diluted	(0.34)	(0.31)	

NM: not meaningful

Eneco Energy Limited

<u>Notes to Group Income Statement</u>	Group 1st Quarter	
	2020 S\$'000	2019 S\$'000 (Restated)
Other income include:		
Interest income from banks	2	13
Write-back of other payables and provision	-	38
Depreciation and amortisation expenses include:		
Property, plant and equipment and oil and gas properties	(318)	(2,195)
Right-of-use assets	(1,262)	- ⁽¹⁾
Finance costs include:		
Finance charges on lease obligations	(242)	(160)
Interest on borrowings	(699)	(343)
Accretion of interest on abandonment & site restoration liabilities	(30)	(9)
Other operating expenses include:		
Foreign exchange (loss)/gain, net	(407)	1,435
Legal and other professional fees	(124)	(30)
Allowance for doubtful trade receivables	(2)	(24)
Gain on disposal of property, plant and equipment	185	4

⁽¹⁾ The Group adopted SFRS(I) 16 in 3rd Quarter 2019 Results Announcement. Accordingly, the effects of the adoption of SFRS(I) 16 is not captured in 1st Quarter 2019 Results Announcement.

Eneco Energy Limited

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

Balance Sheet as at	Group		Company	
	31 Mar 20 S\$'000	31-Dec-19 S\$'000 (Audited)	31 Mar 20 S\$'000	31-Dec-19 S\$'000 (Audited)
Non-current assets				
Oil and gas properties	6,910	6,473	-	-
Plant and equipment	1,871	2,110	16	18
Right-of-use assets	16,697	18,099	161	171
Intangible assets	83	86	-	-
Investment in exploration and evaluation assets	735	706	-	-
Investments in subsidiaries	-	-	9,450	9,228
Other receivables	5,914	5,592	-	-
Deferred tax assets	35	35	-	-
Fixed deposits	288	318	-	-
	32,533	33,419	9,627	9,417
Current assets				
Trade receivables	9,443	9,737	-	-
Other receivables	1,302	1,129	2,524	2,530
Prepaid operating expenses	829	620	126	59
Inventories	174	164	-	-
Cash and bank balances	3,202	4,593	70	222
	14,950	16,243	2,720	2,811
Current liabilities				
Trade payables	14,605	14,679	-	-
Other payables	13,814	12,283	2,330	1,684
Provisions	241	225	-	-
Abandonment and site restoration liabilities	535	501	-	-
Lease liabilities	5,594	5,638	25	25
Loans and borrowings	9,617	9,094	-	-
Income tax payable	165	197	64	85
	44,571	42,617	2,419	1,794
Net current (liabilities)/assets	(29,621)	(26,374)	301	1,017
Non-current liabilities				
Other payables	17,526	16,590	-	-
Provisions	889	906	18	18
Abandonment and site restoration liabilities	151	118	-	-
Lease liabilities	9,965	11,456	51	58
	28,531	29,070	69	76
Net (liabilities)/assets	(25,619)	(22,025)	9,859	10,358
Equity attributable to the owners of the Company				
Share capital	148,367	148,367	148,367	148,367
Treasury shares	(935)	(935)	(935)	(935)
Other reserves	3,870	4,683	2,989	3,159
Accumulated losses	(167,813)	(165,794)	(140,562)	(140,233)
	(16,511)	(13,679)	9,859	10,358
Non-controlling Interests	(9,108)	(8,346)	-	-
Total Equity	(25,619)	(22,025)	9,859	10,358

Eneco Energy Limited

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

	31 Mar 20 S\$'000	31 Dec 19 S\$'000
1 Amount repayable in one year or less, or on demand (secured)		
Loans and borrowings	9,617	9,094
Obligation under leases (Include Right-of-use assets)	5,594	5,638
2 Amount repayable after one year (secured)		
Obligation under leases (Include Right-of-use assets)	9,965	11,456
Total	25,176	26,188

Certain subsidiaries of the Company pledged their transport equipment as security for lease facilities granted by financial institutions.

The loans and borrowings are secured by way of a fixed charge over the subsidiary's operating accounts, a share charge over the Group's equity share in the subsidiary, a corporate guarantee by the Company and personal guarantee provided by a related party (controlling shareholder of the Company) Edward Seky Soeryadjaya.

On 12 May 2020, the Group entered into a Standstill and Settlement Deed (the "Deed") with Mercuria Asset Holdings (Hong Kong) Limited and Mercuria Energy Trading Pte Ltd (collectively known as the "Mercuria Entities".)

Pursuant to the Deed, the Group will pay the Mercuria Entities a settlement sum of S\$3 million ("Settlement Sum") by 30 June 2020 whereupon each of the Group's entities will be fully released and discharged from its liabilities and obligations owing by the Group's entities to the Mercuria Entities, including the corporate guarantee granted in favour of the Mercuria Entities.

In addition to the payment of the Settlement Sum, the Group agreed that they will use their best efforts to procure the consummation of the disposal of West Jambi KSO as soon as practicable.

Details of the Standstill and Settlement Deed can be found on the announcement dated 12 May 2020.

Eneco Energy Limited

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	
	For the quarter ended	
	31 Mar 20	31 Mar 19
	S\$'000	S\$'000
		(Restated)
Operating activities :		
Loss before income tax for the period	(2,310)	(2,229)
Adjustments for:		
Depreciation and amortisation expenses	1,580	2,195
Gain on disposal of property, plant and equipment	(185)	(4)
Finance costs	971	512
Interest income from banks	(2)	(13)
Write-back of other payables and provision	-	(38)
Allowance for doubtful trade receivables	2	24
Foreign exchange translation adjustments	(251)	(1,163)
Operating cash flows before working capital changes	(195)	(716)
Change in inventories	(10)	4
Change in trade receivables	292	1,735
Change in other receivables	(174)	(30)
Change in prepaid operating expenses	(209)	(285)
Change in trade payables	(74)	(420)
Change in other payables and provisions	608	(1,431)
Cash generated from/(used in) operations	238	(1,143)
Interest income received	2	13
Income tax paid	(32)	(17)
Finance costs paid	(240)	(372)
Net cash flows used in operating activities	(32)	(1,519)
Investing activities :		
Proceeds from disposal of property, plant and equipment	193	4
Purchase of plant and equipment and oil and gas properties	(174)	(560)
Acquisition of intangible assets	(20)	-
Net cash flows used in investing activities	(1)	(556)
Financing activities :		
Repayment of lease liabilities	(1,389)	(455)
Net cash flows used in from financing activities	(1,389)	(455)
Net decrease in cash and cash equivalents	(1,422)	(2,530)
Effect of exchange rate changes on cash and cash equivalents	31	5
Cash and cash equivalents at beginning of period	4,593	8,231
Cash and cash equivalents at end of period	3,202	5,706
Note A		
Cash on hand and at bank	3,202	5,706
Fixed deposits	288	313
Cash and deposits	3,490	6,019
Less : Restricted cash classified as non-current assets	(288)	(313)
Cash and cash equivalents	3,202	5,706

Eneco Energy Limited

STATEMENT OF COMPREHENSIVE INCOME

	Group	
	1st Quarter	
	2020	2019
	S\$'000	S\$'000
		(Restated)
Loss, net of tax for the period	(2,323)	(2,282)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(1,243)	(1,374)
Total comprehensive income for the period	(3,566)	(3,656)
Total comprehensive income attributable to:		
- Owners of the Company	(2,804)	(3,429)
- Non-controlling interests	(762)	(227)
	(3,566)	(3,656)

* Restated

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.

Group	Attributable to owners of the Company											
	Total Equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Accumulated losses	Other reserves	Share based payment reserve	Others	Foreign currency translation reserve	Gain on reissuance of treasury shares	Capital reserve	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance as at 1 January 2020	(22,025)	(13,679)	148,367	(935)	(165,794)	4,683	529	790	386	2,630	348	(8,346)
Q1												
Loss for the period (Restated)	(2,323)	(2,189)	-	-	(2,189)	-	-	-	-	-	-	(134)
<u>Other comprehensive income</u>												
Exchange differences on translating foreign operations	(1,271)	(643)	-	-	-	(643)	-	(28)	(615)	-	-	(628)
Total comprehensive income for the period	(3,594)	(2,832)	-	-	(2,189)	(643)	-	(28)	(615)	-	-	(762)
<u>Contributions by and distributions to owners</u>												
Expiry of employee share options	-	-	-	-	170	(170)	(170)	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	170	(170)	(170)	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	170	(170)	(170)	-	-	-	-	-
Closing balance as at 31 March 2020	(25,619)	(16,511)	148,367	(935)	(167,813)	3,870	359	762	(229)	2,630	348	(9,108)

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 (contd).

Group	Attributable to owners of the Company											Non-controlling interests S\$'000
	Total Equity S\$'000	Equity attributable to owners of the Company S\$'000	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Share based payment reserve S\$'000	Others S\$'000	Foreign currency translation reserve S\$'000	Gain on reissuance of treasury shares S\$'000	Capital reserve S\$'000	
Opening balance as at 1 January 2019	4,178	12,215	148,181	(935)	(139,737)	4,706	1,043	624	61	2,630	348	(8,037)
Q1												
Loss for the period	(2,282)	(1,990)	-	-	(1,990)	-	-	-	-	-	-	(292)
<u>Other comprehensive income</u>												
Exchange differences on translating foreign operations	(1,374)	(1,439)	-	-	-	(1,439)	-	-	(1,439)	-	-	65
Total comprehensive income for the period	(3,656)	(3,429)	-	-	(1,990)	(1,439)	-	-	(1,439)	-	-	(227)
<u>Contributions by and distributions to owners</u>												
Issuance of shares pursuant to EGPSP	-	-	91	-	212	(303)	(303)	-	-	-	-	-
Expiry of employee share options	-	-	-	-	211	(211)	(211)	-	-	-	-	-
Write-back of share issuance expenses	95	95	95	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	95	95	186	-	423	(514)	(514)	-	-	-	-	-
Total transactions with owners in their capacity as owners	95	95	186	-	423	(514)	(514)	-	-	-	-	-
Closing balance as at 31 March 2019	617	8,881	148,367	(935)	(141,304)	2,753	529	624	(1,378)	2,630	348	(8,264)

Eneco Energy Limited

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 (contd).

Company	Total Equity S\$'000	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Share based payment reserve S\$'000	Gain on reissuance of treasury shares S\$'000
Opening balance as at 1 January 2020	10,358	148,367	(935)	(140,233)	3,159	529	2,630
Q1							
Loss for the period, representing total comprehensive income for the period	(499)	-	-	(499)	-	-	-
<u>Contributions by and distributions to owners</u>							
Expiry of employee share options	-	-	-	170	(170)	(170)	-
Total transactions with owners in their capacity as owners	-	-	-	170	(170)	(170)	-
Balance as at 31 March 2020	9,859	148,367	(935)	(140,562)	2,989	359	2,630

Eneco Energy Limited

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 (contd).

Company	Total Equity S\$'000	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Share based payment reserve S\$'000	Gain on reissuance of treasury shares S\$'000
Opening balance as at 1 January 2019 (As previously reported)	33,309	148,181	(935)	(117,610)	3,673	1,043	2,630
Restatement adjustment	(19,953)	-	-	(19,953)	-	-	-
Opening balance as at 1 January 2019 (As restated)	13,356	148,181	(935)	(137,563)	3,673	1,043	2,630
Q1							
Loss for the period, representing total comprehensive income for the period	(825)	-	-	(825)	-	-	-
<u>Contributions by and distributions to owners</u>							
Issuance of shares pursuant to EGSP	-	91	-	212	(303)	(303)	-
Expiry of employee share options	-	-	-	211	(211)	(211)	-
Share issuance expenses	95	95	-	-	-	-	-
Total transactions with owners in their capacity as owners	95	186	-	423	(514)	(514)	-
Balance as at 31 March 2019	12,626	148,367	(935)	(137,965)	3,159	529	2,630

Certain adjustments have been made to the prior year's financial statements to enhance comparability with the current year's financial statements as management has determined that the cost of investments of \$0.2 million and loans amounting to \$19.8 million extended to oil and gas entities should have been fully impaired as at 31 December 2018 based on their financial performance.

Management corrected the material prior year's adjustments identified above by restating the Company's statement of financial position and statement of comprehensive income in accordance with SFRS(I) 8 Accounting Policies, Changes in Accounting Estimates and Errors.

ENECO ENERGY LIMITED

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 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.

	As at 31 Mar 20	As at 31 Dec 19
The number of shares that may be issued on RGPS and exercise of share options outstanding at the end of the period	5,080,103	8,428,741

Number of shares held as treasury shares against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer.

	31 Mar 20 No. of Shares	31 Dec 19 No. of Shares
Treasury shares	1,807,215	1,807,215
Number of issued ordinary shares (excluding treasury shares)	646,867,923	645,867,840
Percentage (%)	0.28%	0.28%

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

	As at 31 Mar 20	As at 31 Dec 2019
Total number of ordinary shares	127,379,250	127,379,250
Treasury shares	(11,148,000)	(11,148,000)
Release of treasury shares for utilisation pursuant to share placement	9,340,785	9,340,785
Subtotal	(1,807,215)	(1,807,215)
New issuance of shares	479,053,669	479,053,669
Share issuance under the Performance Share Plan & Option Scheme	42,242,219	42,242,219
Total number of ordinary shares after treasury shares	646,867,923	646,867,923

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

The movement of treasury shares is as follow:

As at 1 January 2020	1,807,215
Re-issuance of treasury shares	-
As at 31 March 2020	1,807,215

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

NA.

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

The figures have not been audited nor reviewed.

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

Not applicable.

ENECO ENERGY LIMITED

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

- (a) The audit report dated 29 May 2020 for the financial year ended 31 December 2019 issued by Foo Kon Tan LLP contained a qualified opinion on (i) amount due from a broker; (ii) access to accounting information of a joint arrangement and (iii) provision for legal claim.

In respect of Item (i), this was raised in the audit report for the financial year ended 31 December 2018 by the predecessor auditors, E&Y LLP. The auditors were unable to obtain satisfactory audit evidence or explanations to ascertain the commercial rationale of the arrangement between the Group and the broker and the nature, existence and recoverability of the amount. On this basis, they were unable to determine whether the payment was appropriately accounted for, presented, or disclosed, and whether the allowance recorded against the amount in FY 2018 was appropriate.

The Board has taken the necessary steps to resolve the above matter by appointing Deloitte & Touche Financial Advisory Services Pte Ltd. as the Independent Reviewer to review, inter alia, the circumstances surrounding the queried payment made to the Broker and the Group's corporate governance and internal controls related to the queried payment and the scope of work was disclosed in our announcement dated 10 September 2019. The review is still on-going and the Company will make further announcement as and when there are material developments on this matter.

In respect of Item (ii), as announced on 2 July 2019, the Group has successfully completed the farm-out of its 6% participating interest in Lemang PSC ("Lemang") to Mandala, the operator of Lemang PSC, to which its subsidiary, PT Hexindo Gemilang Jaya ("PT Hexindo") now holds a 10% participating interest. PT Hexindo, however, is in dispute with Mandala over its claim of the net funding cap balance of S\$4.5 million (equivalent to US\$3.3 million) arising from the sale of the 6% participating interest to Mandala.

Mandala, the operator of the Lemang PSC Block, continues to issue default notices to PT Hexindo for failure to meet the cash call obligations since October 2019. Arising from this ongoing dispute, the Group's management has not been furnished with the monthly statement of accounts of the Lemang PSC since September 2019 which are maintained by Mandala.

PT Hexindo recognises its interest in Lemang PSC in accordance with the accounting treatment of a joint operation under SFRS(I) 11 – *Joint Arrangements*. The auditors of PT Hexindo ("component auditors") were unable to gain access to the audit work papers of the auditors of Mandala. Accordingly, the component auditors were unable to perform and complete their audit procedures to obtain sufficient and appropriate audit evidence over the financial statements of PT Hexindo for the financial year ended 31 December 2019.

In respect of Item (iii), PT Hexindo has entered into a legal settlement with Super Power Enterprise Group Ltd ("SPE") whereby it agreed to pay US\$10 million to SPE by way of assigning the proceeds from future sale of oil and gas from the Lemang PSC, subject to carve out provisions that allow PT Hexindo to first repay the other existing obligations identified to SPE, namely the repayment of advances from a joint venture partner and the loans and borrowings due to a third party. As at 31 December 2018, the Group has recorded a provision for legal claims measured at amortised cost amounting to S\$6.9 million (equivalent to US\$5.1 million) which was based on a cashflow projection of Lemang PSC obtained from Mandala.

As at 31 December 2019, management did not receive the cashflow projection of Lemang PSC from Mandala for the forecast period. Accordingly, the auditors were unable to perform and complete their audit procedures to obtain sufficient and appropriate audit evidence over the completeness and accuracy of the provision for legal claim as at 31 December 2019.

As at the date of this results announcement, management has not received the financial results of Lemang since September 2019. Accordingly, the results of the Group for the Q1 ended 31 March 2020 are based on the monthly cash calls presented to Hexindo from Mandala. Management continues to procure Mandala for the financial results of Lemang. The procuring of such financial data, will be dependent upon the conclusion of the dispute with Mandala, as announced on 14 October 2019 and 17 January 2020.

- (b) The Board confirmed that that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 reporting period compared with the audited financial statements for the year ended 31 December 2019.

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

The Group adopted all the applicable Singapore Financial Reporting Standards (International) ("SFRS(I)") and related Interpretations ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020.

SFRS(I) 3 Amendments to SFRS(I) 3: Definition of a Business

On 11 March 2019, Accounting Standards Council Singapore issued the narrow-scope amendments to SFRS(I) 3 Business Combinations to improve the definition of a business. The amendments narrowed and clarified the definition of a business. The amendments to SFRS(I) 3 should apply for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning or after 1 January 2020, with earlier application permitted.

SFRS(I) 1-1, SFRS(I) 1-8 Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

The amendments clarify that the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in SFRS(I) Standards. Materiality will depend on the nature or magnitude of information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary user.

The adoption of the new accounting standards does not have an material impact to the Group's and the Company's financial statements on initial application.

ENECO ENERGY LIMITED

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately

Earnings per share (EPS)	Group	
	3 months ended	
	31 Mar 20	31 Mar 19 *
Based on the weighted average number of shares (cents)		
- net loss attributable to shareholders	(0.34)	(0.31)
Weighted average number of shares	646,867,923	646,756,803
On a fully diluted basis		
- net loss attributable to shareholders	(0.34)	(0.31)
Weighted average number of shares	646,867,923	646,756,803

During the period ended 31 March 2020, diluted earnings per share is calculated on the same basis as basic earnings per share as there are no dilutive potential ordinary shares as at 31 March 2020.

7 Net assets value (for the issuer and group) per ordinary share based on issued share capital at the end of the :
(a) current financial period reported on; and
(b) immediately preceding financial year

Net Assets Value (NAV)	Group		Company	
	31 Mar 20	31-Dec-19	31 Mar 20	31-Dec-19
No. of ordinary shares	646,867,923	646,867,923	646,867,923	646,867,923
NAV (In cents)	(2.55)	(2.11)	1.52	1.60

* Restated

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, (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

Group Income Review

Q1 2020 vs Q1 2019

As announced on 2 July 2019, the Group has successfully completed the farm-out of its 6% participating interest in Lemang PSC ("Lemang") to Mandala, the operator of Lemang PSC, to which its subsidiary, PT Hexindo, now holds a 10% participating interest. As at the date of this results announcement, management has not received the financial results of Lemang for the months of September to March 2020 from Mandala. Accordingly, the results of the Group for Q1 2020 ended 31 March 2020 are based on the monthly cash calls presented to Hexindo from Mandala. Management continues to pursue Mandala for the financial results of Lemang. The securing of such financial data, will be dependent upon the conclusion of the dispute with Mandala, as announced on 14 October 2019 and 17 January 2020.

The Group revenue in Q1 2020 was S\$9.6 million, which was S\$1.3 million less than the corresponding period of the prior year. This was due to lower revenue generated from Lemang and Jatirarangan ("Jati") field due to the slowing down in operations and declining output.

Total costs and operating expenses were lower by S\$1.2 million mainly due to:-

- (a) Lower service costs and related expenses of S\$1.3 million, mainly driven by Jati and Lemang of S\$0.6 million and rental and leasing expenses following the implementation of SFRS(I) 16 Leases, offset by higher Logistics service cost of S\$0.5m;
(b) Lower salaries and employee benefits of S\$1.3 million;
(c) Lower depreciation and amortisation expenses of S\$0.6 million due to reduced depreciation on the Lemang field, offset by higher amortisation of Right-of-use ("ROU") assets following the implementation of SFRS(I) 16 Leases

offset by:

- (d) Other operating expenses were higher by S\$1.5 million largely due to:
foreign exchange loss of S\$0.4 million in this quarter vs foreign exchange gain of S\$1.4 million in the corresponding period of the prior year; and offset by gain on disposal of S\$0.2m
(e) higher finance costs of S\$0.5 million due to default interest imposed on borrowings and finance costs on the right-of-use asset.

The net loss after tax attributable to shareholders in Q4 2019 was S\$2.2 million versus S\$2.0 million in the corresponding period of the prior year.

The Q1 2020 results included the interest, default interest and marketing fees obligations ("obligations") with Mercuria Entities. Pursuant to the Deed, the obligations with Mercuria Entities are frozen pending the S\$3m settlement sum to be settled by 30 June 2020.

Group Balance Sheet Review

Non-current assets decreased by S\$0.9 million to S\$32.5 million mainly due to the amortisation of ROU asset and disposal of plant and equipment, offset by translation gain in foreign denominated assets (USD/SGD exchange rates Q1 2020: 1.4247 vs 2019: 1.3472).

Current assets decreased by S\$1.3 million mainly due to decrease in cash and bank balances.

Current liabilities increased by S\$2.0 million mainly due to:

- (a) accruals of finance charges and related costs on loans and borrowings;
(b) cash call payables to Mandala, the operator of Lemang PSC ;and
(c) translation loss on foreign denominated loans with Mercuria Entities.

Non-current liabilities decreased by S\$0.5 million mainly due to the repayment of lease liabilities, offset by translation loss on foreign denominated liabilities i.e. mainly advances with Mandala.

ENECO ENERGY LIMITED

8 **Negative Working Capital position**

The Group was in a negative working capital position of S\$29.6 million (2019: S\$26.4 million) and a net liabilities position of S\$25.6 million (2019: S\$22.0 million).

The Board of Directors is of the view that the Group is able to operate as a going concern due to the following:

- (a) The Group is able to generate sufficient cash flows from its Logistics operations;
- (b) The Group had restructured its loans and borrowings with the Mercuria Entities, which on completion, will result in a full and final settlement of the outstanding loan due to them and the release of corporate guarantee previously extended by the Company; and
- (c) As at the date of this results announcement, a wholly-owned subsidiary of the Company has secured a working capital loan of S\$3 million from a major financial institution on favourable terms.

Group Cashflow Statement Review

For the period ended 31 March 2020, the Group had a lower net cash outflow from operating activities of S\$32,000 vs S\$1.5 million as at 31 March 2019.

The Group had net cash and cash equivalents of S\$3.2 million as at 31 March 2020 compared to cash and cash equivalents of S\$5.7 million as at 31 March 2019.

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

Not applicable.

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.**

Oil and gas production decline is the main contributor to the year on year revenue shortfall; the decline is not COVID-19 related.

The Group recorded a net unrealised foreign exchange loss of S\$0.4 million due to the weakness in the Indonesian rupiah. Logistics performed well, with revenue only 2% below the same period last year. Operating margins within logistics reflected further improvement on same period last year.

Indonesia's largest logistics contract continues to face margin issues due to lower than committed volumes.

New business wins in 2020 with Huawei Cloud and Schneider Electric will help to offset some softness in the market from our existing account base.

Jatirarangon gas field was closed in May 2020 due to the expiry of TAC (Technical Assist Contract) contract with Pertamina. Lemang field is presently not producing due to closure of asset by Operator.

The Group is presently in the midst of settling the outstanding loan from the Mercuria Entities as mentioned above, which will result in the removal of the guarantees held over the Group in 2nd Quarter 2020.

COVID-19 update

Further to our announcement dated 20th May 2020, we wish to provide a further update on COVID-19 and its impact.

All Logistics facilities continue to remain open and operational in Singapore and Indonesia. With the Circuit Breaker rules in force we are starting to see some additional softness in our Air cargo services activity, as would be expected, in addition to several domestic based distribution contracts. New contract revenue and some above expectation performance in our FMCG business is helping to offset some of the softness.

Our cash flow continues to reflect reasonable stability with several cost benefits and grants to kick in as we roll through the second quarter.

Whilst we will see some further softening of our revenues within the current environment, we feel that this is in line with the general market softness in some segments.

We remain focused on cost containment, margin strength and securing new wins where possible in this challenging environment.

11 **Dividend**

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date Payable - Not Applicable

(d) Books closure date - Not Applicable

12 **If no dividend has been declared (recommended), a statement to that effect.**

No dividend for period ended 31 March 2020 is recommended.

ENECO ENERGY LIMITED

- 13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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.**

No IPT general mandate has been obtained from the shareholders.

- 14 Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

No proceeds were raised from IPO and other offerings for the period under review.

- 15 Board of Directors' assurance**

As at the date of this announcement, the Board of Directors confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results to be false or misleading, in any material aspect.

- 16 Rule 720(1) of the Listing Manual**

The Company confirms it has procured the undertakings from all Directors and executive officers as required under SGX Listing Rule 720(1).

**BY ORDER OF THE BOARD
ENECO ENERGY LIMITED**

Colin Peter Moran
Chief Executive Officer and Executive Director
12 June 2020