

ENECO ENERGY LIMITED
(the "Company")
(Co. Reg. No. 200301668R)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

The Board of Directors ("Board") of the Company refers to the announcement released by the Company via SGXNet on 12 May 2021 in relation to the Company's Unaudited Financial Statements for the first quarter ended 31 March 2021.

The Board is pleased to provide the Company's responses to queries raised by SGX-ST in respect of the aforesaid announcement:

a. Please disclose:

- (i) the breakdown and nature of the Group's non-current other receivables; and**
- (ii) the Board's assessment of the recoverability of the non-current other receivables.**

(i) The non-current other receivables of S\$3,506,000 arose from the subsidiary's participating interest in Lemang PSC. The receivable is recorded in the December 2020 joint venture statements as Unbilled Value Added Tax. The Value Added Tax is reimbursable upon filing by the operator to and satisfactory examination by the tax service office.

(ii) The ongoing process of the reimbursable value added tax is managed by the operator of the Lemang PSC, now Jadestone. In view of this, the Board assessed that the amount is recoverable over time.

We have also disclosed the above information under query D in relation to the Company's Unaudited Financial Statements for the full year ended 31 December 2020, announced on 9 March 2021.

b. Please explain why interest income amounted to only \$4k during the financial period ended 31 March 2021 when the Company has significant cash and cash equivalents amounting to \$5,835,000.

The interest income earned during the quarter arises from placement of fixed deposit in Indonesia. The majority of the bank balances arise from deposit placed with financial institutions in Singapore which are largely non-interest bearing in nature. We did not consider to place in Singapore fixed deposit account due to the low interest rate which is negligible and would restrict the cash liquidity.

- c. i) Please disclose a breakdown of current and non-current other payables amounting to \$9,126,000 and \$9,065,000 as at 31 March 2021 respectively. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Amount in S\$'000	Total	Current	Past Due					Nature
		Within credit term	1-30 days	31-60 days	61-90 days	91-120 days	>121 days	
Cash calls advanced by a joint venture partner	1,459	-	31	48	53	-	1,327	i
Accrued salaries & benefits	2,041	2,041	-	-	-	-	-	ii
Sundry payables and provisions	5,626	4,058	39	17	26	28	1,458	iii
Production bonus	247		-	-	-	-	247	iv
Sundry payables (Legal claims)	8,818		-	-	-	-	8,818	v
Amount in \$'000	18,191	6,099	70	65	79	28	11,850	
In Percentage	100%	34%	-	-	-	-	65%	
			*	*	*	*		

- i. Unpaid cash calls for Lemang PSC.
- ii. Largely accrued salaries, provision for bonus and annual leave.
- iii. Largely indirect taxes payable, other operating expenses payable and provision for statutory and professional fees.
- iv. Amounts owing to an Oil & Gas joint venture partner.
- v. Legal settlement provision. Please refer to FY2020 annual report 16 Note D Sundry payables (non-current) for further details.

* Amount negligible by each category, amounted to 1% collectively.

The counterparties are non-related parties.

d. Please disclose:

- (i) a breakdown of the prepaid operating expenses amounting to \$972,000 and identify the nature of each of the material prepaid operating expenses;**
- (ii) when the prepaid operating expenses were made, and the terms of the prepaid operating expenses, where applicable;**
- (iii) how long have these suppliers been supplying goods to the Company;**
- (iv) whether the Group has made any impairment of the prepaid operating expenses for this financial period. If yes, please provide the basis for the impairment.**

(i) and (ii)

Prepaid operating expenses Prepayment for:	31 Mar 21 S\$'000	Terms
Insurance for truck vehicles and employees	478,000	Made between 2018 to 2021, terms between 12 to 48 months.
IT software license and maintenance	193,000	Made between 2020 to 2021, terms of 12 months.
Employee benefit	56,000	Made in 2021, terms of 12 months.
Insurance premium bond for properties	52,000	Made between 2018 to 2021, terms of 3 to 5 years.
Road tax	50,000	Made between 2020 to 2021, terms of 12 months.
Others	143,000	Others largely include rental, stamp duties for properties, contract expenses, subscription, secretarial and parking.
	972,000	

- (iii) There are various suppliers providing the services and it range from Year 1995 to 2020.
- (iv) Prepaid operating expenses are debt settlement in advance of its official due date. The prepaid operating expenses will be charged to the income statement according to the period of the services provided. The Group had not made any impairment of the prepaid operating expenses for this financial period.

By Order of the Board
ENECO ENERGY LIMITED

Colin Peter Moran
 Executive Director
 11 August 2021