

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (“FY2018”)

The Board of Directors (the “**Board**”) of Eneco Energy Limited (“**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on the SGXNet on 28 February 2019 in relation to its unaudited full year financial statements for the FY2018 (“**Unaudited Results**”).

The Board wishes to announce and clarify the material adjustments and differences to the Unaudited Results, following the finalisation of the audit. Accordingly, there are variations between the Group’s audited financial statements for FY2018 (“**Audited Results**”) and the Unaudited Results. Details of the material variances and reasons for such variances are set out in the explanatory notes below.

1(a) Consolidated Income Statement

Group		
As per Audited Results	As per Unaudited Results	Variance
For the year ended 31 December 2018 S\$’000		S\$ ‘000

Turnover	46,772	47,124	(352)	Note (a)
Other income	1,650	4,270	(2,620)	Note (b)
Costs and operating expenses				
Service costs and related expenses	(21,350)	(22,360)	1,010	Note (c)
Royalties payment	(278)	(278)	-	
Salaries and employee benefits	(23,921)	(24,850)	929	Note (d)
Depreciation and amortisation expenses	(12,757)	(3,375)	(9,382)	Note (e)
Finance costs	(2,255)	(2,255)	-	
Other operating expenses	(31,652)	(10,292)	(21,360)	Note (f)
Loss on farm out of participating interest	(896)	(847)	(49)	
Total costs and operating expenses	(93,109)	(64,257)		
Loss before tax	(44,687)	(12,863)		
Income Tax	(513)	(352)	(161)	Note (g)
Loss for the year	(45,200)	(13,215)		
Attributable to:				
Owners of the Company	(41,706)	(12,299)		
Non-controlling interests	(3,494)	(916)	(2,578)	Note (h)
	(45,200)	(13,215)		

Loss per share attributable to owners
of the Company (cents per share)

Basic	(7.55)	(2.23)
	<u> </u>	<u> </u>
Diluted	(7.55)	(2.23)
	<u> </u>	<u> </u>

Notes:

Adjustments were due to:

- (a) Largely due to the reclassification of write-back of current year expenses from **Turnover** to **Service Costs and Related Expenses**.
- (b) Largely due to reversal of write-back of **Legal and Professional Fee** due to additional legal settlement provision required and recorded in **Other Operating Expenses** as mentioned in Note (f) below.
- (c) Largely due to reversal of over-recognition of costs and the reclassification as mentioned in Note (a) above.
- (d) Restate of bonus expense recorded in the current year which relates to prior periods and write-back of current year's excess **Bonus Provision**.
- (e) Increase in depreciation of oil and gas properties of Lemang PSC following the use of Unit of Production method.
- (f) Impairment for **Amounts Due from Non-controlling Interest ("NCI")** Holder of S\$9.3m and former joint venture partner, Eastwin Global Investment Limited ("**Eastwin**") of S\$6.1m, legal settlement of S\$4.2m from Super Power Enterprise Group Ltd ("**Super Power**"), impairment in Lemang PSC of \$1.5m, impairment for **Amount Due from Broker** of S\$3.9m which was used to secure bank guarantee for West Jambi KSO, offset by reduction in Lemang PSC's operation costs.
- (g) Additional tax provision arising from the above adjustments.
- (h) **NCI** share of Lemang PSC increase in depreciation, impairment for **Loan Due** from Eastwin, legal settlement provision, impairment of Lemang PSC offset by reduction in Lemang PSC's operation costs.

BALANCE SHEET

Balance Sheet as at	Group			Company				
	As per Audited Results	As per Unaudited Results	Variance	As per Audited Results	As per Unaudited Results	Variance		
	31 December 2018 S\$'000		S\$'000	31 December 2018 S\$'000		S\$'000		
Non-current assets								
Oil and gas properties	12,270	22,197	(9,927)	Note (i)	-	-	-	
Property, plant and equipment	10,777	10,777	-		19	19	-	
Intangible assets	167	1,165	(998)	Note (j)	-	-	-	
Investment in exploration and evaluation assets	19,170	19,812	(642)	Note (j)	-	-	-	
Investments in subsidiaries	-	-	-		9,426	9,426	-	
Loans to subsidiaries	-	-	-		19,755	29,289	(9,534)	Note (u)
Other receivables	7,190	22,705	(15,515)	Note (k)	-	-	-	
Deferred tax assets	35	-	35		-	-	-	
Fixed deposits	310	-	310	Note (l)	-	-	-	
	49,919	76,656			29,200	38,734		
Current Assets								
Trade receivables	11,270	11,577	(307)	Note (m)	-	-	-	
Other receivables	1,847	21,558	(19,711)	Note (n)	3,595	64,677	(61,082)	Note (u)(i)
Prepaid operating expenses	829	856	(27)		78	78	-	
Inventories	181	181	-		-	-	-	
Cash and bank balances	8,231	8,541	(310)	Note (l)	4,166	4,166	-	
	22,358	42,713			7,839	68,921		
Current Liabilities								
Trade payables	15,027	19,880	(4,853)	Note (o)	-	-	-	
Other payables	11,493	16,299	(4,806)	Note (n)(iv) and (p)	2,878	2,320	558	Note (r)(ii)
Provisions	621	521	100	Note (q)	-	39	(39)	
Finance lease liabilities	1,823	1,823	-		-	-	-	
Loans and borrowings	4,619	4,619	-		-	-	-	
Income tax payable	206	128	78		90	90	-	
	33,789	43,270			2,968	2,449		
Net Current (liabilities)/Assets	(11,431)	(557)			4,871	66,472		

BALANCE SHEET

Balance Sheet as at	Group			Company		
	As per Audited Results	As per Unaudited Results	Variance	As per Audited Results	As per Unaudited Results	Variance
	31 December 2018		S\$'000	31 December 2018		S\$'000
Non-Current Liabilities						
Other payables	19,262	27,170	(7,908)	743	-	743
Provisions	1,092	1,559	(467)	19	-	19
Abandonment and site restoration liabilities	880	991	(111)	-	-	-
Finance lease liabilities	5,524	5,524	-	-	-	-
Loans and borrowings	4,619	4,619	-	-	-	-
Deferred tax liabilities	2,933	2,949	(16)	-	-	-
	34,310	42,812		762	-	
Net Assets	4,178	33,287		33,309	105,206	
Equity attributable to the owners of the Company						
Share capital	148,181	148,181	-	148,181	148,181	-
Treasury shares	(935)	(935)	-	(935)	(935)	-
Other reserves	4,706	(111)	4,817	3,673	3,673	-
Accumulated losses	(139,737)	(108,426)	(31,311)	(117,610)	(45,713)	71,897
	12,215	38,709		33,309	105,206	
Non-controlling Interests	(8,037)	(5,422)	(2,615)	-	-	-
Total Equity	4,178	33,287		33,309	105,206	

Notes:

Adjustments were due to:

- (i) Mainly due to increase in depreciation of Lemang PSC as mentioned in Note (e).
- (j) Mainly due to impairment of Lemang PSC.
- (k) Adjustments made to **Other Receivables** (Non-current) were mainly due to the following:
 - i. Reversal of Indemnity Receivable of S\$13.7m from Eastwin for Super Power legal settlement sum as Eastwin had previously agreed to indemnify against any claims made by Super Power. However, due to uncertainty of Eastwin's financial position arising from its disposal of its entire participating interest in Lemang PSC, no indemnity receivable was recognised in 2018;
 - ii. Impairment for **Advance to a former Joint Venture Partner**, Eastwin of S\$5.1m; offset by:

- iii. Increase in reimbursable **Value Added Tax Receivable** on oil and gas activities of S\$3.3m; and
- (l) Reclassification of **Fixed Deposits** placed with bank to secure banking facilities from **Current Assets** to **Non-current Assets**.
- (m) Largely due to additional reclassification of Goods and Services Tax payable recognised and net payable reclassified from **Trade Receivables** to **Trade Payables**.
- (n) Adjustments made to **Other Receivables** (Current) were mainly due to the following:
 - i. Reclassify S\$3.9m from **Current** to **Non-current** for a cash collateral with a Broker to secure the Bank Guarantee for West Jambi KSO concession. This amount was subsequently fully impaired due to uncertainty of recoverability;
 - ii. Impairment for **Loan Receivable** for **NCI** of S\$9.3m and **Joint Venture Partner** of S\$1.0m;
 - iii. Reduction in **Sundry Receivables** of S\$0.8m;
 - iv. Netting off S\$2.6m **Cash Calls Receivable from a Joint Venture Partner** against **Cash Calls Advanced by a Joint Venture Partner**; and
 - v. Netting off S\$2.0m **Cash Calls Due from NCI** against **Cash Calls Due to NCI**.
- (o) Largely due to reduction from Lemang PSC's operation costs.
- (p) Reduction in **Cash Calls Advanced by a Joint Venture Partner** and netting off S\$2.6m of **Cash Calls Receivable** against **Cash Calls Advanced by a Joint Venture Partner** as mentioned in Note (n)(iv).
- (q) Reclassification from **Non-current to Current**.
- (r) Adjustments made to **Other Payables** (Non-current):
 - i. Reduction of legal settlement provision for Super Power due to amortisation of the liabilities; offset by
 - ii. Additional cash bonus payable to a Director.
- (s) Reduction in liabilities.
- (t) Foreign currency translation adjustments arising.
- (u) Adjustments relating to **Loans to Subsidiaries** and **Other Receivables** at the Company level relate to the following:
 - i. Reclassification of **Amounts due from Subsidiaries** from **Current** to **Non-current**; and
 - ii. Impairment for **Loans to Subsidiaries**.

STATEMENT OF COMPREHENSIVE INCOME

	Group		
	As per Audited Results	As per Unaudited Results	Variance
	For the year ended 31 December 2018 S\$'000		S\$'000
Loss for the year	(45,200)	(13,215)	(31,985)
Other comprehensive income:			
Item that may be reclassified subsequently to income statement:			
Foreign currency translation	4,896	584	4,312 Note (t)
Item that will not be reclassified subsequently to income statement:			
Re-measurement of defined benefit obligation	272	(195)	467
Total comprehensive income for the year	(40,032)	(12,826)	
Attributable to:			
- Owners of the Company	(36,384)	(11,793)	(24,591)
- Non-controlling interests	(3,648)	(1,033)	(2,615)
	(40,032)	(12,826)	

BY ORDER OF THE BOARD OF
ENECO ENERGY LIMITED

Aditya Wisnuwardana Seky Soeryadjaya
Chief Executive Officer/Executive Director

10 June 2019