



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

Unaudited condensed interim financial statements
for the period ended 31 March 2021

<u>Contents</u>	<u>Page</u>
Condensed interim consolidated Income statement and comprehensive Income	1
Condensed interim statements of financial position (Group and Company)	2
Condensed interim consolidated statement cash flows	3
Statements of Changes in Equity (Group and Company)	4
Notes to the condensed interim consolidated financial statements	8
Other information	16

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 as per the Exchange's Notice of Compliance dated 6 February 2020. This arises from the modified opinion issued by the Company's statutory auditor in the Company's 2018 annual report. The Company is required to perform QR until further notice from the Exchange.

- (2)** QR announcement is mandatory, made pursuant to the Exchange's requirements, as required under Listing Rule 705(2C).

ENECO ENERGY LIMITED

Quarterly Financial Statements and Dividend Announcement for the Period Ended 31 March 2021

INFORMATION REQUIRED FOR ANNOUNCEMENT OF 1ST QUARTER

The board of directors (the "Board") of Eneco Energy Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to announce the unaudited condensed interim consolidated financial statements of the Group for the period ended 31 March 2021.

Condensed interim consolidated Income statement and comprehensive Income

SGX Appendix 7.2 para 1(a)

	Notes	Group 3 months ended		Change %
		31-Mar-21 S\$'000 Unaudited	31-Mar-20 S\$'000 Unaudited	
Revenue	5	9,372	9,599	(2.4)
Other income	6	721	416 *	73.3
Costs and operating expenses				
Service costs and related expenses		(3,184)	(3,419)	(6.9)
Royalty payments		-	(25)	(100.0)
Salaries and employee benefits		(4,532)	(5,074) *	(10.7)
Depreciation and amortisation expenses		(1,332)	(1,580)	(15.7)
Finance costs	7	(226)	(971)	(76.7)
Other operating expenses		(545)	(1,256)	(56.6)
Total costs and operating expenses		(9,819)	(12,325)	(20.3)
Profit/(loss) before tax for the period	8	274	(2,310)	(111.9)
Income tax	9	(5)	(13)	(61.5)
Profit/(loss) for the period		269	(2,323)	(111.6)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation		(76)	(615)	(87.6)
Items that will not be reclassified subsequently to profit or loss:				
Foreign currency translation differences		(191)	(628)	(69.6)
Re-measurement of defined benefit obligation		-	(28)	(100.0)
Other comprehensive income for the year, at nil tax		(267)	(1,271)	(79.0)
Total comprehensive loss for the period		2	(3,594)	(100.1)
Profit/(loss) attributable to:				
Owners of the Company		296	(2,189)	(113.5)
Non-controlling interests		(27)	(134)	(79.9)
		269	(2,323)	(111.6)
Total comprehensive income/(loss) attributable to:				
- Owners of the Company		220	(2,832)	(107.8)
- Non-controlling interests		(218)	(762)	(71.4)
		2	(3,594)	(100.1)
Earning/(loss) per share attributable to owners of the Company				
(cents per share)	Basic	0.05	(0.34)	
	Diluted	0.05	(0.34)	

* Certain items in prior period have been reclassified to conform with current year presentation.

Eneco Energy Limited

Condensed interim statements of financial position

SGX Appendix 7.2 para 1(b)(i)

	Notes	Group		Company	
		31 Mar 21 S\$'000 Unaudited	31-Dec-20 S\$'000 Audited	31 Mar 21 S\$'000 Unaudited	31-Dec-20 S\$'000 Audited
Non-current assets					
Oil and gas properties		1,122	1,101	-	-
Plant and equipment		1,551	1,729	14	16
Right-of-use assets	11	13,603	14,514	119	129
Intangible assets		38	64	-	-
Investment in exploration and evaluation assets		654	652	-	-
Investments in subsidiaries		-	-	9,228	9,228
Other receivables		3,506	3,440	-	-
Fixed deposits		304	309	-	-
		20,778	21,809	9,361	9,373
Current assets					
Trade receivables		9,445	9,696	-	-
Other receivables		629	624	1,510	1,499
Prepaid operating expenses		972	556	100	21
Inventories		373	366	-	-
Cash and cash equivalents		5,835	6,789	74	171
		17,254	18,031	1,684	1,691
Current liabilities					
Trade payables		9,261	9,639	-	-
Other payables		9,126	9,490	3,962	3,430
Provisions		173	181	-	-
Abandonment and site restoration liabilities		80	78	-	-
Lease liabilities	12	5,085	5,158	27	27
Loans and borrowings	12	2,250	1,500	-	-
Income tax payable		377	511	16	12
		26,352	26,557	4,005	3,469
Net current liabilities		(9,098)	(8,526)	(2,321)	(1,778)
Non-current liabilities					
Other payables		9,065	8,901	-	-
Provisions		855	832	18	18
Abandonment and site restoration liabilities		217	213	-	-
Lease liabilities	12	7,664	8,710	24	31
Loans and borrowings	12	750	1,500	3,000	3,000
Deferred taxation		71	71	-	-
		18,622	20,227	3,042	3,049
Net (liabilities)/assets		(6,942)	(6,944)	3,998	4,546
Equity attributable to the owners of the Company					
Share capital	13(c)	148,367	148,367	148,367	148,367
Treasury shares		(935)	(935)	(935)	(935)
Other reserves		3,762	4,197	2,630	2,989
Accumulated losses		(150,562)	(151,217)	(146,064)	(145,875)
		632	412	3,998	4,546
Non-controlling Interests		(7,574)	(7,356)	-	-
Total Equity		(6,942)	(6,944)	3,998	4,546

Eneco Energy Limited

Condensed interim consolidated statement cash flows

SGX Appendix 7.2 para 1(c)

	Notes	Group	
		31 Mar 21 S\$'000 Unaudited	31 Mar 20 S\$'000 Unaudited
Operating activities :			
Profit/(loss) before income tax for the period		274	(2,310)
Adjustments for:			-
Depreciation and amortisation expenses	8	1,332	1,580
Loss on disposal of right-of-use assets	8	29	-
Gain on disposal of plant and equipment and intangible assets	8	(74)	(185)
Finance costs	7	226	971
Grant income	6	(431)	(112)
Interest income from banks	6	(4)	(2)
Allowance for doubtful trade receivables	8	-	2
Provision made		2	-
Foreign exchange translation adjustments		(169)	(251)
Operating cash flows before working capital changes		1,185	(307)
Change in inventories		(7)	(10)
Change in trade receivables		251	292
Change in other receivables		(5)	(174)
Change in prepaid operating expenses		(416)	(209)
Change in trade payables		(378)	(74)
Change in other payables and provisions		(208)	608
Cash generated from operations		422	126
Interest income received		4	2
Income tax paid		(139)	(32)
Grants received		243	112
Net cash generated from operating activities		530	208
Investing activities :			
Proceeds from disposal of plant and equipment		176	193
Purchase of plant and equipment and oil and gas properties		(80)	(174)
Acquisition of intangible assets		(2)	(20)
Net cash generated/(used) in investing activities		94	(1)
Financing activities :			
Repayment of finance costs		(223)	(240)
Principal payment of lease liabilities		(1,361)	(1,389)
Net cash used in financing activities		(1,584)	(1,629)
Net decrease in cash and cash equivalents		(960)	(1,422)
Effect of exchange rate changes on opening cash and cash equivalents		6	31
Cash and cash equivalents at beginning of period		6,789	4,593
Cash and cash equivalents at end of period	Note A	5,835	3,202
Note A			
Cash on hand and at bank		5,835	3,202
Fixed deposits		304	288
Cash and deposits		6,139	3,490
Less : Restricted cash classified as non-current assets		(304)	(288)
Cash and cash equivalents		5,835	3,202

Eneco Energy Limited

Statements of Changes in Equity

SGX Appendix 7.2 para 1(d)(i)

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 2021	(6,944)	412	148,367	(935)	(151,217)	4,197	359	874	(14)	2,630	348	(7,356)
Q1												
Profit for the period	269	296	-	-	296	-	-	-	-	-	-	(27)
<u>Other comprehensive income</u>												
Exchange differences on translating foreign operations	(267)	(76)	-	-	-	(76)	-	-	(76)	-	-	(191)
Total comprehensive income for the period	2	220	-	-	296	(76)	-	-	(76)	-	-	(218)
<u>Contributions by and distributions to owners</u>												
Expiry of employee share options	-	-	-	-	359	(359)	(359)	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	359	(359)	(359)	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	359	(359)	(359)	-	-	-	-	-
Closing balance as at 31 March 2021	(6,942)	632	148,367	(935)	(150,562)	3,762	-	874	(90)	2,630	348	(7,574)

Eneco Energy Limited

Statements of Changes in Equity

SGX Appendix 7.2 para 1(d)(i)

Group	Attributable to owners of the Company											
	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	Non-controlling interests 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)
Restatement adjustment *	1,970	1,584	-	-	1,584	-	-	-	-	-	-	386
Opening balance as at 1 January 2020 (As restated)	(20,055)	(12,095)	148,367	(935)	(164,210)	4,683	529	790	386	2,630	348	(7,960)
Q1												
Loss for the period	(2,323)	(2,189)	-	-	(2,189)	-	-	-	-	-	-	(134)
<u>Other comprehensive income</u>												
Re-measurement of defined benefit obligation	(28)	(28)	-	-	-	(28)	-	(28)	-	-	-	-
Exchange differences on translating foreign operations	(1,243)	(615)	-	-	-	(615)	-	-	(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	(23,649)	(14,927)	148,367	(935)	(166,229)	3,870	359	762	(229)	2,630	348	(8,722)

* As at 31 December 2019, the Group's management had not been furnished with the monthly statements of accounts of the Lemang PSC since September 2019, due to ongoing disputes with a former joint venture partner arising from the Group's failure to meet cash call obligations.

In 2020, following the completion of the sale of the 90% participating interest between Mandala and Jadestone (collectively known as the "Operators"), the Group's management was furnished with the necessary statements of accounts for FY 2019 and FY 2020. A prior year adjustment amounting to approximately S\$2 million (equivalent to US\$1.46 million) was recorded to reverse the over-recognition of the Group's proportionate share of the net expenses in Lemang PSC in accordance with SFRS(I) 11.

Management corrected the material prior period's error identified above retrospectively by restating the comparative amounts for the prior period's statement of comprehensive income in accordance with SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors.

Eneco Energy Limited

Statements of Changes in Equity

SGX Appendix 7.2 para 1(d)(i)

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 2021	4,546	148,367	(935)	(145,875)	2,989	359	2,630
Q1							
Loss for the period, representing total comprehensive loss for the period	(548)	-	-	(548)	-	-	-
<u>Contributions by and distributions to owners</u>							
Expiry of employee share options	-	-	-	359	(359)	(359)	-
Total contributions by and distributions to owners	-	-	-	359	(359)	(359)	-
Total transactions with owners in their capacity as owners	-	-	-	359	(359)	(359)	-
Balance as at 31 March 2021	3,998	148,367	(935)	(146,064)	2,630	-	2,630

Eneco Energy Limited

Statements of Changes in Equity

SGX Appendix 7.2 para 1(d)(i)

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 loss for the period	(499)	-	-	(499)	-	-	-
<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)	-
Balance as at 31 March 2020	9,859	148,367	(935)	(140,562)	2,989	359	2,630

ENECO ENERGY LIMITED

Notes to the condensed interim consolidated financial statements

1 Corporate information

The Company is incorporated as a limited liability company and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed interim consolidated financial statements as at and for the 3 months ended 31 March 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are:

- (a) Provision of transportation management, logistics services and airport cargo terminal handling; and
- (b) Exploration and production of oil and gas.

2 Basis of preparation

SGX Appendix 7.2 para 4

The condensed interim consolidated financial statements for the 3 months ended 31 March 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand changes in the Group's financial positions and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore Dollar which is the Company's functional currency.

2.1 New and amended standards

SGX Appendix 7.2 para 5

The Group has adopted the applicable revised Singapore Financial Reporting Standards (International) ("SFRS(I)") that are mandatory for the accounting periods beginning on or after 1 January 2021.

The following is the amended SFRS(I), SFRS(I) Interpretations and amendments to SFRS(I) that are relevant to, the Group:

- Amendments to SFRS(I) 16 COVID-19 Related Rent Concessions

The adoption of the above amended SFRS(I) did not have any significant impact on the financial statements of the Group.

2.2 Use of judgement and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- (a) Identification of functional currency
- (b) Impairment of non-financial assets
- (c) Determination of the lease term of right-of-use assets
- (d) Accounting for government assistance
- (e) Contingent liabilities
- (f) Income tax

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below:

- (a) Depreciation of plant and equipment, right-of-use assets and oil and gas properties
- (b) Estimation of the incremental borrowing rate
- (c) Provision of expected credit losses of trade and other receivables

ENECO ENERGY LIMITED

Notes to the condensed interim consolidated financial statements

2.2 Use of judgement and estimates

Judgements made in applying accounting policies

(a) Identification of functional currency

The functional currency of each entity in the Group is the currency of the primary economic environment in which it operates. Determination of the functional currency involves significant judgement and other companies may make different judgements based on similar facts. Management reconsiders the functional currency if there is a change in the underlying transactions, events and conditions which determines its primary economic environment.

The determination of functional currency affects the carrying amount of the non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the statement of comprehensive income. It also impacts the exchange gains and losses included in the statement of comprehensive income.

(b) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for non-financial assets, comprising oil and gas properties, plant and equipment, right-of-use assets, investment in exploration and evaluation assets and investments in subsidiaries at the end of each reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. When value-in-use calculation is undertaken, management estimates the expected future cash flows from the asset or cash-generating unit by applying a suitable discount rate to calculate the present value of those cash flows. When fair value less costs to sell is used, it is determined by making reference to a recent sale transaction.

(c) Determination of the lease term of right-of-use assets

The Group leases leasehold buildings, transport equipment and office equipment from third parties to operate its business. In determining the lease term of these leases, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee.

For leases of leasehold buildings and transport equipment, the following factors are normally the most relevant:

- (a) If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- (b) If the leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not to terminate);
- (c) Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

(d) Accounting for government assistance

Government grant is recognised when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received. Government grant shall be recognised in the statement of comprehensive income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Significant judgement is required in determining the systematic basis, and timing of recognition of grant receivable and realisation in the statement of comprehensive income.

(e) Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts.

(f) Income tax

The Group has exposures to income taxes in Singapore and Indonesia. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

ENECO ENERGY LIMITED

Notes to the condensed interim consolidated financial statements

2.2 Use of judgement and estimates

Key sources of estimation uncertainty

(a) Depreciation of plant and equipment, right-of-use assets and oil and gas properties

The cost of plant and equipment, right-of-use assets, and oil and gas properties are depreciated either on a straight-line basis over their estimated useful lives or using the unit-of-production method by reference to the ratio of production in the period and the related commercial reserve of the oil and gas fields.

Management reviews annually the estimated useful lives of plant and equipment, right-of-use assets, and oil and gas properties, based on factors that include asset utilisation, internal technical evaluation, technological changes and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

A reduction in the estimated useful lives of these non-financial assets would increase depreciation expense and decrease non-current assets.

(b) Estimation of the incremental borrowing rate ("IBR")

For the purpose of calculating the right-of-use asset and lease liability, management applies the interest rate implicit in the lease ("IRIL") and, if the IRIL is not readily determinable, management will use the IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases where the Company is the lessee, the IRIL is not readily determinable.

Therefore, management estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments.

(c) Provision of expected credit losses of trade and other receivables

Management uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. Management will calibrate the matrix to adjust for historical credit loss experience with forward-looking information.

The Group's and the Company's credit risk exposure on other receivables are based on qualitative and quantitative factors that are indicative of risk of default (including but not limited to external ratings, audited financial statements, management accounts, cashflow projections and available press information).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

Eneco Energy Limited

Notes to the condensed interim consolidated financial statements

4 Segment information

Segmental revenue and results for business segments (of the group) with comparative information for the corresponding period of the immediately preceding year.

The Group is organised into the following main business segments:

- (a) logistics, comprising of transportation management and air cargo terminal handling services;
- (b) oil and gas; and
- (c) corporate

For the period ended 31 March 2021

	Oil & Gas	Logistics	Corporate	Eliminations / Adjustments	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:					
Sales to external customers	-	9,372	-	-	9,372
Other income	19	702	-	-	721
Inter-segment sales	-	72	-	(72)	-
Total	19	10,146	-	(72)	10,093
Segment (loss)/profit	(133)	1,141	(508)	-	500
Finance costs					(226)
Profit before tax					274
Taxation					(5)
Net profit for the period					269
Interest income	-	40	-	(36)	4
Depreciation and amortisation expenses	11	1,307	12	-	1,332
Other non-cash expenses	-	(45)	-	-	(45)
Other segment information					
Segment assets	5,884	32,002	370	(224)	38,032
Segment liabilities	19,403	23,225	1,898	448	44,974
Additions to non-current assets	-	389	-	-	389

For the period ended 31 March 2020

	Oil & Gas	Logistics	Corporate	Eliminations / Adjustments	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:					
Sales to external customers	170	9,429	-	-	9,599
Other income	-	416	-	-	416
Inter-segment sales	-	13	-	(13)	-
Total	170	9,858	-	(13)	10,015
Segment loss	(624)	(92)	(623)	-	(1,339)
Finance costs					(971)
Loss before tax					(2,310)
Taxation					(13)
Net loss for the period					(2,323)
Interest income	-	2	-	-	2
Depreciation and amortisation expenses	45	1,523	12	-	1,580
Other non-cash expenses	-	(183)	-	-	(183)
Other segment information					
Segment assets	14,741	32,318	390	34	47,483
Segment liabilities	48,131	22,887	1,926	158	73,102
Additions to non-current assets	88	319	-	-	407

Eneco Energy Limited

Notes to the condensed interim consolidated financial statements

4 Segmental revenue and results for business segments (of the group) with comparative information for the corresponding period of the immediately preceding year.

Geographical information

For the period ended 31 March 2021

	Singapore			Indonesia			Grand total S\$'000
	Logistics S\$'000	Corporate S\$'000	Total S\$'000	Logistics S\$'000	Oil & Gas S\$'000	Total S\$'000	
Revenue	6,680	-	6,680	2,692	-	2,692	9,372
Segment assets							
Non-current assets	11,927	134	12,061	3,423	5,294	8,717	20,778

For the period ended 31 March 2020

	Singapore			Indonesia			Grand total S\$'000
	Logistics S\$'000	Corporate S\$'000	Total S\$'000	Logistics S\$'000	Oil & Gas S\$'000	Total S\$'000	
Revenue	7,005	-	7,005	2,424	170	2,594	9,599
Segment assets							
Non-current assets	15,012	178	15,190	3,758	13,585	17,343	32,533

Eneco Energy Limited

Notes to the condensed interim consolidated financial statements

	Group 3 months ended	
	31-Mar-21 S\$'000 Unaudited	31-Mar-20 S\$'000 Unaudited
5 Revenue		
Logistics services	9,372	9,429
Oil and gas sales	-	170
	<u>9,372</u>	<u>9,599</u>

6 Other income		
Diesel consumed by service partners	14	15
Port rebates	55	87
Interest income from bank	4	2
Government grant income	431	112
Others	217	200
	<u>721</u>	<u>416</u>

Government grant income relates to COVID-19 related government grants such as jobs support and wage credit scheme. Others include shifting, parking charges, trucking surcharge and partial repayment for amount due from broker.

7 Finance costs		
Finance charges on lease liabilities	182	242
Interest on borrowings	22	699
Finance charges on Operator's cash calls	11	-
Accretion of interest on abandonment & site restoration liabilities	-	30
Commitment fee on loan facility	11	-
	<u>226</u>	<u>971</u>

8 Profit/(loss) before tax for the period
Profit/(loss) before tax for the period included the following items -

Depreciation and amortisation expenses:		
Plant and equipment, oil and gas properties	(173)	(284)
Right-of-use assets	(1,143)	(1,262)
investments in exploration and evaluation assets	(10)	(11)
intangible assets	(6)	(23)
Foreign exchange (loss)/gain, net	14	(407)
Legal and other professional fees	(132)	(86)
Allowance for doubtful trade receivables	-	(2)
Gain on disposal of plant and equipment and intangible assets	74	185
Loss on disposal of right-of-use assets	(29)	-
	<u>(1,325)</u>	<u>(1,888)</u>

9 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

Current taxation		
Current period	-	13
Underprovision in respect of prior years	5	-
	<u>5</u>	<u>13</u>

Tax rates

Singapore	17%	17%
Indonesia	25% - 44%	25% - 44%

10 Related party transactions

There were no material related party transactions during the financial period.

ENECO ENERGY LIMITED

Notes to the condensed interim consolidated financial statements

11 Right-of-use assets

	Note	31 Mar 21 S\$'000 Unaudited	31 Dec 20 S\$'000 Unaudited
Opening balance		23,165	23,565
New leases entered during the period		307	1,916
Early termination/ end of lease		(179)	(1,825)
Reclassification to "plant and equipment" on full repayment of lease liabilities		-	(360)
Net exchange differences		(66)	(131)
Closing balance		<u>23,227</u>	<u>23,165</u>
Opening balance		8,651	5,466
Depreciation for the period	8	1,143	4,879
Early termination/ end of lease		(150)	(1,483)
Reclassification to "plant and equipment" on full repayment of lease liabilities		-	(186)
Net exchange differences		(20)	(25)
Closing balance		<u>9,624</u>	<u>8,651</u>
Carrying amount		<u>13,603</u>	<u>14,514</u>

12 Aggregate amount of Group's borrowings and debt securities

SGX Appendix 7.2 para 1(b)(ii)

	31 Mar 21 S\$'000 Unaudited	31 Dec 20 S\$'000 Unaudited
(a) Amount repayable in one year or less, or on demand (secured)		
Loans and borrowings	2,250	1,500
Leases liabilities	5,085	5,158
(b) Amount repayable after one year (secured)		
Loans and borrowings	750	1,500
Leases liabilities	7,664	8,710
Total	<u>15,749</u>	<u>16,868</u>

Total

Loans and borrowings

The Group's loans and borrowings of S\$3.0 million (2020: S\$3.0 million) are secured by way of a corporate guarantee by the Company.

Lease liabilities

The Group's lease liabilities which include transport equipment, are secured by the lessors' title to the leased assets and are secured by way of a corporate guarantee by the Company.

13 Share Capital

- (a) 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.
SGX Appendix 7.2 para 1 (d)(ii)

	As at 31 Mar 21	As at 31 Dec 20
The number of shares that may be issued on RGPSP and exercise of share options outstanding at the end of the period	-	5,080,103

- (b) 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 21 No. of Shares	31 Dec 20 No. of Shares
Treasury shares	1,807,215	1,807,215
Number of issued ordinary shares (excluding treasury shares)	646,867,923	646,867,923
Percentage (%)	0.28%	0.28%

ENECO ENERGY LIMITED

Notes to the condensed interim consolidated financial statements

13 Share Capital

- (c) **To show the total number of issued shares excluding treasury shares as at the end of the current financial year end as at the**
SGX Appendix 7.2 para 1 (d)(iii)

	As at 31 Mar 21		As at 31 Dec 20	
	Number of shares	Amount S\$'000	Number of shares	Amount S\$'000
Issued and fully paid:				
At beginning and end of the year/period	646,867,923	148,367	646,867,923	148,367

- (d) **A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial year**
SGX Appendix 7.2 para 1 (d)(iv)

The movement of treasury shares is as follow:

As at 1 January 2021	1,807,215
Re-issuance of treasury shares	-
As at 31 March 2021	<u>1,807,215</u>

- (e) **A statement showing all sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current**
SGX Appendix 7.2 para 1 (d)(v)
 NA.

14 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

SGX Appendix 7.2 para 6

Earnings per share (EPS)	Group	
	3 months ended	
	31 Mar 21	31 Mar 20
Based on the weighted average number of shares (cents)		
- net profit attributable to shareholders	0.05	(0.34)
Weighted average number of shares	646,867,923	646,867,923
On a fully diluted basis		
- net profit attributable to shareholders	0.05	(0.34)
Weighted average number of shares	646,867,923	646,867,923

During the period ended 31 March 2021, 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 2021.

15 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

SGX Appendix 7.2 para 7

Net Assets Value (NAV)	Group		Company	
	31 Mar 21	31-Dec-20	31 Mar 21	31-Dec-20
No. of ordinary shares	646,867,923	646,867,923	646,867,923	646,867,923
NAV per ordinary share (In cents)	0.10	0.06	0.62	0.70

16 Subsequent events

There are no known significant subsequent events which have led to adjustments to this set of interim financial statements.

17 Review

SGX Appendix 7.2 para 2 and 3

The condensed consolidated statement of financial position of Eneco Energy Limited and its subsidiaries as at 31 March 2021 and the related condensed consolidated profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited or reviewed.

ENECO ENERGY LIMITED

Other information

18 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.

SGX Appendix 7.2 para 3

(a) The audit report dated 8 Apr 2021 for the financial year ended 31 December 2020 issued by Foo Kon Tan LLP contained a qualified opinion on the followings:

(i) Amount due from a broker

This was raised in the audit report for the financial year ended 31 December 2018 by the predecessor auditors, E&Y LLP. E&Y LLP 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 was appropriate. The payment to broker is disclosed under Non-current asset – Other receivables, as Amount due from a broker under the books of its wholly-owned subsidiary, Ramba Energy West Jambi Limited. The Group has made a full allowance for the amount due from a broker in the financial year ended 31 December 2018. The above issue remained unresolved for the financial year ended 31 December 2019.

On 15 June 2020, the Group and the broker entered into a settlement agreement where the broker formally acknowledged the receipt of the amount of US\$2.88 million via the bank account of the ex-Chief Executive Officer and ex-Executive Director for the procurement of the bank guarantee and the broker agreed to a repayment plan for the amount which will be repaid in 30 instalments comprising of a first instalment of IDR 375 million and subsequent 29 instalments of IDR 1.5 billion each quarter, respectively.

On 19 January 2021, the Company announced that the broker had only paid the first instalment and had consequently defaulted on the second and third instalments which were due on 15 October 2020 and 15 January 2021, respectively. Accordingly, an event of default has been triggered as defined in the Settlement Agreement. The Board is seeking legal advisers to formulate the next course of action and will make further announcements when there are material updates as may be necessary or appropriate.

Following the formalisation of the Settlement Agreement in June 2020, it has satisfactorily resolved the qualification points over (a) the inconsistencies in the explanations and documents provided by the predecessor management of the Company over the nature of the amount due from the broker as well as (b) the existence and accuracy of the amount due from the broker. In addition, the amount due from the broker continues to be credit-impaired as at 31 December 2020 in accordance with SFRS(I) 9 – Financial Instruments since the broker is in default in accordance with the terms set out in the Settlement Agreement.

Despite the above, Foo Kon Tan LLP were unable to ascertain (a) whether the impairment loss amounting to S\$3.88 million which was recorded in the consolidated statement of comprehensive income in FY 2018 should instead be recognised in FY 2019 or FY 2020; and (b) whether the carrying amount due from the broker as at 31 December 2019 and 1 January 2019 had been properly reported and presented in the consolidated statement of financial position.

The above qualification point has been satisfactorily resolved for purpose of FY 2021 audit.

(ii) Access to accounting information of a joint arrangement of PT Hexindo Gemilang Jaya (“PT Hexindo”)

PT Hexindo, an indirect subsidiary of the Company and Jadestone Energy (Lemang) Pte. Ltd. (“Jadestone”) each own 10% and 90% participating interests, respectively, in the Lemang Production Sharing Contract (“Lemang PSC”). Jadestone has completed the acquisition of the 90% interest in Lemang PSC from Mandala Energy Lemang Pte. Ltd. (“Mandala”) and has assumed the role of the operator of Lemang PSC in December 2020. The Group, through PT Hexindo, recognised its interest in the Lemang PSC in accordance with the accounting treatment of a joint operation under SFRS(I) 11- Joint Arrangements.

Foo Kon Tan LLP had previously highlighted in the FY2019 audit report that the auditors of PT Hexindo (“component auditors”) were unable to gain access to the audit work papers of the auditors of Mandala, who was the then operator of the Lemang PSC and was responsible for the preparation of the monthly statement of accounts of Lemang PSC. 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.

Following the completion of the sale of the 90% participating interest between Mandala and Jadestone (collectively known as the “Operators”), the Group’s management was furnished with the necessary statements of account for FY 2019 and FY 2020 respectively. A prior year adjustment amounting to approximately S\$2 million (equivalent to US\$1.46 million) was recorded to reverse the over-recognition of the Group’s proportionate share of the net expenses in Lemang PSC in the consolidated financial statements for the financial year ended 31 December 2019 in accordance with SFRS(I) 1-8 – Accounting Policies, Changes in Accounting Estimates and Errors.

As at the date of this report, the component auditors have not been provided access to the supporting documents other than the statements of account nor were they able to review the audit working papers of the auditors of the Operators. Consequently, the component auditors were unable to complete their audit procedures to obtain sufficient and appropriate audit evidence over the financial statements of PT Hexindo for the financial years ended 31 December 2019 and 31 December 2020, respectively.

(iii) Provision for a legal claim

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 certain carve out provisions that allow PT Hexindo to first repay the other existing obligations identified to SPE. As at 31 December 2020, the Group continued to record a provision for legal claims measured at amortised cost amounting to S\$6.8 million (equivalent to US\$5.1 million) which was based on a cashflow projection of Lemang PSC obtained from Mandala as at 31 December 2018.

As at 31 December 2019 and 2020, management did not receive the cashflow projection of Lemang PSC from Mandala or Jadestone for the forecast period. Accordingly, Foo Kon Tan LLP 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 and 2020.

For (ii) and (iii), the Management is in ongoing discussions with the operator of Lemang PSC to gain access to financial information.

(b) Other than disclosed, there have been no major development on the above issues, the Board confirmed that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

ENECO ENERGY LIMITED

Other information

19 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

SGX Appendix 7.2 para 8

Group Income Review

Q1 2021 vs Q1 2020

The Group revenue in Q1 2021 was S\$9.4 million, which was S\$0.2 million lower than the corresponding period of the prior year. Oil and gas segment recorded a lower revenue of S\$0.17 million from the Lemang and Jatirarangon ("Jati") fields. The lower revenue was largely as a result of (a) the closure and the handing back of the Jati field to the Indonesian regulator upon its expiry and (b) the closure of production in the Lemang field.

Other income was higher largely due to COVID-19 related government grants such as jobs support and wage credit scheme.

Total costs and operating expenses were lower by S\$2.4 million mainly due to:-

- (a) Lower service costs and related expenses of S\$0.2 million, largely in line with lower revenue
- (b) Lower salaries and employee benefits of S\$0.4 million, due to our ongoing focus to deliver better gross operating margins through improved efficiencies and productivity improvements and savings due to cessation of Jati field and Lemang field production shutdown
- (c) Lower depreciation and amortisation expenses of S\$0.2 million
- (d) Lower finance costs of S\$0.7 million mainly due to the Settlement Deed with an ex-lender, Mercuria, dated 12 May 2020; and
- (e) Lower other operating expenses of S\$0.7 million, mainly due to current period exchange gain vs a loss of S\$0.4m in prior period and nil current period obligation with Mercuria (2020:S\$0.22m), following the Settlement Deed.

During the period, there was an underprovision of prior year tax of S\$5,000 (2020: nil) for the Company.

The net profit after tax attributable to shareholders in Q1 2021 was a gain of S\$0.3 million versus a loss of S\$2.2 million in the corresponding period of the prior year.

Group Balance Sheet Review

Non-current assets decreased by S\$1.0 million to S\$20.8 million mainly due to depreciation/amortisation of ROU asset and plant and equipment, setoff by translation gain in foreign denominated assets (USD/SGD exchange rates Q1 2021: 1.3472 vs Q4 2020: 1.3221).

Current assets decreased by S\$0.8 million mainly due to decrease in cash and bank balances.

Current liabilities decreased by S\$0.2 million mainly due to:

- (a) bonus payment;
- setoff by
- (b) cash call payables to the operator of Lemang field; and
 - (c) reclassification of the short-term portion of the working capital loan.

Non-current liabilities decreased by S\$1.6 million mainly due to the repayment of lease liabilities, reclassification of working capital loan mentioned above and setoff by translation loss on foreign denominated liabilities.

The Group provides for lifetime Expected Credit Loss (ECL) for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. As the Group's credit exposure is monitored on an ongoing basis, the Group has determined that the ECL on trade and other receivables is insignificant. The Group is positive of the recoverability based on the historical collection performance and does not foresee any substantial credit loss arising from the trade receivables balance.

Negative Working Capital position

The Group reported a deficit in working capital position of S\$9.1 million (2020: S\$8.5 million) and a net liabilities of S\$6.9 million (2020: S\$6.9 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 loss making Jati field had ceased its exploration concession and the restructuring of the oil and gas entities has reduced the monthly cash cost significantly;
- (c) The Group is in on-going discussion to dispose its other Oil & Gas assets;
- (d) The Company has an undrawn S\$1.5 million credit facility from a lender; and
- (e) The Group's net current liabilities arose solely from the Group's oil and gas segment, domiciled in Indonesia. The Board is of the view that the Group's shareholdings in the entities which own the various oil and gas assets in Indonesia, are ringfenced through multiple layers of shareholdings and would not have an impact to the viability of the Company's financial position in the event of contingent or actual legal claims by third party creditors against these entities.

ENECO ENERGY LIMITED

Other information

19 Group Cashflow Statement Review

For the year ended 31 March 2021, the Group reported net cash inflow from operating activities of S\$0.5 million vs S\$0.2 million as at 31 March 2020, largely due to focused working capital management.

The Group reported net cash inflow from investing activities of S\$94,000 vs net outflow of S\$1,000 as at 31 March 2020, largely due to proceeds from disposal of plant and equipment.

The Group reported net cash outflow from financing activities of S\$1.6 million vs S\$1.6 million as at 31 March 2020, due to repayment of lease obligations.

The Group reported net cash and cash equivalents of S\$5.8 million as at 31 March 2021 compared to S\$3.2 million as at 31 March 2020.

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

SGX Appendix 7.2 para 9

Not applicable.

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

SGX Appendix 7.2 para 10

There is increasing optimism about the global economy. However, the resurgence of COVID-19 infections and new variants coupled with ongoing global supply chain limitations may hinder the pace of economic recovery. We remain cautious about the stability of the economy in which we operate given the Covid-19 pandemic environment. It is very clear that nothing can be taken as certain currently.

Recent existing contract renewals and extensions have helped to protect our revenue base going forward in Singapore and we remain committed to securing new revenue growth to support our results through 2021. The Group continues to report gross margin improvements in this quarter. Our consistent focus on cost optimisation has delivered improved gross margin whilst our service quality standards have been maintained at our normal high levels.

The Group remains committed to exiting its loss-making oil and gas business as early as possible and on driving its profitable logistics business unit for higher sustainable growth.

COVID-19 update

All of our Logistics facilities in Singapore and Indonesia continue to remain open for business and are fully operational. Despite the restrictive pandemic measures in place, we continue to explore and seize opportunities for additional revenue growth for 2021.

Current existing customer volumes have returned to levels that are similar to pre covid and although cautious, we feel this may be sustainable throughout the year ahead.

The Board is comfortable that we have sufficient cash balances to support our immediate to medium term needs given our strong cash flow position in the Group.

22 **Dividend**

SGX Appendix 7.2 para 11

(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

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

SGX Appendix 7.2 para 12

No dividend for the current period ended 31 March 2021 is recommended in order to conserve cash.

23 **Interested person transactions**

If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such

SGX Appendix 7.2 para 13

No IPT general mandate has been obtained from the shareholders.

ENECO ENERGY LIMITED

Other information

- 24 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.**

SGX Appendix 7.2 para 14

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

- 25 Board of Directors' assurance**

SGX Appendix 7.2 para 14 and para 15

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 pursuant to Rule 705(5) of the SGX-ST Listing Manual.

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

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

Colin Peter Moran
Chief Executive Officer and Executive Director
12 May 2021