

**Independent auditor's report  
For the financial year ended 31 December 2018**

**Independent auditor's report to the members of Eneco Energy Limited (f.k.a Ramba Energy Limited) and its Subsidiaries**

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**Report on the audit of the financial statements**

**Disclaimer of Opinion**

We were engaged to audit the financial statements of Eneco Energy Limited (f.k.a Ramba Energy Limited) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and statement of changes in equity of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Basis for Disclaimer of Opinion**

1. Going concern assumption

As at 31 December 2018, the Group's current liabilities exceeded its current assets by S\$11,431,000 and the Group incurred a net loss of S\$40,032,000 for the year then ended. Additionally, the Company incurred a net loss of S\$72,202,000 for the year ended 31 December 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concern.

As disclosed in Note 2 to the financial statements, the directors have prepared the financial statements on a going concern basis as the directors are of the view that the Group will be able to successfully restructure their loan and obtain additional funding. A substantial shareholder has also undertaken to provide continuing financial support.

However, we have not been able to obtain sufficient audit evidence to conclude whether the use of the going concern assumption to prepare these financial statements is appropriate as the outcome of the loan restructuring and securing of additional funding have yet to be concluded satisfactorily at the date of these financial statements and are inherently uncertain. We are also unable to obtain sufficient appropriate evidence to conclude on the ability of the substantial shareholder to provide the necessary financial support to the Group and the Company to meet their financial obligations as and when they fall due. Accordingly, we are unable to satisfy ourselves as to the appropriateness of the going concern assumption used in the preparation of these financial statements.

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**Basis for Disclaimer of Opinion (cont'd)**

2. Impairment of investment in exploration and evaluation assets and receivables relating to West Jambi concession

As at 31 December 2018, the Group's carrying amounts of investment in exploration and evaluation assets and other receivables relating to West Jambi concession amounted to S\$17,252,000 (Note 13) and S\$1,022,000 (Note 18) respectively. The Company's loans to the related subsidiaries amounted to S\$19,675,000 (Note 15).

The exploratory permit for West Jambi concession had expired and, as the management was successful in obtaining the extension of the exploratory permit in the past, they are confident that further extension would be granted. As such, the management has assessed the recoverability of the abovementioned assets and loans relating to West Jambi concession on the basis that the exploratory permit would be extended. Based on their assessment, no impairment loss is required in the current financial year.

As at the date of this report, the management is still in the process of obtaining the extension of the exploratory permit. We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the exploratory permit, which by now has expired for more than a year, would be extended. Accordingly, we are unable to determine whether any impairment loss is required to be recognised for the assets relating to the West Jambi concession. Similarly, we are also unable to satisfy ourselves that no impairment loss is required to be recognised against the loans extended by the Company to the related subsidiaries.

3. Amount due from a broker

Ramba Energy West Jambi Ltd ("REWJ"), a wholly owned subsidiary (that is also the contractor of the West Jambi concession), was required to furnish a bank guarantee to the concession holder in order to secure the extension of the exploratory permit for the concession mentioned in item 2 above. During the financial year, a director (who is also a substantial shareholder of the Company) withdrew S\$3,876,000 from another subsidiary company's bank account and we were informed that the amount was then advanced to a broker to secure a bank guarantee in favour of REWJ. The amount was initially recorded as an amount due from a broker and subsequently management made a full impairment allowance of S\$3,876,000 against the amount due (Note 18) after queries were raised about its recoverability.

The director and management have provided us with certain documents to show that the withdrawal of the funds was for the said purpose. However, information we independently obtained from the bank that purportedly issued the proforma bank guarantee and the concession holder appeared inconsistent with management's representations to us. We also have not been provided with reliable evidence to show the flow of funds to the broker's account to corroborate management's representations to us.

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**Basis for Disclaimer of Opinion (cont'd)**

3. Amount due from a broker (cont'd)

As at the date of this report, due to the inconsistencies in the explanations and documents provided to us, we were unable to obtain satisfactory audit evidence or explanations to ascertain the commercial rationale of this arrangement, and the nature, existence and recoverability of the amount. Consequently, we were unable to determine whether the payment is appropriately accounted for, presented, disclosed and whether the allowance recorded against the amount is appropriate.

We have reported our concerns on this matter to the Audit Committee and Board of Directors and suggested an investigation be conducted. As at date of this report, no investigation has been commenced and therefore we are unable to conclude if any other adjustments may be required to take into account any potential findings that may arise from the investigation.

**Responsibilities of management and directors for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing ("SSAs") and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accounts and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we had fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code.

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**Report on other legal and regulatory requirements**

In our opinion, in view of the significance of the matter referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong Weng Sum.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

10 June 2019