



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

**Unaudited condensed interim financial statements
for the period ended 30 September 2021**

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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 30 September 2021

INFORMATION REQUIRED FOR ANNOUNCEMENT OF 3RD 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 30 September 2021.

Condensed interim consolidated Income statement and comprehensive Income

SGX Appendix 7.2 para 1(a)

	Note	Group 3 months ended		Change %	Group for the period ended		Change %
		30-Sep-21 S\$'000 Unaudited	30-Sep-20 S\$'000 Unaudited		30-Sep-21 S\$'000 Unaudited	30-Sep-20 S\$'000 Unaudited	
Revenue	5	10,095	8,778	15.0	28,818	27,276	5.7
Gains on extinguishment of liabilities	6	-	8,504	(100.0)	-	10,125	(100.0)
Other income	7	283	823	(65.6)	1,152	2,752	(58.2)
Costs and operating expenses							
Service costs and related expenses		(3,884)	(2,841)	36.7	(10,277)	(9,178)	12.0
Royalty payments		-	-	-	-	(34)	(100.0)
Salaries and employee benefits		(4,175)	(4,705)	(11.3)	(12,902)	(14,625)	(11.8)
Depreciation and amortisation expenses		(1,338)	(1,465)	(8.7)	(3,997)	(4,560)	(12.3)
Impairment loss recognised		-	(5,579)	-	-	(5,579)	-
Finance costs	8	(216)	(252)	(14.3)	(669)	(709)	(5.6)
Other operating expenses		(523)	(922)	(43.3)	(1,630)	(2,656)	(38.6)
Total costs and operating expenses		(10,136)	(15,764)	(35.7)	(29,475)	(37,341)	(21.1)
Profit before tax for the period	9	242	2,341	(89.7)	495	2,812	(82.4)
Income tax	10	-	(16)	(100.0)	(5)	5	(200.0)
Profit for the period		242	2,325	(89.6)	490	2,817	(82.6)
Other comprehensive income/(loss)							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation		(49)	522	(109.4)	(124)	(182)	(31.9)
Items that will not be reclassified subsequently to profit or loss:							
Foreign currency translation differences		(128)	215	(159.3)	(298)	(155)	92.0
Re-measurement of defined benefit obligation		17	(33)	(151.5)	15	(20)	(175.0)
Other comprehensive income/(loss) for the year, at nil tax		(160)	704	(122.7)	(407)	(357)	13.9
Total comprehensive profit/(loss) for the period		82	3,029	(97.3)	83	2,460	(96.6)
Profit/(loss) attributable to:							
Owners of the Company		282	3,475	(91.9)	596	3,983	(85.0)
Non-controlling interests		(40)	(1,150)	(96.5)	(106)	(1,166)	(90.9)
		242	2,325	(89.6)	490	2,817	(82.6)
Total comprehensive income/(loss) attributable to:							
- Owners of the Company		250	3,964	(93.7)	487	3,781	(87.1)
- Non-controlling interests		(168)	(935)	(82.1)	(404)	(1,321)	(69.4)
		82	3,029	(97.3)	83	2,460	(96.6)
Earning/(loss) per share attributable to owners of the Company (cents per share)	Basic	0.04	0.42		0.09	0.62	
	Diluted	0.04	0.42		0.09	0.62	

* 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)

	Note	Group		Company	
		30 Sep 21 S\$'000 Unaudited	31-Dec-20 S\$'000 Audited	30 Sep 21 S\$'000 Unaudited	31-Dec-20 S\$'000 Audited
Non-current assets					
Oil and gas properties		1,133	1,101	-	-
Plant and equipment		1,818	1,729	12	16
Right-of-use assets	12	12,236	14,514	98	129
Intangible assets		58	64	-	-
Investment in exploration and evaluation assets		639	652	-	-
Investments in subsidiaries		-	-	9,228	9,228
Other receivables		3,542	3,440	-	-
Fixed deposits		312	309	-	-
		19,738	21,809	9,338	9,373
Current assets					
Trade receivables		9,994	9,696	-	-
Other receivables		803	624	165	1,499
Prepaid operating expenses		702	556	96	21
Inventories		376	366	-	-
Cash and cash equivalents		4,665	6,789	56	171
		16,540	18,031	317	1,691
Current liabilities					
Trade payables		10,296	9,639	-	-
Other payables	13	8,555	9,490	3,449	3,430
Provisions		167	181	-	-
Abandonment and site restoration liabilities		80	78	-	-
Lease liabilities	14	5,580	5,158	28	27
Loans and borrowings	14	2,259	1,500	-	-
Income tax payable		130	511	2	12
		27,067	26,557	3,479	3,469
Net current liabilities		(10,527)	(8,526)	(3,162)	(1,778)
Non-current liabilities					
Other payables	13	9,162	8,901	-	-
Provisions		862	832	18	18
Abandonment and site restoration liabilities		219	213	-	-
Lease liabilities	14	5,758	8,710	10	31
Loans and borrowings	14	-	1,500	3,000	3,000
Deferred taxation		71	71	-	-
		16,072	20,227	3,028	3,049
Net (liabilities)/assets		(6,861)	(6,944)	3,148	4,546
Equity attributable to the owners of the Company					
Share capital	15(c)	148,367	148,367	148,367	148,367
Treasury shares		(935)	(935)	(935)	(935)
Other reserves		3,729	4,197	2,630	2,989
Accumulated losses		(150,262)	(151,217)	(146,914)	(145,875)
		899	412	3,148	4,546
Non-controlling Interests		(7,760)	(7,356)	-	-
Total Equity		(6,861)	(6,944)	3,148	4,546

Eneco Energy Limited

Condensed interim consolidated statement cash flows

SGX Appendix 7.2 para 1(c)

	Note	Group		Group	
		For the quarter ended		For the year ended	
		30-Sep-21 S\$'000 Unaudited	30-Sep-20 S\$'000 Unaudited	30-Sep-21 S\$'000 Unaudited	30-Sep-20 S\$'000 Restated
Operating activities :					
Profit/(loss) before income tax for the period		242	2,341	495	2,812
Adjustments for:					
Depreciation and amortisation expenses	9	1,338	1,465	3,997	4,560
Loss on disposal of right-of-use assets	9	-	-	29	-
Gain on disposal of plant and equipment and intangible assets	9	(11)	(11)	(86)	(259)
Finance costs	8	216	252	669	709 *
Government grant income	7	(28)	(566) *	(314)	(1,919) *
Interest income from banks	7	(4)	(2)	(10)	(8)
Gains on extinguishment of liabilities					
- accrued interest and other expenses	6	-	(897) *	-	(1,934) *
- loans and borrowings	6	-	(7,526) *	-	(7,526) *
Write-back of ASR liabilities	6	-	-	-	(415) *
Write-back of other payables	6	-	(81) *	-	(250) *
Impairment loss on oil and gas properties		-	5,579	-	5,579
Allowance for doubtful trade receivables	9	56	-	76	2
Provision made		-	-	4	-
Foreign exchange translation adjustments		(84)	506	(241)	20
Operating cash flows before working capital changes		1,725	1,060	4,619	1,371
Change in inventories		(4)	3	(10)	(4)
Change in trade receivables		(950)	893	(374)	1,579
Change in other receivables		(43)	(229)	(180)	(411)
Change in prepaid operating expenses		90	(39)	(146)	(172)
Change in trade payables		753	263	657	226
Change in other payables and provisions		(320)	(355) *	(1,039)	1,267 *
Cash generated from operations		1,251	1,596	3,527	3,856
Interest income received		4	2	10	8
Income tax paid		(121)	(61)	(388)	(67)
Grants received		77	523 *	329	2,010 *
Net cash generated from operating activities		1,211	2,060	3,478	5,807
Investing activities :					
Proceeds from disposal of plant and equipment		13	12	190	297
Purchase of plant and equipment and oil and gas properties		(89)	(91)	(254)	(471)
Purchase of right-of-use assets		(7)	-	(20)	-
Acquisition of intangible assets		(30)	(14)	(37)	(61)
Net cash used in investing activities		(113)	(93)	(121)	(235)
Financing activities :					
Proceeds from loan and borrowings		-	-	-	3,000
Repayment of finance costs		(205)	(235) *	(632)	(639) *
Repayment of loans and borrowings		(741)	-	(741)	(3,000)
Principal payment of lease liabilities		(1,389)	(1,028)	(4,108)	(3,543)
Net cash used in financing activities		(2,335)	(1,263)	(5,481)	(4,182)
Net increase/(decrease) in cash and cash equivalents		(1,237)	704	(2,124)	1,390
Effect of exchange rate changes on opening cash and cash equivalents		(5)	(16)	-	(15)
Cash and cash equivalents at beginning of period		5,907	5,280	6,789	4,593
Cash and cash equivalents at end of period	Note A	4,665	5,968	4,665	5,968
Note A					
Cash on hand and at bank		4,665	5,968	4,665	5,968
Fixed deposits		312	332	312	332
Cash and deposits		4,977	6,300	4,977	6,300
Less : Restricted cash classified as non-current assets		(312)	(332)	(312)	(332)
Cash and cash equivalents		4,665	5,968	4,665	5,968

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

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/(loss) 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)
Q2												
Profit/(loss) for the period	(21)	18	-	-	18	-	-	-	-	-	-	(39)
<u>Other comprehensive income</u>												
Re-measurement of defined benefit obligation	(2)	(2)	-	-	-	(2)	-	(2)	-	-	-	-
Exchange differences on translating foreign operations	22	1	-	-	-	1	-	-	1	-	-	21
Total comprehensive income for the period	(1)	17	-	-	18	(1)	-	(2)	1	-	-	(18)
Closing balance as at 30 June 2021	(6,943)	649	148,367	(935)	(150,544)	3,761	-	872	(89)	2,630	348	(7,592)

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).

SGX Appendix 7.2 para 1(d)(i)

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 July 2021	(6,943)	649	148,367	(935)	(150,544)	3,761	-	872	(89)	2,630	348	(7,592)
Q3												
Profit/(loss) for the period	242	282	-	-	282	-	-	-	-	-	-	(40)
<u>Other comprehensive income</u>												
Re-measurement of defined benefit obligation	17	17	-	-	-	17	-	17	-	-	-	-
Exchange differences on translating foreign operations	(177)	(49)	-	-	-	(49)	-	-	(49)	-	-	(128)
Total comprehensive income for the period	82	250	-	-	282	(32)	-	17	(49)	-	-	(168)
Closing balance as at 30 September 2021	(6,861)	899	148,367	(935)	(150,262)	3,729	-	889	(138)	2,630	348	(7,760)

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)
Other comprehensive income												
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)
Contributions by and distributions to owners												
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)
Q2												
Profit for the period	2,815	2,697	-	-	2,697	-	-	-	-	-	-	118
Other comprehensive income												
Re-measurement of defined benefit obligation	41	41	-	-	-	41	-	41	-	-	-	-
Exchange differences on translating foreign operations	169	(89)	-	-	-	(89)	-	-	(89)	-	-	258
Total comprehensive income for the period	3,025	2,649	-	-	2,697	(48)	-	41	(89)	-	-	376
Closing balance as at 30 June 2020	(20,624)	(12,278)	148,367	(935)	(163,532)	3,822	359	803	(318)	2,630	348	(8,346)

* 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

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).

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 July 2020	(20,624)	(12,278)	148,367	(935)	(163,532)	3,822	359	803	(318)	2,630	348	(8,346)
Q3												
Profit/(Loss) for the period	2,325	3,475	-	-	3,475	-	-	-	-	-	-	(1,150)
<u>Other comprehensive income</u>												
Re-measurement of defined benefit obligation	(33)	(33)	-	-	-	(33)	-	(33)	-	-	-	-
Exchange differences on translating foreign operations	737	522	-	-	-	522	-	-	522	-	-	215
Total comprehensive income for the period	3,029	3,964	-	-	3,475	489	-	(33)	522	-	-	(935)
Closing balance as at 30 September 2020	(17,595)	(8,314)	148,367	(935)	(160,057)	4,311	359	770	204	2,630	348	(9,281)

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
Q2							
Loss for the period, representing total comprehensive income for the period	(467)	-	-	(467)	-	-	-
Total comprehensive income for the period	(467)	-	-	(467)	-	-	-
Balance as at 30 June 2021	3,531	148,367	(935)	(146,531)	2,630	-	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).

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 July 2021	3,531	148,367	(935)	(146,531)	2,630	-	2,630
Q3 Loss for the period, representing total comprehensive income for the period	(383)	-	-	(383)	-	-	-
Balance as at 30 September 2021	3,148	148,367	(935)	(146,914)	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
Q2							
Loss for the period, representing total comprehensive loss for the period	(3,701)	-	-	(3,701)	-	-	-
Total comprehensive income for the period	(3,701)	-	-	(3,701)	-	-	-
Balance as at 30 June 2020	6,158	148,367	(935)	(144,263)	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).

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 July 2020	6,158	148,367	(935)	(144,263)	2,989	359	2,630
Q3 Loss for the period, representing total comprehensive income for the period	(521)	-	-	(521)	-	-	-
Balance as at 30 September 2020	5,637	148,367	(935)	(144,784)	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 9 months ended 30 September 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 9 months ended 30 September 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 exercise) 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 30 September 2021

	Oil & Gas	Logistics	Corporate	Eliminations / Adjustments	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:					
Sales to external customers	-	28,818	-	-	28,818
Gains on extinguishment of liabilities	-	-	-	-	-
Other income	19	1,133	-	-	1,152
Inter-segment sales	-	329	-	(329)	-
Total	19	30,280	-	(329)	29,970
Segment (loss)/profit	(615)	3,109	(1,330)	-	1,164
Finance costs					(669)
Profit before tax					495
Taxation					(5)
Net profit for the period					490
Interest income	-	122	-	(112)	10
Depreciation and amortisation expenses	31	3,928	38	-	3,997
Other non-cash expenses/(income)	-	17	2	-	19
Other segment information					
Segment assets	5,918	30,011	349	-	36,278
Segment liabilities	19,913	21,486	1,539	201	43,139
Additions to non-current assets	-	1,887	4	-	1,891

For the period ended 30 September 2020

	Oil & Gas	Logistics	Corporate	Eliminations / Adjustments	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:					
Sales to external customers	224	27,052	-	-	27,276
Gains on extinguishment of liabilities	9,957	105	63	-	10,125
Other income	-	2,752	-	-	2,752
Inter-segment sales	-	63	-	(63)	-
Total	10,181	29,972	63	(63)	40,153
Segment (loss)/profit	2,456	2,745	(1,680)	-	3,521
Finance costs					(709)
Profit before tax					2,812
Taxation					5
Net profit for the period					2,817
Interest income	-	8	-	-	8
Depreciation and amortisation expenses	93	4,430	37	-	4,560
Impairment loss on oil and gas properties	5,579	-	-	-	5,579
Other non-cash expenses/(income)	-	(257)	-	-	(257)
Other segment information					
Segment assets	8,591	31,786	403	35	40,815
Segment liabilities	33,838	24,755	1,680	107	60,380
Additions to non-current assets	89	439	4	-	532

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 30 September 2021

	Singapore		
	Logistics S\$'000	Corporate S\$'000	Total S\$'000
Revenue	20,848	-	20,848
Segment assets			
Non-current assets	11,077	111	11,188

	Indonesia			Grand total S\$'000
	Logistics S\$'000	Oil & Gas S\$'000	Total S\$'000	
Revenue	7,970	-	7,970	28,818
Segment assets				
Non-current assets	3,222	5,328	8,550	19,738

For the period ended 30 September 2020

	Singapore		
	Logistics S\$'000	Corporate S\$'000	Total S\$'000
Revenue	19,560	-	19,560
Segment assets			
Non-current assets	12,800	157	12,957

	Indonesia			Grand total S\$'000
	Logistics S\$'000	Oil & Gas S\$'000	Total S\$'000	
Revenue	7,492	224	7,716	27,276
Segment assets				
Non-current assets	3,683	7,553	11,236	24,193

Eneco Energy Limited

Notes to the condensed interim consolidated financial statements

	Group		Group	
	3 months ended		for the period ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
5 Revenue				
Logistics services	10,095	8,778	28,818	27,052
Oil and gas sales	-	-	-	224
	10,095	8,778	28,818	27,276
6 Gains on extinguishment of liabilities				
Gains on extinguishment of liabilities:				
- accrued interest and other expenses	-	897	-	1,934
- loans and borrowings	-	7,526	-	7,526
write-back of ASR liabilities	-	-	-	415
write-back of other payables	-	81	-	250
	-	8,504	-	10,125
7 Other income				
Diesel consumed by service partners	3	16	21	48
Port rebates	45	73	161	244
Interest income from bank	4	2	10	8
Government grant income	28	566	314	1,919
Others	203	166	646	533
	283	823	1,152	2,752
Government grant income relates to COVID-19 related government grants such as jobs support scheme.				
Others include shifting, parking charges, trucking surcharge and partial repayment for amount due from broker.				
8 Finance costs				
Finance charges on lease liabilities	170	213	534	618
Interest on borrowings	21	23	66	23
Finance charges on Operator's cash calls	13	-	35	-
Accretion of interest on abandonment & site restoration liabilities	-	16	-	68
Commitment fee on loan facility	12	-	34	-
	216	252	669	709
9 Profit 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	(179)	93	(519)	(748)
Right-of-use assets	(1,140)	(1,531)	(3,427)	(3,712)
investments in exploration and evaluation assets	(11)	(10)	(31)	(32)
intangible assets	(8)	(17)	(20)	(68)
Foreign exchange (loss)/gain, net	3	(279)	(2)	(199)
Legal and other professional fees	(95)	(107)	(262)	(437)
Impairment loss on oil and gas properties	-	(5,579)	-	(5,579)
Allowance for doubtful trade receivables	(56)	-	(76)	(2)
Gain on disposal of plant and equipment and intangible assets	11	11	86	259
Loss on disposal of right-of-use assets	-	-	(29)	-
10 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	-	16	-	32
Underprovision/(tax discharged) in respect of prior years	-	-	5	(37)
	-	16	5	(5)
Tax rates				
Singapore	17%	17%		
Indonesia	25% - 44%	25% - 44%		

11 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

12 Right-of-use assets

	Note	30 Sep 21 S\$'000 Unaudited	31 Dec 20 S\$'000 Audited
Opening balance		23,165	23,565
New leases entered during the period		1,600	1,916
Early termination/ end of lease		(790)	(1,825)
Reclassification to "plant and equipment" on full repayment of lease liabilities		(865)	(360)
Net exchange differences		42	(131)
Closing balance		23,152	23,165
Opening balance		8,651	5,466
Depreciation for the period	9	3,427	4,879
Early termination/ end of lease		(746)	(1,483)
Reclassification to "plant and equipment" on full repayment of lease liabilities		(434)	(186)
Net exchange differences		18	(25)
Closing balance		10,916	8,651
Carrying amount		12,236	14,514

13 Other payables

	30 Sep 21 S\$'000 Unaudited	31 Dec 20 S\$'000 Audited
Current		
Cash calls advanced from a joint venture partner	1,762	1,293
Accrued salaries & employee benefits	1,903	2,440
Sundry payables and provisions	4,890	5,757
Total	8,555	9,490
Non-current		
Production bonus	249	243
Sundry payables	8,913	8,658
Total	9,162	8,901

14 Aggregate amount of Group's borrowings and debt securities

SGX Appendix 7.2 para 1(b)(ii)

	30 Sep 21 S\$'000 Unaudited	31 Dec 20 S\$'000 Audited
(a) Amount repayable in one year or less, or on demand (secured)		
Loans and borrowings	2,259	1,500
Leases liabilities	5,580	5,158
(b) Amount repayable after one year (secured)		
Loans and borrowings	-	1,500
Leases liabilities	5,758	8,710
Total	13,597	16,868

Loans and borrowings

The Group's loans and borrowings of S\$2.3 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.

ENECO ENERGY LIMITED

Notes to the condensed interim consolidated financial statements

15 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 30 Sep 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.

	30 Sep 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%

- (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 end of

SGX Appendix 7.2 para 1 (d)(iii)

	As at 30 Sep 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 30 September 2021	1,807,215

- (e) A statement showing all sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current financial

SGX Appendix 7.2 para 1 (d)(v)

NA.

- 16 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		Group	
	3 months ended		6 months ended	
	30 Sep 21	30 Sep 20	30 Sep 21	30 Sep 20
Based on the weighted average number of shares (cents)				
- net profit attributable to shareholders	0.04	0.42	0.09	0.62
Weighted average number of shares	646,867,923	646,867,923	646,867,923	646,867,923
On a fully diluted basis				
- net profit attributable to shareholders	0.04	0.42	0.09	0.62
Weighted average number of shares	646,867,923	646,867,923	646,867,923	646,867,923

During the period ended 30 September 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 30 September 2021.

- 17 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	
	30 Sep 21	31-Dec-20	30 Sep 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)	0.14	0.06	0.49	0.70

- 18 Subsequent events**

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

- 19 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 30 September 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

20 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 3A

(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 finalising the FY2020 audit 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. Subsequently, on 15 July 2021, PT Hexindo received a Notice of Exercise of Withdrawal Option from Jadestone. This was served to PT Hexindo to assign and transfer its participating interest in Lemang PSC due to its unpaid cash calls. The Group is seeking legal advice in order to formulate its next steps and will make further announcement(s) as and when there are material developments.

(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.

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Other information

21 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

Q3 2021 vs Q3 2020

The Group revenue in Q3 2021 was S\$10.1 million, which was S\$1.3 million higher than the corresponding period of the prior year arising from Logistics segment.

Gains on extinguishment of liabilities in Q3 2020 were largely due to extinguishment of accrued interest, other expenses, loans and borrowing, following the finalisation of the settlement deed and deeds of discharge in FY2020.

Other income was lower by S\$0.5 million largely due to the tapering effect of COVID-19 related government grants.

Total costs and operating expenses were lower by S\$5.6 million mainly due to:-

- (a) Higher service costs and related expenses of S\$1.0 million, largely in line with revenue increase; offset by
- (b) Lower salaries and employee benefits of S\$0.5 million, due to our ongoing focus to deliver better gross operating margins through improved efficiencies and productivity improvements, lower Lemang field production costs and lower from Logistics due to outsourcing;
- (c) Lower other operating expenses of S\$0.4 million, largely due to forex gain in Q2 2021 vs forex loss in Q3 2020; and
- (d) Q3 2020 impairment of Lemang PSC of S\$5.6m which is non-recurring.

Net profit after tax attributable to shareholders in Q3 2021 was S\$0.3 million versus S\$3.5 million in the corresponding period of the prior year.

YTD Q3 2021 vs YTD Q3 2020

The Group revenue in YTD Q3 2021 was S\$28.8 million, which was S\$1.5 million higher than the corresponding period of the prior year.

Logistics segment recorded an increase in revenue of S\$1.7 million. The Logistics segment revenue is a combination of numerous contracts and services across each country in which we operate. The logistics business in Indonesia YTD 3Q 2021 has seen a growth against YTD 3Q 2020. This has primarily been a direct result of the turnaround in our previously underperforming contract with Semen Baturaja.

Our logistics revenue derived within Singapore has experienced varied impact as a result of COVID-19. The impact has seen some contracts deliver year-on-year improvement and some business' decline. It is important to note that there is no exact science to assessing if volume decline is 100% attributable to COVID-19 but this represents our best estimate based on facts we know.

The oil & gas segment recorded a decline in revenue of S\$0.2 million due to cessation of production in Jati field and no production from Lemang field.

Gains on extinguishment of liabilities in Q3 2020 were largely due to extinguishment of accrued interest, other expenses, loans and borrowings, following the finalisation of the settlement deed and deeds of discharge in FY2020 and write-back of abandonment & site restoration provision.

Other income was lower by S\$1.6 million largely due to the tapering effect of COVID-19 related government grants in FY2021.

Total costs and operating expenses were lower by S\$7.9 million mainly due to:

- (a) Higher service costs and related expenses of S\$1.1 million, largely in line with revenue increase; offset by
- (b) Lower salaries and employee benefits of S\$1.7 million, due to our ongoing focus to deliver better gross operating margins through improved efficiencies and productivity improvements, lower Lemang field production costs and lower from Logistics due to outsourcing;
- (c) Lower depreciation and amortisation expenses of S\$0.6 million, largely due to fully depreciated assets and end of lease for right-of-use (ROU) assets; and
- (d) Lower other operating expenses of S\$1.0 million, mainly due to:
No other expenses with Mercuria, no Lemang operating expenses, lower forex loss and other operating expenses offset by lower gain on disposal of plant and equipment; and
- (e) Q3 2020 impairment of Lemang PSC of S\$5.6m which is non-recurring.

Net profit after tax attributable to shareholders in YTD Q3 2021 was S\$0.6 million versus S\$3.98 million in the corresponding period of the prior year.

Group Balance Sheet Review

Non-current assets decreased by S\$2.1 million to S\$19.7 million mainly due to depreciation/amortisation of ROU assets and plant and equipment, offset by additions and translation gain in foreign denominated assets (USD/SGD exchange rates Q3 2021: 1.3611 vs Q4 2020: 1.3221).

Current assets decreased by S\$1.5 million mainly due to decrease in cash and bank balances, offset by increase in trade and other receivables balance.

Current liabilities increased by S\$0.5 million mainly due to:

- (a) cash call payables to the operator of Lemang field;
 - (b) increase in current portion of lease liabilities;
 - (c) reclassification of the short-term portion of the working capital loan to current portion less repayment during the period.
- offset by
- (d) income tax and other payments;

Non-current liabilities decreased by S\$4.2 million mainly due to the repayment of lease liabilities, reclassification of working capital loan to current portion and offset 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.

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Other information

21 **Negative Working Capital position**

The Group reported a deficit in working capital position of S\$10.5 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 Company has an undrawn S\$1.5 million credit facility from a lender; and
- (d) The Group's net current liabilities mainly arose 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.

Group Cashflow Statement Review

For the year ended 30 September 2021, the Group reported net cash inflow from operating activities of S\$3.5 million vs S\$5.8 million as at 30 September 2020.

The Group reported net cash outflow from investing activities of S\$0.1 million vs net outflow of S\$0.2 million as at 30 September 2020, largely due to lower additions of plant and equipment.

The Group reported net cash outflow from financing activities of S\$5.5 million vs S\$4.2 million as at 30 September 2020, largely due to repayment of lease obligations.

The Group reported net cash and cash equivalents of S\$4.7 million as at 30 September 2021 compared to S\$6.0 million as at 30 September 2020.

22 **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.

23 **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

The emergence of the new highly contagious Covid-19 Delta variant continued to hinder the pace of economic recovery in third quarter of the year. The Multi-Ministry Taskforce (MTF) had announced that Singapore will scale back social interactions and the Stabilization Phase would be extended to slow down community transmissions and allow for better stability. Our logistic sector continues to seek organic growth with contract renewals, extensions and with strong gross margins. The Group main focus will be working towards delivering robust bottom-line growth, healthy balance sheet in increasing shareholders' value despite challenging labour market.

The Group remains committed to exiting its loss-making sector and restructuring of its oil and gas business at the earliest opportunity and on driving its logistics business unit for sustainable growth.

COVID-19 update

Working from home continued to be the default for employees in Singapore and Indonesia business to curb the current wave of Covid-19 infections with the emergence of the new Delta variant. Employees who go to office for work are required to do self-test weekly using an antigen rapid test (ART) to keep the workplace safe.

We continue to engage our customers and retained all contract renewals as well as extensions despite Government regulations and restrictions in scaling back social interactions and extension of the Stabilization Phase.

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

We appreciate and thank all our staff for meeting customer satisfaction and at the same time ensure compliance in keeping our workplace safe.

24 **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 30 September 2021 is recommended in order to conserve cash.

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Other information

25 Interested person transactions

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.

SGX Appendix 7.2 para 13

No IPT general mandate has been obtained from the shareholders.

26 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.

27 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**

Gwee Chee Kiang
Chief Executive Officer
11 November 2021