
**CLARIFICATION ANNOUNCEMENT
ON THE AUDITOR'S COMMENTS OF ACCOUNTS**

The Board of Directors ("Board") of the Company refers to the announcement released by the Company via SGXNet on 10 June 2019 in relation to the Financial Statements and Related Announcement – Auditor's Comments of Accounts. In the Independent Auditor's Report in the announcement of 10 June 2019, references were made to Notes 13, 15, and 18 to the Financial Statements. The Company wishes to disclose the aforesaid Notes 13, 15, and 18 in this announcement for clarity.

"Disclosure on the notes to the Financial Statements"

13. Investments in exploration and evaluation assets

Investments in exploration and evaluation assets refer to the participating rights in the oil and gas sharing contract, signature bonus and capitalised cost relating to the directly attributable overheads in the exploration and evaluation activities. It included S\$17,252,000 of concessionary rights to West Jambi Block ("West Jambi concession"), which is wholly owned by the Group through its subsidiary, Ramba Energy West Jambi Limited ("REWJ"). The exploratory permit for this concession has expired and the management is in the process of obtaining the extension of the permit.

	Group		
	2018	31.12.2017	1.1.2017
	S\$'000	S\$'000	S\$'000
Cost			
As at 1 January	21,403	23,195	24,602
Additions during the year	–	207	2,969
Amortisation during the year	(289)	(246)	–
Impairment loss	(540)	–	–
Farm-out of participating interests (Note 8(c))	(1,899)	–	(4,939)
Net exchange differences	495	(1,753)	563
	19,170	21,403	23,195

The details to the impairment loss recognised during the current year are disclosed in Note 12 to the financial statements.

15. Loans to subsidiaries

	Company		
	2018	31.12.2017	1.1.2017
	S\$'000	S\$'000	S\$'000
Loans to subsidiaries – nominal amounts	92,641	31,505	31,534
Less: Allowance for doubtful receivables	(72,886)	(2,216)	(2,245)
	19,755	29,289	29,289

These loans are unsecured, non-interest bearing and expected to be settled in cash or offset against intercompany balances in future but the settlement is neither planned nor likely to occur in the foreseeable future as they are, in substance, a part of the Company's net investment in the subsidiaries, of which S\$19,688,000 were loans to REWJ.

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The movement of the allowance account used to record the impairment is as follows:

	2018 S\$'000	2017 S\$'000
At 1 January	2,216	2,245
Allowance for the year	70,617	141
Exchange difference	53	(170)
At 31 December	<u>72,886</u>	<u>2,216</u>

18. Other receivables

	Group			Company		
	2018 S\$'000	31.12.2017 S\$'000	1.1.2017 S\$'000	2018 S\$'000	31.12.2017 S\$'000	1.1.2017 S\$'000
Current						
Refundable deposits	860	638	651	68	71	68
Due from NCI holder	–	9,112	9,859	–	–	–
Due from subsidiaries	–	–	–	3,512	60,764	67,197
Deferred rent receivable	–	6	23	–	–	–
Cash calls due from NCI holder	–	1,977	2,139	–	–	–
Cash call advanced to a former joint venture partner	–	432	18,287	–	–	–
Sundry receivables	944	471	457	15	1,364	–
Disbursements due from customers	43	25	54	–	–	–
	<u>1,847</u>	<u>12,661</u>	<u>31,470</u>	<u>3,595</u>	<u>62,199</u>	<u>67,265</u>
Non-current						
Advance to a former joint venture partner	–	5,012	5,424	–	–	–
Other receivables	7,190	4,340	3,854	–	–	–
	<u>7,190</u>	<u>9,352</u>	<u>9,278</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total other receivables	<u>9,037</u>	<u>22,013</u>	<u>40,748</u>	<u>3,595</u>	<u>62,199</u>	<u>67,265</u>
Comprises of:						
Financial assets	1,847	17,667	34,418	3,595	62,199	67,265
Non-financial assets	7,190	4,346	6,330	–	–	–
	<u>9,037</u>	<u>22,013</u>	<u>40,748</u>	<u>3,595</u>	<u>62,199</u>	<u>67,265</u>

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Other receivables that are impaired

The Group's other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	2018	Group 31.12.2017	1.1.2017
	S\$'000	S\$'000	S\$'000
Other receivables - nominal amounts	22,900	3,393	3,671
Less: Allowance for doubtful other receivables	(22,900)	(3,393)	(3,671)
	-	-	-

	Group Individually impaired	
	2018	2017
	S\$'000	S\$'000
<i>Movement in allowance for doubtful other receivables:</i>		
At 1 January	3,393	3,671
Allowance for the year	19,149	-
Exchange difference	358	(278)
At 31 December	22,900	3,393

Due from joint venture partner

In the previous years, the Group had recognised an allowance for doubtful other receivables of S\$3,473,000 (US\$2,538,000) for the advance made to joint venture partner of Ramba Energy Jatiraragon Limited Block. The amount recoverable was to be paid through the joint venture partner's portion of entitlement based on the funding agreement between the subsidiary and the joint venture partner.

Due from subsidiaries

Amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash or offset against intercompany balances in future.

Due from/cash calls due from NCI holder

These balances, which are due from the non-controlling interest ("NCI") holder of Hexindo, are non-trade in nature, secured by its shares in Hexindo. The amounts due from NCI holder included a loan amount of S\$9,032,000 (31 December 2017: S\$8,822,000, 1 January 2017: S\$9,546,000) with interest rate of 10% per annum and repayable by February 2018. During the year, the Group recorded an impairment of S\$9,195,000 (2017: S\$Nil) for the amounts due from NCI holder.

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Cash call advanced to a former joint venture partner

The amount is non-trade in nature, unsecured, non-interest bearing and expected to be repayable within the next twelve months. During the year, the joint venture partner has farmed out its participating interest in full. The Group recorded an impairment of S\$1,075,000 (2017: S\$Nil) for the cash call advanced to the former joint venture partner.

Advance to a former joint venture partner (non-current)

The advance to a former joint venture partner is non-trade in nature, unsecured and non-interest bearing. It is repayable from the sales proceeds of 60% of the joint venture partner's participating share of crude oil and natural gas. The advance to the former joint venture partner has been classified as non-current, as repayment is not expected to be received within the next 12 months, based on the budgeted oil lifting and sales. The Group recorded an impairment of S\$5,058,000 (2017: S\$Nil) for the advance to made to the former joint venture partner.

Amount due from broker (non-current)

As at 31 December 2018, the Group had recorded S\$3,876,000 as an amount due from broker. The amount due from broker relates to cash which has been placed as collateral with a broker to secure a bank guarantee which has been issued in favour of the Group to apply for the extension of the exploratory permit for West Jambi concession as mentioned in Note 13 to the financial statements. The Group has made full allowance for the amount due from the broker.

Other receivables (non-current)

Other receivables refer to reimbursable Value Added Tax ("VAT") receivable on oil and gas activities which is reimbursable from the Indonesian government upon full recovery of the cost recovery pool, of which S\$1,022,000 relates to West Jambi Block."

The Company's Annual Report 2018 containing the Audited Financial Statements for the financial year ended 31 December 2018 has been uploaded onto SGXNet on 12 June 2019.

By Order of the Board

ENECO ENERGY LIMITED

Aditya Wisnuwardana Seky Soeryadjaya
Chief Executive Officer and Executive Director
13 June 2019