

ENECO ENERGY LIMITED
(the "Company")
(Company registration number 200301668R)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

The Board of Directors ("Board") of the Company refers to the announcement released by the Company via SGXNet on 11 November 2019 in relation to the Company's Unaudited Financial Statements for the Period Ended 30 September 2019.

The Board is pleased to provide the Company's responses to queries raised by SGX-ST in respect of the aforesaid announcement:-

1a. Please explain how the discontinuation of rental management business in May 2018 will continue to affect the rental business segment in the quarter ended 30 September 2019.

RichLand had previously held a head lease on a warehouse property in Bedok. In 2018 due to the unacceptable landlord's renewal terms, management decided that it was no longer viable to continue to operate the building as a Head lease holder.

As such our operations were relocated in April 2018 to a new facility in Tuas.

Hence the rental business was closed in May 2018 and our group results in 2019 reflect no rental income versus 2018.

As this business was closed in 2018 there will be no contribution from the rental segment for the group in 2019.

[The rest of the page is intentionally left blank]

- 1b. Please provide the breakdown for Other Receivables for both current and non-current categories as at 30 September 2019 and as at 31 December 2018 and an explanation for the material variances. Please also provide the Board's assessment as to whether any impairment is required on the carrying value on the Group's Other Receivables and the bases for such an assessment.

Other receivables (Non-current assets)

	30 Sep 19	31 Dec 18	Variance	Material Variances
	S\$'000	S\$'000	S\$'000	
Value Added Tax ("VAT")	5,734	7,190	(1,456)	The decrease was largely due to farmout of Lemang participating interest from 16% to 10%.

Other receivables (current assets)

	30 Sep 19	31 Dec 18	Variance	Material Variances
	S\$'000	S\$'000	S\$'000	
Deposits	553	860	(307)	Largely due to the refund of fitout and security deposits and offset of a deposit against account payables.
Sundry receivables	870	944	(74)	
Disbursement recoverable	32	43	(11)	
Receivable from joint venture partner	4,780	-	4,780	Net receivable from farmout of Lemang 6% participating interest during the year. Refer note 1) below.
	6,235	1,847	(4,388)	

- 1) Receivable from joint venture partner, relates to the net funding balance from the farmout of the 6% participating interest in the Lemang PSC to Mandala. As announced on 14 October 2019, the receivable balance is in dispute with Mandala.
- 2) The Board is of the opinion that there is no need for impairment of the other receivables (current assets) balance.
- 3) Other receivables (non-current assets), this is VAT reimbursable on the Oil and Gas business' upon full recovery of the cost recovery pool. The Board is of the opinion at this point in time that there is no need for impairment of the amount.

1c. Please provide the breakdown for Other Payables for both current and non-current categories and an explanation for the material variances.

Other payables (Non-current liabilities)

	30 Sep 19	31 Dec 18	Variance	Material Variances
	S\$'000	S\$'000	S\$'000	
Advances from joint venture partner	7,686	8,890	(1,204)	Decrease in payable to Mandala via production proceeds in Lemang PSC.
Production bonus	250	242	8	
Sundry payables (Legal claims)	9,045	8,962	83	
Payable to Director	-	743	(743)	Due to reclassification from non-current to current.
Deferred rent payable	-	425	(425)	Reversal upon adoption of SFRS(I) 16 Leases .
	16,981	19,262	(2,281)	

Other payables (current liabilities)

	30 Sep 19	31 Dec 18	Variance	Material Variances
	S\$'000	S\$'000	S\$'000	
Advances from joint venture partner	200	558	(358)	Decrease in payable to joint venture partner.
Cash calls advanced from joint venture partner	-	3,668	(3,668)	Offset as a result of the farmout completion of Lemang PSC 6% participating interest to Mandala.
Accrued salaries & benefits (include payable to a Director)	3,873	3,518	355	Largely reclassification from non-current to current partially offset by the payment of employee 13 month salary.
Sundry payables	4,531	3,741	790	Largely accrual for interest on borrowings, partially offset by settlement of sundry payables.
Security deposits from tenants	8	8	-	
	8,612	11,493	(2,881)	

- 1d. Please provide an explanation for the increase in the Group's borrowings from S\$16.5 million as at 31 December 2018 to S\$27.9 million as at 30 September 2019.**

The Group's borrowings comprises of both lease liabilities and loans and borrowings.

As mentioned in Note 8 of the Group Balance Sheet Review in our Q3 19 results announcement the Group has now recorded its lease liabilities of S\$3.7 million in current liabilities and S\$7.5 million in non-current liabilities, in accordance with SFRS(I) 16 *Leases* which came into effect on 1 January 2019. This represents the majority of this movement.

There has been no increase in borrowings.

By Order of the Board
ENECO ENERGY LIMITED

Colin Peter Moran
Executive Director cum Chief Executive Officer
22 November 2019