

## Appendix 4D

### Energy World Corporation Ltd and Controlled Entities ABN 34 009 124 994

**Half year ended: 31 December 2019**

**Previous corresponding reporting period: 31 December 2018**

This information should be read in conjunction with the 30 June 2019 Annual Report.

<b>Results for announcement to the market</b>			
			<b>US\$'000</b>
Revenue from ordinary activities	Up	27.5 %	to 86,868
Profit before tax	Up	56.94%	to 23,653
Profit after income tax expense for the period attributable to members	up	79.5%	to 11,374
<b>Dividends (distributions)</b>		Amount per security	Franked amount per security
Interim dividend		Nil	Nil
Previous corresponding period		Nil	Nil
Record date for determining entitlements to the dividend			N/A
<b>Commentary on the results for the period</b>			
The commentary on the results of the period is contained in the Directors Report included in the Half Year Financial Report.			

	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
<b>Net Tangible Asset Backing</b>		
Net tangible asset backing per ordinary security	<b>35.68 cents</b>	34.12 cents

#### **Loss of control over entities**

Control gained or lost over entities during the year: None

#### **Details of associates and joint venture entities**

Please see the Annual Report 2019 for details regarding joint venture entities.

#### **Foreign entities**

Origin of accounting standards for foreign entities used in compiling the report: Not Applicable.

#### **Audit qualification or review**

The accounts were subject to a review by the auditors and the review report is attached.

#### **Attachments**

The Report for the half-year ended 31 December 2019 for Energy World Corporation Ltd is attached.

# **Energy World Corporation Ltd**

**ABN 34 009 124 994**

Interim financial statements

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**31 December 2019**

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Energy World Corporation Ltd and its Controlled Entities  
For the Half Year Ended 31 December 2019

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# Company Information

Energy World Corporation Ltd and its Controlled Entities  
For the Half Year Ended 31 December 2019

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## Company Information

<b>DIRECTORS</b>	Mr. S.W.G. Elliott Mr. B.J. Allen Mr. G.S. Elliott Mr. M.P. O'Neill Mr. L.J. Charles Mr. W. Mandrawa Mr. K.P. Wong	Chairman, Managing Director and Chief Executive Officer Executive Director and Finance Director Executive Director and Company Secretary Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director (resigned 24 February 2020) Non-Executive Director
<b>COMPANY SECRETARY</b>	Mr. G.S. Elliott	
<b>REGISTERED AND SYDNEY OFFICE</b>	9A, Seaforth Crescent Seaforth, NSW 2092 AUSTRALIA Telephone: (61-2) 9247 6888 Facsimile : (61-2) 9247 6100	
<b>HONG KONG OFFICE</b>	Suite 08, 48 <sup>th</sup> Floor Sun Hung Kai Centre 30 Harbour Road HONG KONG Telephone: (852) 2528 0082 Facsimile : (852) 2528 0966	
<b>AUDITORS</b>	Ernst & Young 200 George Street Sydney, NSW 2000 AUSTRALIA	<b>SHARE REGISTRY</b> Computershare Registry Services Pty Ltd Level 4, 60 Carrington Street, Sydney, NSW 2000 AUSTRALIA
<b>LEGAL ADVISORS</b>	Hogan Lovells 11/F One Pacific Place 88 Queensway HONG KONG  Clayton Utz Level 15 1 Bligh Street Sydney NSW 2000 AUSTRALIA	<b>BANKERS</b> Mizuho Corporate Bank, Ltd. 17 <sup>th</sup> Floor, Two Pacific Place 88 Queensway HONG KONG  The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central HONG KONG  Standard Chartered Bank Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong
<b>EMAIL</b>	<a href="mailto:188ew@optusnet.com.au">188ew@optusnet.com.au</a>	
<b>LISTED ON THE AUSTRALIAN STOCK EXCHANGE</b>		<b>CODE</b> EWC
<b>AUSTRALIAN BUSINESS NUMBER</b>	34 009 124 994	

Energy World Corporation Ltd, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

## Directors' Report

The Directors present their report together with the financial report of Energy World Corporation Ltd ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the half year ended 31 December 2019.

### Directors

The Directors of the Company at any time during or since the end of the half year are:

Mr. S.W.G. Elliott	Chairman, Managing Director and Chief Executive Officer
Mr. B.J. Allen	Executive Director and Finance Director
Mr. G.S. Elliott	Executive Director and Company Secretary
Mr. M.P. O'Neill	Independent Non-Executive Director
Mr. L.J. Charles	Independent Non-Executive Director
Mr. W. Mandrawa	Non-Executive Director (Resigned 24 <sup>th</sup> February 2020)
Mr. K.P. Wong	Non-Executive Director

### Overview

We are an independent energy company primarily engaged in the production and sale of power and natural gas and we are expanding into liquefied natural gas (LNG). Our strategy is to become a leader in modular LNG development and the operator of a vertically integrated clean energy supply chain delivering power, natural gas and LNG throughout the Asia Pacific region.

The consolidated entity's principal activities during the course of the financial year were:

- development, design, construction, operation and maintenance of power stations;
- development of liquefied natural gas, design, construction, operation and maintenance of LNG plants and road transport of LNG, and design and development of LNG receiving terminals; and
- exploration, development and production of gas and oil, design, construction, operation and maintenance of gas, processing plants and gas pipelines.

Our existing assets comprise:

- a 95% interest in the Sengkang Combined Cycle Power Plant (Block 1 and Block 2) in Indonesia;
- a 100% interest in the Sengkang Gas Field in Indonesia;
- a 100% interest in the Alice Springs Power Plant which is not currently in production;
- a 100% interest in the Alice Springs LNG Facility located at Alice Springs, Australia, which is not currently in production; and
- a 100% interest in the Eromanga Gas Field, Gilmore Gas Field and Vernon Gas Fields for which we have commenced a process to restart production.

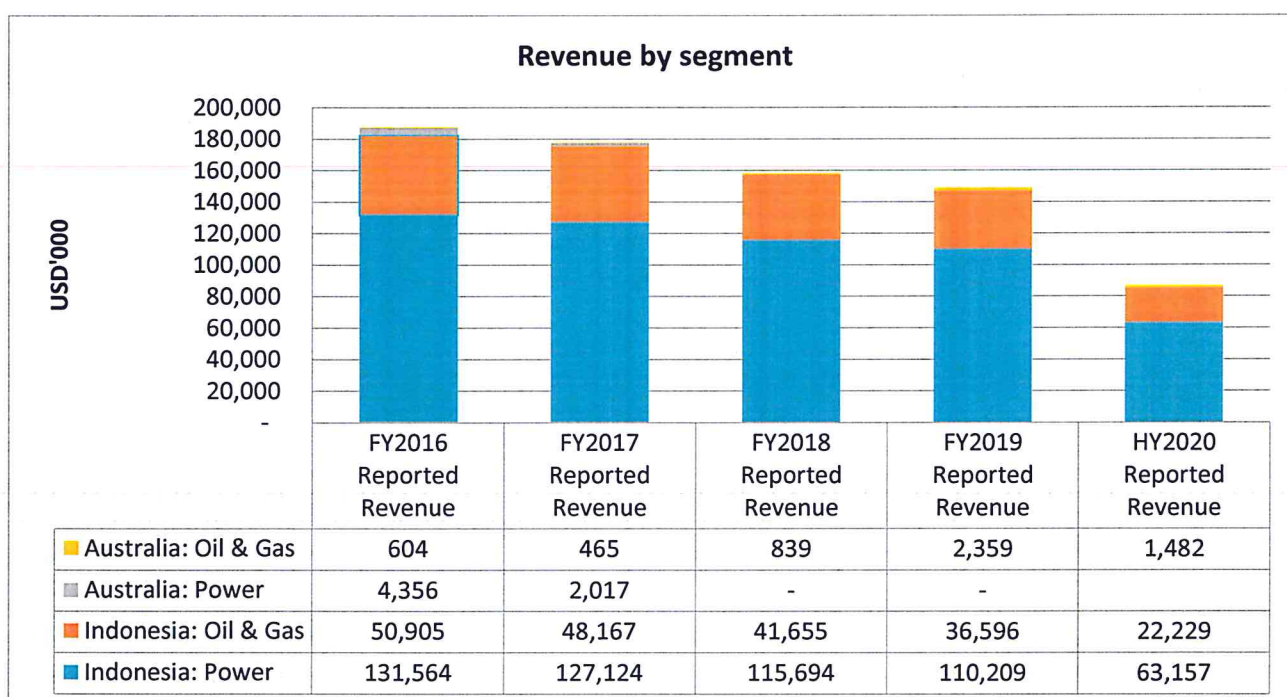
Our projects which are under development comprise:

- a 100% interest in the Sengkang LNG Project in Indonesia;
- a 100% interest in the Gilmore LNG Project in Gilmore, Australia;
- a 100% interest in the Philippines LNG Hub in Pagbilao, Philippines; and
- a 100% interest in the Philippines Power Plant, in Pagbilao, Philippines.
- a 33.33% interest in the PEL 96 joint venture

## Review and Results of Operations

### REVENUE BY SEGMENT

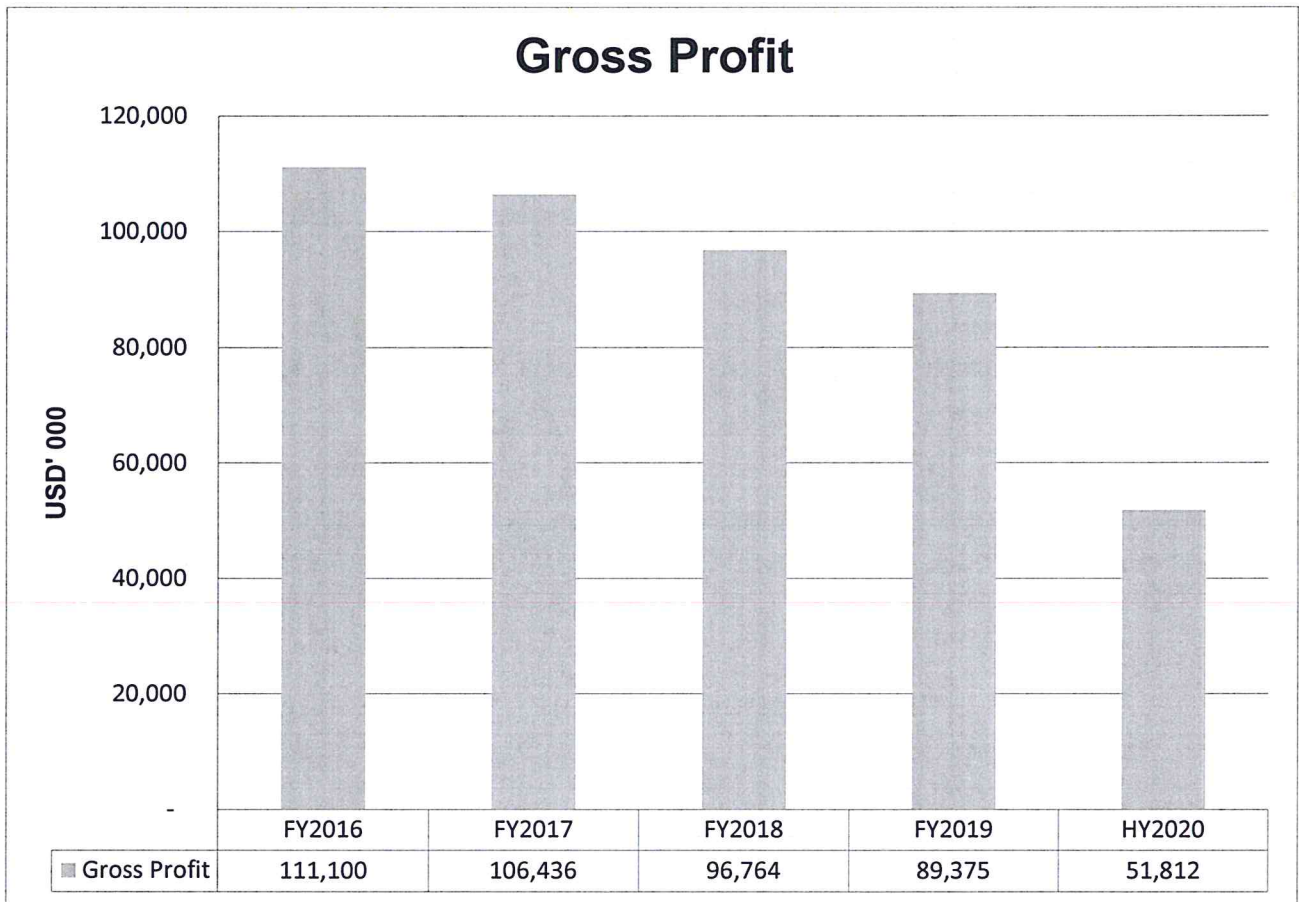
Revenue for the consolidated group for the six months period was \$86.9 million which extrapolates to \$173.8 million for the full year, a 16.5% increase from the revenue in FY19 of \$149.2 million.



- Indonesia Gas: Increase due to higher volumes delivered MMBTU when compared against FY19 volumes (MMBTU). Increased volume were as a result of new compressors installed and now operational.
- Indonesia Power : Increased as a result of increase in the availability of gas from Kampung Baru.
- Australia Gas & Oil: Increase by 25.6%

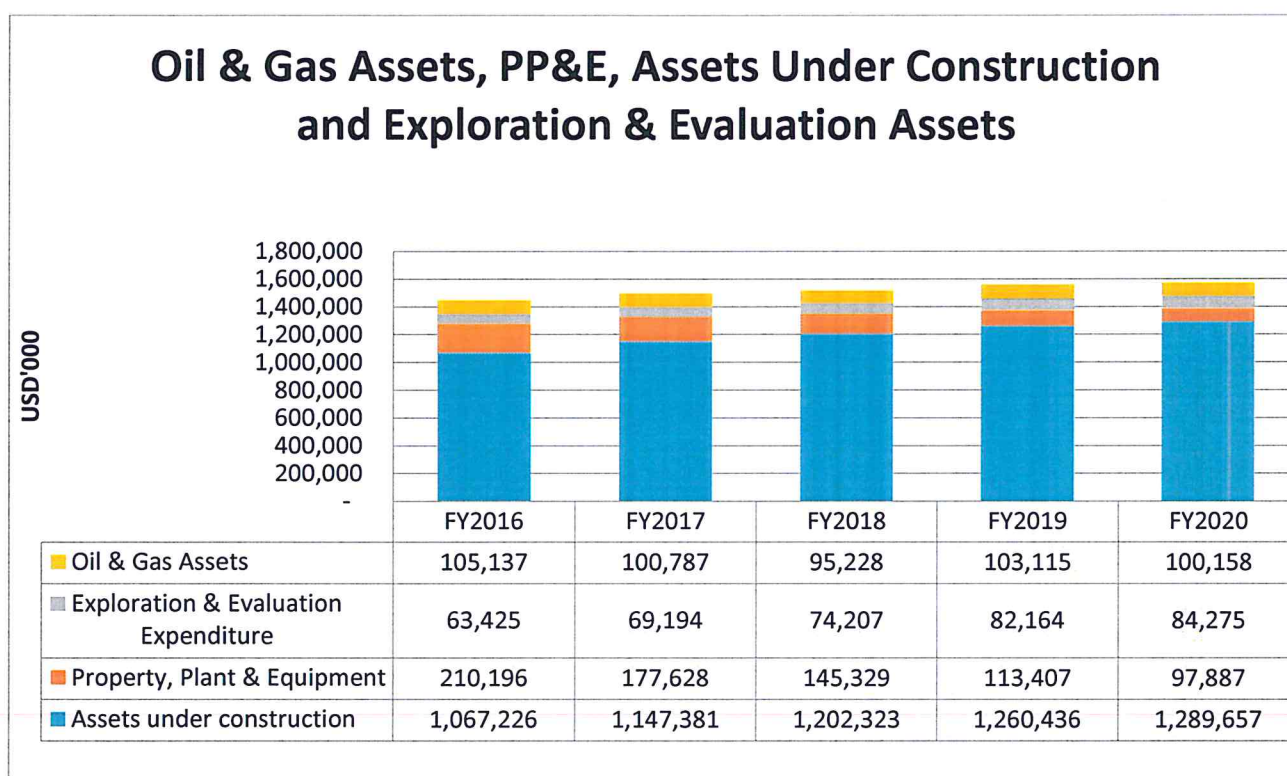
## GROSS PROFIT

Gross profit for the consolidated group for the six month period was \$51.8 million. Extrapolated to \$103.6 million for a full year.



Gross profit as a percentage of revenue for HY20 is 59.6%, which is consistent with FY19 of 60%.

**OIL & GAS ASSETS, PP&E, ASSETS UNDER CONSTRUCTION and EXPLORATION & EVALUATION ASSETS**



Assets under construction has increased by \$29.2 million as a result of:

- Sengkang LNG: Additions of \$10.7 million, primarily relating to interest costs.
- Philippines Power Project: \$14.7 million of additions related to construction progress and interest costs.
- Philippines LNG hub terminal: \$3.1 million of additions related to construction progress and interest costs.
- Gilmore LNG Project: Additions of \$0.7 million pertaining to construction progress and interest costs.

The remainder of the increase relates small additions to other projects within the group.



## Corporate Review

We have filed proceedings in the Supreme Court of New South Wales seeking declaratory relief against Standard Chartered Private Equity (Singapore) Limited (“SCPE”) and Augusta Investment I Pte Limited in relation to the transfer of the SCPE US\$50m note that was issued in October 2018 (the “Notes”). These proceedings are scheduled for case management hearing on 6<sup>th</sup> March 2020.

This follows receipt of transfer documents from another entity, Affirma Capital Management (Singapore) Limited, which were incorrectly presented, and then the subsequent receipt of another set of transfer documents from SCPE; thus leading to multiple and conflicting demands.

It is our obligation to ensure that transfers of a valuable financial instrument are conducted in accordance with the requirements of the Notes and standards of professionalism expected for a financial transaction to ensure that the rights of all parties are observed. Under the Note documents we are entitled to receive information to ascertain if the transfer is being made in accordance with the requirements of the Notes. This information has not been forthcoming at this stage, so no transfer of the Notes has been registered by EWC, and EWC is not presently able to identify which, if any, party is entitled to payment under the Notes.

## Project Review

### Australia

During the half year we progressed the Eromanga gas processing plant, pipelines and well refurbishment program as follows:

- Pipelines from PL 115, PL 116 and PL 117 have been inspected and pressure tested, valves have been serviced. All pipelines are in good order without leaks or any material issues.
- Well head integrity tests have been completed. This resulted in flowing gas to surface in all 4 wells in PL 115, PL 116 and PL 117 as outlined in the table below. Strong gas pressure was observed, providing encouraging signs for gas production from these wells without the need for any well workovers at this stage.

Lease Area	Well Name	Well Head Pressure (KPA)	Well Head Pressure (Psi)
PL 115	Bunya 1	15,600	2,262
PL 115	Bunya 2	11,400	1,653
PL 116	Cocos	15,200	2,204
PL 117	Vernon	16,000	2,320

- We have continued to inspect and service individual components of the Processing Plant in preparation as part of the pre-commissioning phase.
- We have advanced discussions on identifying potential gas offtakers seeking to source supply.

We were provided with an additional A\$85,000 under the Australian Governments Gas Acceleration Program, bringing the total funds received under this program up to \$1.9m. The final \$100,000 will only be payable on completion of all milestones.

We submitted applications to renew the permits for PL 115 and PL 116 which were due to expire on 29 September 2019. We have recently received approval from the Department of Natural Resources Mines and Energy (“DNRME”) for a 7 year extension of these permits. We have notified DNRME that we accept their approval and documentation to conclude the renewal of these permits is in process.

For PL 117 we are still in the process of affecting the transfer of this permit, and also expect we will be granted with a 7 year extension upon the approval of the transfer by the DNRME.

PEL 96 – Australian Gas Fields and Strike Energy are in the process of renewing the Exploration Licence for PEL 96 for a further period from 13<sup>th</sup> November 2019 to 12<sup>th</sup> November 2024.

The application for PL1030-PL1033 are still progressing through the approval process. We are currently working with the DRME on the issues raised.

## Indonesia

As previously advised EEES has already contracted with SKKMigas and has been formally granted an extension of the Sengkang PSC until 22 October 2042. Conditions linked to the potential transfer of partial ownership of the Sengkang PSC to an approved third party cannot be finalised until the existing bank loan extended to EEES has been fully repaid in 2022. This is because under the conditions of the loan no financial benefit can accrue to the approved third party until the loan has been fully repaid.

With regard to our SSLNG project; The Ministry of Forestry, through its pantology department, has recently appointed a team to commence the remapping of the land and to review all historical land documentation. We have mentioned on many occasions, we have built the plant on industrial land, consistent with the documentation that we possess. We remain of the view that in the near future, a positive resolution will be reached.

This issue has delayed the project development and construction, as well as the project financing and the conditions required to be concluded with PLN for the initial offtake of LNG from the plant. However, once it is resolved, we can recommence our project development and commercial discussions.

## Philippines

Our LNG Hub terminal was awarded certification as an Energy Project of National Significance in the Philippines. This certification confirmed the continued support from the Department of Energy (“DOE”) at the highest levels, who had previously awarded our 650 MW power station the same certification. This allows both projects to benefit from the specific provisions of Executive Order 30, introduced by President Duterte, to support important energy projects.

We have received a no objection letter from PSALM to our utilising of the existing right of way of the 69kV transmission line as part of the easement and this is assisting the land acquisition programme that we are undertaking for our transmission line.

We continue to work closely with the Department of Energy (“DOE”) and other relevant parties to bring the power plant and related LNG Hub developments into full commercial operation.

## Auditor’s Independence Declaration

A Copy of the auditor’s independence as required under section 307C of the Corporations Act 2001 is set out on Page 11.

## Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Corporations Instrument, amounts in the financial report and Directors’ report have been rounded to the nearest thousand dollars unless otherwise stated.

## Auditor

Ernst & Young continue in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors:



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**Brian Jeffrey Allen**  
Director

Dated 28 February 2020



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## Auditor's Independence Declaration to the Directors of Energy World Corporation Ltd

As lead auditor for the review of the half-year financial report of Energy World Corporation Ltd for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Energy World Corporation Ltd and the entities it controlled during the financial period.

Ernst & Young

Ryan Fisk  
Partner  
Sydney  
28 February 2020

**Energy World Corporation Ltd and its Controlled Entities**  
**Interim Consolidated Statement of Comprehensive Income**  
For the Half Year Ended 31 December 2019

	Note	31 Dec 2019 US\$'000s	31 Dec 2018 US\$'000s
Sales revenue	3	86,868	68,141
Cost of sales		(35,056)	(25,134)
<b>Gross profit</b>		<b>51,812</b>	<b>43,007</b>
Other income		139	-
Depreciation and amortisation expenses	4	(19,249)	(18,507)
Other expenses		(7,827)	(9,019)
<b>Profit from operating activities</b>		<b>24,875</b>	<b>15,481</b>
Finance income	5	144	153
Finance expenses	5	(352)	(147)
<b>Net financing income / (expenses)</b>		<b>(208)</b>	<b>6</b>
Foreign currency exchange gain / (loss)		(1,014)	(416)
<b>Profit before related income tax expense</b>		<b>23,653</b>	<b>15,071</b>
Income tax expense		(11,417)	(8,475)
<b>Net profit for the period</b>		<b>12,236</b>	<b>6,596</b>
Profit for the period attributable to:			
Non-controlling interests		862	260
Owners of the parent		11,374	6,336
		<b>12,236</b>	<b>6,596</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share attributable to ordinary equity holders	13	0.63	0.35
Diluted earnings per share attributable to ordinary equity holders	13	0.60	0.33
<b>Net profit for the period</b>		<b>12,236</b>	<b>6,596</b>
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial (loss) / gains on defined benefit plans		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net gain / (loss) on cash flow hedges		-	(349)
Asset Revaluation		699	
Exchange differences on translation of foreign operations		39	(770)
Other comprehensive income for the period, net of tax		738	5,477
<b>Total comprehensive income for the period</b>		<b>12,974</b>	<b>5,477</b>
Total comprehensive income for the period attributable to:			
Non-controlling interests		862	274
Owners of the parent		12,112	5,203
		<b>12,974</b>	<b>5,477</b>

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

**Energy World Corporation Ltd and its Controlled Entities**  
**Interim Consolidated Statement of Financial Position**  
**As at 31 December 2019**

		31 Dec 2019	30 June 2019
	Note	US\$'000s	US\$'000s
<b>Current Assets</b>			
Cash assets		5,922	7,012
Cash held in reserve accounts	7	71,093	67,457
Trade and other receivables	8	33,463	30,892
Hedging Assets		-	78
Inventories		658	659
Prepayment		2,990	3,713
<b>Total Current Assets</b>		<b>114,126</b>	<b>109,811</b>
<b>Non-current Assets</b>			
Investment		834	-
Trade and other receivables		1,858	-
Prepayment		4,027	3,587
Hedging Asset		57	33
Oil and gas assets	16	100,158	103,115
Exploration and evaluation expenditure		84,275	82,164
Property, plant and equipment	9	1,387,656	1,373,843
Right-of-use assets		7,650	-
Lease assets		-	4,316
<b>Total Non-Current Assets</b>		<b>1,586,515</b>	<b>1,567,058</b>
<b>TOTAL ASSETS</b>		<b>1,700,641</b>	<b>1,676,869</b>
<b>Current Liabilities</b>			
Trade and other payables		58,216	59,966
Trade and other payables – related parties		16,050	10,940
Income tax payable		21,282	22,321
Interest-bearing borrowings	10	167,454	161,441
Leased Liabilities		1,630	1,332
Provisions		245	349
<b>Total Current Liabilities</b>		<b>264,877</b>	<b>256,349</b>
<b>Non-current Liabilities</b>			
Trade and other payables		463	463
Trade and other payable – related parties		110,470	91,953
Interest-bearing borrowings	10	537,644	554,789
Hedging Liabilities		-	-
Leased Liabilities		5,195	2,310
Deferred tax liabilities		21,515	24,617
Provisions		18,853	17,738
<b>Total Non-Current Liabilities</b>		<b>694,140</b>	<b>691,870</b>
<b>TOTAL LIABILITIES</b>		<b>959,017</b>	<b>948,219</b>
<b>NET ASSETS</b>		<b>741,624</b>	<b>728,650</b>
<b>EQUITY</b>			
Issued capital	11	492,733	492,733
Other reserves		17,156	16,270
Retained earnings		216,847	205,473
Equity attributable to owners of the parent		726,736	714,476
Non-controlling interests		14,888	14,174
<b>TOTAL EQUITY</b>		<b>741,624</b>	<b>728,650</b>

The statement of financial position is to be read in conjunction with notes to the financial statements.

**Energy World Corporation Ltd and its Controlled Entities**  
Interim Consolidated Statement of Changes in Equity  
**For the Half Year Ended 31 December 2019**

	Issued capital US\$'000s	Other Reserve US\$'000s	Retained earnings Restated US\$'000s	Owners of the Parent US\$'000s	Non-controlling interest US\$'000s	Total equity Restated US\$'000s
Balance at 1 July 2019	492,733	16,270	205,473	714,476	14,174	728,650
Profit for the period			11,374	11,374	862	12,236
Other comprehensive income/ (loss)		886		886	(148)	738
Total comprehensive income for the half year		886	11,374	12,260	714	12,974
Balance at 31 December 2019	492,733	17,156	216,847	726,736	14,888	741,624
Balance at 1 July 2018	492,733	15,975	177,166	685,874	13,155	699,029
Profit for the period	-	(3,019)	28,307	28,307	1,050	29,357
Other comprehensive income/ (loss)				(3,019)	(31)	(3,050)
Total comprehensive income for the year		(3,019)	28,307	25,288	1,016	26,307
Issue of Warrant		3,314		3,314	-	3,314
Balance at 30 June 2019	492,733	16,270	205,473	714,476	14,174	728,650

The statement of changes in equity is to be read in conjunction with the notes to the financial statement.

**Energy World Corporation Ltd and its Controlled Entities**  
**Interim Consolidated Statement of Cash Flows**  
**For the Half Year Ended 31 December 2019**

	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	US\$'000s	US\$'000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipt from customers	83,130	69,980
Payment to suppliers & employees	(49,175)	(51,507)
Income tax paid	(12,456)	(11,455)
Interest received/(paid)	(352)	226
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>21,147</b>	<b>7,244</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(940)	(2,116)
Payments for oil and gas assets	24	(1,990)
Payments for exploration and development expenditure	(463)	(1,107)
Interest paid	(4,378)	(5,610)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,757)</b>	<b>(10,823)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Transfer to restricted deposits and reserve accounts	(4,076)	(1,695)
Borrowing transaction costs	(657)	(1,000)
Proceeds from borrowings	-	50,000
Repayment of borrowings	(11,429)	(56,135)
Proceeds from borrowings - related parties	-	12,490
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(16,162)</b>	<b>3,660</b>
<b>NET (DECREASE) / INCREASE IN CASH HELD</b>	<b>(772)</b>	<b>81</b>
Cash at the beginning of the financial period	7,011	4,222
Net foreign exchange differences	(317)	(73)
<b>Cash at the end of the financial period</b>	<b>5,922</b>	<b>4,230</b>

The statement of cash flows is read in conjunction with the accompanying notes.

## **Notes to the Interim Consolidated Financial Statement**

### **1. CORPORATE INFORMATION**

The interim financial statements of the consolidated entity (“the Group”) for the half year ended 31 December 2019 were authorised for issue on 28 February 2020 in accordance with a resolution of the directors. Energy World Corporation Ltd is a company incorporated and domiciled in Australia and limited by shares, which are publically traded on the Australian and OTCQX Stock Exchanges.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of Preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Energy World Corporation during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year.

Energy World Corporation has adopted all mandatory applicable Australian Accounting Standards and AASB interpretations as of 1 July 2019.

The financial report is presented in United States Dollars and is prepared on the historical cost basis except for derivative financial instruments that have been measured at fair value. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Corporations Instrument 2016/191. The company is an entity to which the class order applies.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Going Concern

As at 31 December 2019 the Group's consolidated balance sheet shows a net current liability position of \$150.8 million. This net liability position is primarily the result of the various debt arrangements that are in technical breach at 31 December 2019 as described in Note 10. The risk associated with the Group's ability to repay these amounts if the debt providers were to demand repayments indicates a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Outlined below are the key factors the Group has considered when assessing the ability of the Group to continue as a going concern.

EWC continues to progress other sources of funding to complete the projects under development and to provide working capital to the Company.

The directors are confident we will successfully negotiate the various debt assumptions and will secure the required levels of funding at the appropriate time to successfully progress and complete the projects and that EWI and Slipform will continue to support the Company.

On this basis, the Directors are of the opinion that the Company can continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not therefore include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

### (c) New accounting standards and interpretations

#### (i) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards and amendments, which are effective from 1 July 2019 for the Group:

AASB 16 Leases was applicable to the Group effective 1 July 2019 and has superseded all current lease requirements under Australian Accounting Standards. The Company has concluded its assessment of the impact upon adoption of AASB 16 which is detailed as follows:

#### A. The accounting policies after 1 July 2019.

Group as a lessee, except for leases, that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

The Group applies AASB 136 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New accounting standards and interpretations (Continued)

(i) Changes in accounting policy and disclosures (Continued)

B. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in AASB 16. Instead, the Group recognizes the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying AASB 117, the Group has applied the modified retrospective approach by using AASB16.C8(b)(ii) in adopting the new standard, resulting in the adjustment of the opening retained earnings for the difference in profit and loss that would have been recorded in previous periods under the new standard.

On 1 July 2019, the Group's right-of-use asset and lease liability increased by US\$3,365k and US\$3,365k, respectively.

In accordance with the transition provision in AASB 16, the Group used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

- i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- ii. Rely on its assessment of whether leases are onerous immediately before 1 July 2019 as an alternative to performing an impairment review.
- iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of 1 July 2019.
- iv. Exclude initial direct costs from the measurement of the right-of-use asset on 1 July 2019.
- v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

b) Leases previously classified as finance leases

For leases that were previously classified as finance leases applying AASB 117, the Group reclassified the lease asset of US\$4,316k and the lease payable of US\$3,642k as measured by AASB 117 to the right-of-use asset and the lease liability, respectively, on 1 July 2019.

c) As at 1 July 2019, the impacts arising from the adoption of AASB 16 are summarised as follows:

- i. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on 1 July 2019 were 7%.
- ii. An explanation of any difference between: 1) operating lease commitments applying AASB 117 as at 30 June 2019, discounted using the incremental borrowing rate on 1 July 2019; and 2) lease liabilities recognized in the balance sheet as at 1 July 2019.

Operating lease commitments applying AASB 117 as at 30 June 2019	\$1,976
Other leases identified (Including the options to extend the lease that is reasonably certain to exercise \$8,798k)	12,972
Gross lease liabilities at 1 July 2019	14,948
Discounting effect using the incremental borrowing rate on 1 July 2019	(11,583)
Add: Lease previously classified as finance lease	3,642
The carrying value of lease liabilities recognized as at 1 July 2019	<u>\$7,007</u>

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(d) Fair value**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Cash, short-term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

(ii) Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates and the risk characteristics of the financed project.

(iii) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include forward swap models, using present value calculations. The models incorporate various inputs including the interest rate curves of the underlying commodity.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

For the half year ended 31 December 2019, the Group held no financial instruments with the characteristics of level 1 and level 3 financial instruments described above.

The Group holds derivative financial instruments (interest rate swaps) to hedge its risks associated with interest rate fluctuations with the characteristics of level 2. For these financial instruments not quoted in active markets, the Group uses valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

During the reporting period ended 31 December 2019 and 30 June 2019, there were no transfers between level 1 and level 2 fair value measurements.

The fair value of financial assets and financial liabilities approximate their carrying value.

## **3. OPERATING SEGMENTS**

### **(a) Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on geographic locations in which the Group operates, and the nature of the activity performed by the Group. The Group has determined that it has five operating segments, being: oil and gas in Australia, power in Australia, oil and gas in Indonesia, power in Indonesia and project development. While project developments are based in different geographic locations, they are of the same nature of activity, which is assets under construction that are not yet operating. As these assets are not yet operating, they are more alike and suited to aggregation with one another than to the existing operating segments.

Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or the future products to be produced, as these are the sources of the Group's major risks and have the most effect on the rates of return.

**3. OPERATING SEGMENTS (Continued)**

**(b) Identification of reportable segments (Continued)**

The accounting policies used by the Group in reporting segments internally are the same as those contained in this interim financial statements and the annual financial report for the year ended 30 June 2019.

**Energy World Corporation Ltd and its Controlled Entities**  
**Notes to the Interim Consolidated Financial Statements**  
**For the Half Year Ended 31 December 2019**

**3. OPERATING SEGMENT (CONTINUED)**

**(c) Segment revenue, expenses and assets**

All revenues are derived from external customers.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

	<u>Australia</u>			<u>Indonesia</u>			<u>Total</u>					
	<u>Oil &amp; Gas</u>		<u>Power</u>	<u>Oil &amp; Gas</u>		<u>Power</u>	<u>Project development</u>					
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19			
Sales revenue	1,482	670	-	-	22,229	16,896	63,157	50,576	-	86,868	68,141	
<b>Result</b>												
Segment result	1,044	533	-	-	13,562	10,675	31,229	25,425	-	45,835	36,633	
Depreciation and amortisation	(150)	(387)	(86)	(96)	(3,010)	(2,123)	(16,003)	(15,901)	-	(19,249)	(18,507)	
Net financing cost										(208)	6	
Unallocated corporate result										(1,711)	(2,645)	
Foreign currency exchange gain										(1,014)	(416)	
Profit before income tax										23,653	15,071	
Income tax expense										(11,417)	(8,475)	
Profit after income tax										12,236	6,596	
Non-Controlling interest										(862)	(260)	
Net profit attributable to owners of the parent										11,374	6,336	
	31 Dec 19	30 Jun 19	31 Dec 19	30 Jun 19	31 Dec 19	30 Jun 19	31 Dec 19	30 Jun 19	31 Dec 19	30 Jun 19	31 Dec 19	30 Jun 19
	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s
Current assets	2,475	1,152	16	26	6,571	11,035	47,743	42,142	85	105	56,890	54,459
Segment assets	74,971	70,647	2,162	2,244	135,490	126,626	134,911	144,790	1,293,028	1,263,851	1,640,562	1,608,157
Segment liabilities	(7,782)	(7,267)	(68)	(72)	(97,819)	(34,028)	(59,247)	(24,108)	(511,133)	(681,286)	(676,050)	(746,761)

3. OPERATING SEGMENT (CONTINUED)

(d) Segment assets and liabilities reconciliation to the statement of financial position

Reconciliation of segment operating assets to total assets:

	31 Dec 2019	30 Jun 2019
	US\$'000	US\$'000
Segment operating assets	1,640,562	1,608,158
Current corporate assets	3,814	1,709
Non-current cash held in reserve accounts	51,189	51,194
Non-current prepayments and other	5,076	15,809
<b>Total assets recorded in the statement of financial position</b>	<b>1,700,641</b>	<b>1,676,869</b>

Reconciliation of segment operating liabilities to total liabilities:

	31 Dec 2019	30 Jun 2019
	US\$'000	US\$'000
Segment operating liabilities	676,050	746,761
Deferred tax liabilities	21,515	24,617
Interest-bearing borrowings	190,983	168,024
Provisions and Other	70,469	8,817
<b>Total liabilities recorded in the statement of financial position</b>	<b>959,017</b>	<b>948,219</b>

**Energy World Corporation Ltd and its Controlled Entities**  
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	<b>31 Dec 2019</b>	31 Dec 2018
	<b>US\$'000s</b>	US\$'000s
<b>4. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of property, plant and equipment	<b>(16,207)</b>	(16,383)
Depreciation and amortisation of oil and gas assets	<b>(3,042)</b>	(2,124)
	<b>(19,249)</b>	(18,507)
<b>5. FINANCIAL INCOME AND EXPENSE</b>		
Interest income – cash at bank and term deposits	<b>144</b>	153
Finance costs *	<b>(352)</b>	(147)
	<b>(208)</b>	6

\* Finance costs for the current period are \$28.7m (31 Dec 2018: \$27.3m) of which \$28.3m (31 Dec 2018: \$27.2m) has been capitalised in assets under construction.

**6. INCOME TAX**

A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:

	<b>31 Dec 2019</b>	31 Dec 2018
	<b>US\$'000s</b>	US\$'000s
Accounting profit before tax	<b>23,653</b>	15,071
Prima facie tax expense at the Parent's statutory rate of 30% (31 December 2018: 30%)	<b>(7,096)</b>	(4,521)
<i>Decrease / (increase) in tax expense due to:</i>		
Difference in tax rates	<b>(1,166)</b>	(655)
Non-deductible expenses / non-assessable income	<b>(2,864)</b>	(3,479)
Temporary differences brought to account, including foreign exchange impact	<b>478</b>	1,355
Tax losses not brought into account	<b>(1,543)</b>	(1,648)
Other	<b>774</b>	473
	<b>(11,417)</b>	(8,475)

	31 Dec 2019 US\$'000s	30 Jun 2019 US\$'000s
<b>7. CASH HELD IN RESERVE ACCOUNTS</b>		
Cash held in reserve accounts – current	71,093	67,457
	<b>71,093</b>	<b>67,457</b>

As at 31 December 2019, cash of \$71.1 million was held in reserve accounts for the following purpose.

- \$51.0 million as security for payment to HSBC of the corporate facility
- \$19.7 million as Debt Service Accrual and Debt Service Reserve Sub Accounts and Surplus Fund Account for PT Energi Sengkang
- \$0.2 million as Security Deposits made by Energy World Corporation Ltd (\$0.04 million); Australian Gasfields Limited (\$0.09 million); Central Energy Australia Pty Ltd. (\$0.06 million)
- \$0.1 million as Security Deposits made by Energy World Gas Operations Philippines Inc.
- \$0.1 million as Security Deposits made by Energy Equity Epic (Sengkang) Pty Ltd

As at 30 June 2019, cash of \$67.4 million is held in reserve accounts for the following purpose.

- \$51.0 million as security for payment to HSBC of the corporate facility (Note 20(f))
- \$13.0 million as Debt Service Accrual Account, Debt Service Reserve Account and Surplus Fund Account for PT Energi Sengkang (Note 20(d))
- \$0.2 million as Security Deposits made by Energy World Corporation Ltd (\$0.04 million); Australian Gasfields Limited (\$0.09 million); Central Energy Australia Pty Ltd. (\$0.06 million) and Energy Equity Epic (Sengkang) Pty Ltd (\$0.06 million)
- \$0.1 million as Security Deposits made by Energy World Gas Operations Philippines Inc. (Note 20(h))
- \$3.1 million as Security Deposits made by Energy Equity Epic (Sengkang) Pty Ltd

**8. TRADE AND OTHER RECEIVABLES**

	31 Dec 2019 US\$'000s	30 Jun 2019 US\$'000s
<b>Current</b>		
Trade receivables	29,313	26,524
Sundry debtors	4,150	4,368
	<b>33,463</b>	<b>30,892</b>



10. INTEREST-BEARING LIABILITIES

		31 Dec 2019	30 Jun 2019
		US\$'000s	US\$'000s
<b>Current</b>			
PTES US\$200 million with Development Finance Institutions	(b)	10,719	10,639
EEES US\$125 million Secured Borrowing Base Facility with Standard Chartered Bank and Mizuho Corporate Bank	(c)	58,725	63,225
US\$51 million Revolving Loan Facility Agreement with The Hong Kong and Shanghai Banking Corporation Limited	(d)	50,823	50,813
LNG Hub Corporate Notes	(e)	24,687	26,764
US\$50 million Subscription Agreement with Standard Chartered Private Equity (Singapore) Pte. Ltd.	(f)	22,500	10,000
<b>Total current</b>		<b>167,454</b>	<b>161,441</b>
<b>Non-current</b>			
PTES US\$200 million with Development Finance Institutions.	(b)	10,205	15,833
Slipform US\$432 million Term Loan	(g)	446,759	446,739
US\$50 million Subscription Agreement with Standard Chartered Private Equity (Singapore) Pte. Ltd	(f)	20,249	31,922
EWI US\$45 million Facility (Maturity date 1 January 2022)	(h)	44,578	44,472
EWI US\$10 million Facility (Maturity date 1 January 2022)	(i)	3,300	3,300
EWI US\$5 million Facility (Maturity date 1 January 2022)	(j)	4,691	4,675
EWI US\$6 million Facility (Maturity date 1 January 2022)	(k)	5,893	5,887
EWI US\$ 2million Facility (Maturity date 1 January 2022)	(l)	1,969	1,961
<b>Total non-current</b>		<b>537,644</b>	<b>554,789</b>
<b>Total interest-bearing liabilities</b>		<b>705,098</b>	<b>716,230</b>

(a) Assets Pledged as Security

The assets and the shares of the entities PT. Energi Sengkang (Indonesian Power) and Energy Equity Epic (Sengkang) Pty. Ltd. (Indonesian Oil & Gas) are pledged as security to the consolidated entities. The form of security is a floating charge over the aforementioned entity assets. There are no specific conditions on value of assets pledged.

(b) Sengkang loan and PTES US\$200 million with Development Finance Institutions

On 15 July 2011, PTES executed documentation relating to a US\$200.0 million term loan facility (the "PTES Facility") in connection with the Sengkang Power Plant and the Sengkang Expansion.

The PTES Facility is subject to semi-annual repayments of principal and payments of interest and will be fully repaid on 22 April 2022. US\$185 million has been advanced under the PTES Facility, of which US\$21.4 million was outstanding as at 30 June 2019, excluding unamortised borrowing costs.

The PTES Facility is secured by substantially all of the assets and shares of PTES. Such secured assets include PTES' interest in the Sengkang Power Plant, PTES' interests pursuant to the Sengkang PPA, PTES' receivables thereunder and PTES' bank accounts.

PTES held US\$19.7 million in reserve accounts as security for the facility. Refer to Note 7.

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land US\$'000s	Buildings on freehold land US\$'000s	Plant and equipment US\$'000s	Assets under construction US\$'000s	Total US\$'000s
<b>Assets at Cost</b>					
Balance at 1 July 2019	7,179	2,715	414,452	1,260,436	1,684,782
Additions			633	29,221	29,854
Foreign currency translation	51	1	50		102
Balance at 31 December 2019	7,230	2,716	415,135	1,289,657	1,714,738
<b>Depreciation</b>					
Balance at 1 July 2019	-	(1,033)	(309,906)	-	(310,939)
Depreciation charge for the period	-	-	(16,207)	-	(16,207)
Foreign currency translation	-	-	64	-	64
Balance at 31 December 2019	-	(1,033)	(326,049)	-	(327,082)
<b>Carrying amount</b>					
At 30 June 2019	7,179	1,682	104,546	1,260,436	1,373,843
At 31 December 2019	7,230	1,683	89,086	1,289,657	1,387,656

The Assets under construction comprise of \$550.9 million (June 2019: \$540.2 million) applicable to the Sengkang LNG plant development; \$499.8 million (June 2019: \$485.0 million) applicable to the Philippines Power Project; \$190.5 million (June 2019: \$187.3 million) applicable to the Philippines LNG hub terminal and \$48.6 million (June 2019: \$47.9 million) applicable to other projects.

**Impairment Testing**

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2019 the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of the assets under construction.

All of the operating businesses (Indonesian Oil & Gas and Indonesian Power) remain profitable and are parties to long term contracts.

The recoverable amounts of the assets under construction were determined based on value in use calculations using cash flow projections from financial budgets approved by the directors and extrapolated for the useful lives of the assets. As a result of the analysis, management did not identify an impairment for any of these CGUs. There have also been no changes in key assumptions during the period that would result in impairment of the operating segments and assets under construction.

**Key assumptions used in value in use calculations**

The calculation of value in use for projects under construction is most sensitive to the following assumptions:

- LNG, feedstock gas and electricity prices – this has been derived from available supply and demand in the market, signed agreements, expected agreements currently under negotiation and external market pricing reports.
- Demand for LNG and power generation and availability of feedstock gas – based on forecast capacity, market demand and offtake discussions with various parties.
- Discount rates – a post – tax range between 7% - 16.5%
- Inflation rates – a long term inflation rate of 1.5% - 5.25% based on an Oxford Economics Report applicable to the particular intended operating jurisdiction.
- Useful lives of the assets – based on design, external reviews by third party engineering firms, and other recently completed similar facilities.

## 10. INTEREST-BEARING BORROWINGS (CONTINUED)

### (c) US\$125,000,000 Secured Borrowing Base Facility Agreement with Standard Chartered Bank and Mizuho Corporate Bank Ltd

EEES has a secured revolving borrowing base facility of US\$125,000,000 (the “EEES Facility”) in connection with the Sengkang PSC, of which \$58.7m was outstanding at 31 December 2019, excluding unamortised borrowing costs. The lenders under the EEES Facility are Standard Chartered Bank and Mizuho Corporate Bank, Ltd. and Natixis (Singapore Branch) (who together are the mandated lead arrangers), with Mizuho Corporate Bank, Ltd. as agent and security trustee.

This Facility is a borrowing base facility subject to semi-annual repayments of principal (calculated by reference to EEES’s projected net cashflow from the Sengkang PSC from time to time) and semi-annual or quarterly payments of interest and will be fully repaid on 18 March 2021. The Company is currently negotiating with the lenders to redesignate the facility into a term loan (as opposed to a borrowing base facility) with revised terms and conditions, including, without limitation, the final maturity and repayment profile.

The EEES Facility is secured by substantially all of the assets and shares of EEES. Such secured assets include EEES’ interest in the Sengkang PSC, EEES’ receivables pursuant to the Gas Supply Agreement, the Gas Sale and Purchase Agreement and the Sengkang PSC and EEES’ bank accounts. Further, the Company and Epic Sulawesi Gas Pty Ltd have agreed to subordinate their rights against EEES pursuant to a subordination deed entered into in favour of Mizuho Corporate Bank, Ltd. as security trustee.

### (d) US\$51,000,000 Revolving Loan Facility Agreement with The Hongkong and Shanghai Banking Corporation Limited

EWC has a US\$51.0 million revolving loan facility from HSBC which was first entered into on 10 October 2008.

The facility’s maturity date is 14 June 2020. As at 31 December 2019, the gross amount the Group owed under the HSBC Corporate Revolving Loan Facility was US\$50.8 million, excluding unamortised borrowing costs and EWC held US\$51 million in reserve accounts as security for the facility.

### (e) LNG Hub Corporate Note Facility

On 26 May 2016, the Company executed the financing documentation (Omnibus Loan and Security Agreement) for its LNG Hub Terminal in Pagbilao, Philippines, for the amount of PHP1.5 billion (approximately US\$32 million equivalent). The Corporate Notes Facility provides for a facility of an additional PHP2 billion (approximately US\$43 million equivalent) for new noteholders in the future.

As at 31 December 2019, the aggregate amount owed under the LNG Hub Corporate Note Facility was US\$25.3 million, excluding unamortised borrowing costs.

### (f) Standard Chartered Private Equity (Singapore) Pte Limited Subscription Agreement

Standard Chartered Private Equity (Singapore) Pte Ltd (“SCPE”) reinvested the entire proceeds of their existing US\$50 million exchangeable convertible note, previously issued by EWC’s wholly owned subsidiary, Energy World Philippines Holdings Limited, into a new instrument structured as a US\$50 million loan to EWC and the issue of warrants by EWC.

## 10. INTEREST-BEARING BORROWINGS (CONTINUED)

### (f) Standard Chartered Private Equity (Singapore) Pte Limited Subscription Agreement (Continued)

The loan has a final maturity of 15 October 2021, with interest and principal payments to be made at various times throughout the loan term. SCPE were issued 101,122,149 warrants that are convertible into the capital of EWC at A\$0.50 each at any time on or before 15 October 2023.

We have filed proceedings in the Supreme Court of New South Wales seeking declaratory relief against Standard Chartered Private Equity (Singapore) Limited (“SCPE”) and Augusta Investment I Pte Limited in relation to the transfer of the SCPE US\$50m note that was issued in October 2018 (the “Notes”). These proceedings are scheduled for case management hearing on 6<sup>th</sup> March 2020.

This follows receipt of transfer documents from another entity, Affirma Capital Management (Singapore) Limited, (“Affirma”) which were incorrectly presented, and then the subsequent receipt of another set of transfer documents from SCPE; thus leading to multiple and conflicting demands.

It is our obligation to ensure that transfers of a valuable financial instrument is conducted in accordance with the requirements of the Notes and standards of professionalism expected for a financial transaction to ensure that the rights of all parties are observed. Under the Note documents we are entitled to receive information to ascertain if the transfer is being made in accordance with the requirements of the Notes. This information has not been forthcoming at this stage, so no transfer of the Notes has been registered by EWC, and EWC is not presently able to identify which, if any, party is entitled to payment under the Notes.

### (g) Slipform US\$432,753,688 Term Loan Agreement

A term loan agreement was entered into between Slipform Engineering International (HK) Limited (SEIL), PT Slipform Indonesia (PTSI) and Energy World Corporation Limited (EWC) to convert the accounts payable of US\$432,753,688 related to projects under construction and accrued interest and fees into a seven year term loan. The maturity due date is 30 June 2024. The credit has a fixed interest rate of 8.00% per annum and was subject to an arrangement fee of 2%. As part of the SCPE Subscription Agreement note 8(h), Slipform has agreed to defer its repayment until 1 January 2022, after the SCPE loan is fully repaid.

### (h) EWI US\$45m Facility

On 31 August 2018, EWI agreed to enter into a revised loan agreement for the total amount of the outstanding loans of US\$45m plus accrued interest. This new loan is due 1 January 2022, the interest rate of this loan is 7%. EWI has the right to convert the loan into equity or equity related instruments at any time subsequent to an agreement on price and the receipt of shareholders’ approval (if required), or as payment in relation to EWI’s share of any rights issue.

### (i) EWI US\$10m facility

On 2 October 2018, EWI agreed a loan facility of US\$10m to EWC for general corporate and project development purpose. Interest is accrued at 7% p.a. and is repayable on 1 January 2022.

As at 31 December 2019 the outstanding balance, exclude borrowing cost, is \$3.3m.

### (j) EWI US\$5m facility

On 3 October 2018, EWI agreed a loan facility of US\$5m to EWC for general corporate and project development purpose. Interest is accrued at 7% p.a. and is repayable on 1 January 2022.

As at 31 December 2019 the outstanding balance, exclude borrowing cost, is \$4.8m.

**10. INTEREST-BEARING BORROWINGS (CONTINUED)**

**(k) EWI US\$6m facility**

In December 2018, EWI provide a \$6m loan advance to the Company for payment of Signature Bons from its subsidiary, Energy Equity Epic (Sengkang) Pty Ltd.

Interest rate is accrued at 8% and is payable on 1 January 2022, other details of loan is still being finalised.

**(l) EWI US\$2m facility**

On 20 May 2018 EWI provided a US\$2m loan advance to the Company for payment to Siemens Energy for outstanding amounts owed under the equipment supply contract for the Steam Turbine to be installed at the Pagbilao Power Plant.

Interest rate is accrued at 7% p.a. on the facility amount and is payable on 1 January 2022, after the SCPE loan (note (k)) is fully repaid.

**11. ISSUED CAPITAL**

	<u>31 Dec 2019</u>	<u>30 June 2019</u>
Ordinary shares (US\$'000)	492,733	492,733
Number of ordinary shares issued and fully paid	<u>1,795,631,672</u>	<u>1,795,631,672</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

**12. CONTINGENT LIABILITIES**

The Group has determined that there is no contingent liabilities of which the management is aware.

### 13. EARNINGS PER SHARE

The calculation of basic earnings per share outstanding for the period ended 31 December 2019 was based on the profit attributable to ordinary shareholders of \$11,374,000 (31 December 2018: \$6,336,000) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2019 of 1,795,631,672 (31 December 2018: 1,795,631,672), calculated as follows:

(a) Earnings used in calculating earnings per share:

	31 Dec 2019 US\$'000s	31 Dec 2018 US\$'000s
Profit attributable to ordinary shareholders for basic and diluted earnings	<u>11,374</u>	<u>6,336</u>

(b) Weighted average number of ordinary shares

	31 Dec 2019	31 Dec 2018
Weighted average number of shares used as a denominator for basic earnings per share	<u>1,795,631,672</u>	<u>1,795,631,672</u>

*Effect of dilution:*

Convertible Note

SCPE	-	58,255,312
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Warrant

SCPE	101,122,429	42,867,117
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Weighted average number of shares used as a denominator for diluted earnings per share	<u>1,896,754,101</u>	<u>1,896,754,101</u>
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	31 Dec 2019 Cent	31 Dec 2018 Cent
Basic earnings per share – cents per share	<u>0.63</u>	<u>0.35</u>
Diluted earnings per share – cents per share	<u>0.60</u>	<u>0.33</u>

Profit attributable to ordinary shareholders is the same for basic and diluted as any additional interest or costs incurred for the convertible notes would be capitalised to projects.

**14. RELATED PARTY TRANSACTIONS**

There were no new related party contracts entered into during the half year ended 31 December 2019. Please refer to Note 10 for disclosure of related party loans.

**(a) Leases of properties**

Energy World Corporation Ltd rents a number of properties from related parties for the offices in Sydney, New South Wales and for the site of our proposed LNG Hub terminal and power plant in the Philippines, details of which are set out in the following table:

Premises	Lessor	Lessee	Term	Rental
1. Part of Unit 9A, Seaforth Crescent, Seaforth, Sydney, New South Wales, Australia	Energy World International Limited	Energy World Corporation Ltd	Extended to 31 December 2020	AS\$6,000 per month (excluding GST); Payment made during the period of this annual report – US\$24,152 (AU\$36,000)
2. Parcel of land comprising a total area of 282,823 sq.m on Pagbilao Grande Island, Province of Quezon, Lozon, the Philippines	Malory Properties Inc.*	Energy World Corporation Ltd, Energy World Power Operations Philippines Inc. and Energy World Gas Operations Philippines Inc.	25 years commencing 24 May 2017 with an option to extend for a further term of 25 years	20.8 PHP (\$0.4) per square metre per annum with escalation every three years at 3%

\* Malory Properties Inc., a company incorporated in the Philippines on 23 March 1993 with limited liability. Mr. Stewart Elliott, who is the Group's Chairman, Managing Director, Chief Executive Officer and one of EWC's Substantial Shareholders has a 40% beneficial interest.

14. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Commercial Agreements with EWC and Related Parties

EWC has entered into a number of management services agreements with EWI and Slipform Engineering International (H.K.) Ltd, details of which are set out in the following table:

Parties	Date of agreement/ amendment	Scope of services	Fees	Payment made during the year ended 31 December 2019	Amount remaining on contract at 31 December 2019
EWC and Slipform Engineering International (H.K.) Ltd*	10 October 2011	Slipform Engineering International (H.K.) agrees to provide EWC with engineering assistance, design services and management support for the development of a 56,000 TPA LNG processing plant and related facilities in Gilmore, Queensland Australia.	Fixed fee of US\$5.5 million.	Balance payable as at 31 December 2019: Nil  Amount paid: Nil	US\$279,763

\* Slipform Engineering International (H.K.) Ltd, a company incorporated in Hong Kong with limited liability, in which Mr. Stewart Elliott, who is EWC's Chairman, Managing Director and Chief Executive Officer and Mr. Graham Elliott, who is an Executive Director, have a 90% and 10% beneficial interest respectively.



14. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Commercial Agreements with EWC and Connected Persons (Continued)

EWC has entered into an operation and maintenance contract with PT Consolidated Electric Power Asia, details of which are set out in the following table:

Parties	Date of agreement / amendment	Scope of services	Amounts incurred for the half year ended 31 December 2019	Payments made during the half year ended 31 December 2019	Amount payable on contract at 31 December 2019
PTES and PT Consolidated Electric Power Asia *	12 March 2012 30 May 2012 (amendment) 30 May 2012 (addendum)	PT Consolidated Electric Power Asia agrees to be responsible for operation and maintenance services in relation to the Sengkang Power Plant. The initial scope covers the original 135MW units. The O&M will be extended to cover the additional 180MW units upon commercial operation of the 60MW steam turbine.	US\$8.75m	US\$8.71m	US\$3.46m
PTES and PT Consolidated Electric Power Asia	5 February 2018	PT Consolidated Electric Power Asia agrees to be responsible for Admin Building 2 <sup>nd</sup> Floor Outstanding Works Project.	US\$99,000	US\$338,000	Nil

\* PT Consolidated Electric Power Asia, a company incorporated in Indonesia, is 95% owned by Mr. Stewart Elliott, EWC's Chairman, Managing Director and Chief Executive Officer.

**Energy World Corporation Ltd and its Controlled Entities  
Notes to the Interim Consolidated Financial Statements  
For the Half Year Ended 31 December 2019**

**14. RELATED PARTY TRANSACTIONS (Continued)**

**(c) Commercial Agreements with EWC and Connected Persons (Continued)**

EWC has entered into a construction services contract with Slipform (Indonesia) and engineering, procurement and construction contracts with Slipform (H.K.), details of which are set out in the following table. These contracts allow for flexibility in payment obligations, through the Company's control over project timetable and progress and thus do not constitute irrevocable payment obligations to the Company and allows the Company to manage its funding on these projects accordingly.

Parties	Date of agreement / amendment	Scope of services	Contract value (\$US millions)	Accumulated invoices received from related parties (\$US millions)	Accumulated invoices received from third parties (\$US millions)	Total invoices received (\$US millions)	Amount remaining on contract (\$US millions)	Related party payable (\$US millions)
EWC and Slipform Engineering International (H.K.) Ltd	12 March 2012 18 June 2012 (amendment)	Slipform Engineering International (H.K.) Ltd agrees to undertake the engineering, procurement and construction of the Gilmore LNG Project.	\$70.0m subject to adjustment and deduction for equipment and consultant services incurred directly by the Company.	31 December 2019: \$20.9 30 June 2019: \$20.9	31 December 2019: \$10.2 30 June 2019: \$10.2	31 December 2019: \$31.2 30 June 2019: \$31.2	31 December 2019: \$38.8 30 June 2019: \$38.8	31 December 2019: \$20.5 30 June 2019: \$20.5
EWC and Slipform Engineering International (H.K.) Ltd	12 March 2012 18 June 2012 (amendment)	Slipform Engineering International (H.K.) Ltd agrees to undertake the engineering, procurement and construction of the Philippines LNG Hub.	\$130.0 subject to adjustment and deduction for equipment and consultant services incurred directly by the Company.	31 December 2019: \$111.6 30 June 2019: \$111.6	31 December 2019: \$18.3 30 June 2019: \$18.3	31 December 2019: \$129.9 30 June 2019: \$129.9	31 December 2019: \$0.1 30 June 2019: \$0.1	31 December 2019: \$21.8 30 June 2019: \$21.8

14. RELATED PARTY TRANSACTIONS (Continued)

(d) Commercial Agreements with EWC and Connected Persons (Continued)

Parties	Date of agreement / amendment	Scope of services	Contract value (\$US millions)	Accumulated invoices received from related parties (\$US millions)	Accumulated invoices received from third parties (\$US millions)	Total invoices received (\$US millions)	Amount remaining on contract (\$US millions)	Related party payable (\$US millions)
PT South Sulawesi LNG and PT Slipform Indonesia and its related entities	18 March 2009 12 March 2012 (novation and variation) 18 June 2012 (amendment)	PT Slipform Indonesia agrees to undertake the engineering, procurement and construction of the Sengkang LNG Project. The contract was originally with Slipform Engineering International (H.K.) Ltd, and was novated to PT Slipform Indonesia on 12 March 2012.	\$352.0 subject to adjustment and deduction for equipment and consultant services incurred directly by the Company	31 December 2019: \$148 30 June 2019: \$148	31 December 2019: \$195.2 30 June 2019: \$195.2	31 December 2019: \$343.2 30 June 2019: \$343.2	31 December 2019: \$8.8 30 June 2019: \$8.8	31 December 2019: \$137.6 30 June 2019: \$137.6
EWC and Slipform Engineering International (H.K.) Ltd	3 March 2014	Slipform Engineering International (H.K.) Ltd agrees to undertake the engineering, procurement and construction of the Philippines Power.	\$588.0 subject to adjustment and deduction for equipment and consultant services incurred directly by the Company	31 December 2019: \$226.6 30 June 2019: \$226.6	31 December 2019: \$128.3 30 June 2019: \$128.3	31 December 2019: \$354.9 30 June 2019: \$354.9	31 December 2019: \$233.1 30 June 2019: \$233.1	31 December 2019: \$173.3 30 June 2019: \$173.3
Energy Equity Epic Sengkang Pty Ltd and PT Slipform Indonesia	28 June 2018	PT Slipform Indonesia agrees to undertake the engineering procurement, construction and installation of the 2 booster compressor.	IDR34,154,565,340 (exclude VAT of 10% include WHT)	31 December 2019: IDR34,154,565,340 30 June 2019: IDR34,154,565,340	Nil	31 December 2019: IDR34,154,565,340 30 June 2019: IDR34,154,565,340	Nil	Nil

\* PT Slipform Indonesia is a 95% owned subsidiary of Slipform Engineering International (H.K.) Ltd. The contracts are structured in a manner that the contract is subject to the Company having available financing in place to proceed with the projects.

## **15. SUBSEQUENT EVENTS**

There are no significant events occurring after the balance sheet date which may affect the Company's operations or results of these operations or the Company's state of affairs.

## **16. OTHER DISCLOSURE**

The Company's wholly owned subsidiary, Energy Equity Epic (Sengkang) Pty. Ltd. (EEES) and a third party Indonesian entity ("Local Partner") entered into a Sale and Purchase Agreement and side deeds with respect to the sale and purchase of a 49% Participating Interest (PI) in the Sengkang Production Sharing Contract in November 2018. There are a number of conditions precedent to completion of the transaction including: a) corporate approvals of each party for the performance of the proposed transaction and b) approval from the applicable Indonesian regulatory agencies. The Local Partner will also be required to provide compensation to EEES.

Regulatory approvals were received in August 2019 in respect of the transfer of a PI in the existing PSC, however, as at 31 December 2019 neither the Board of EEES nor the Local Partner had provided approval for completion of the transaction and no compensation has been paid. Further, the transfer cannot complete until the existing bank loan extended to EEES has been fully repaid in 2022. This is because under the conditions of the loan no financial benefit can accrue to any third party until the loan has been fully repaid.

With regard to the PSC extension from 2022 - 2042, separate regulatory approvals are required in order for the transfer of any PI to occur. Such approvals have not been granted at the date of this report. For the avoidance of doubt and as previously advised, EEES has already been formally granted an extension of the Sengkang PSC until 22 October 2042.

## Directors' Declaration

In accordance with a resolution of the directors of Energy World Corporation Ltd, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of Energy World Corporation Ltd for the half year ended 31 December 2019 are in accordance with *the Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standards and *the Corporations Regulations 2001*
  
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



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**Brian Jeffrey Allen**  
Director

28 February 2020



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## Independent Auditor's Review Report to the Members of Energy World Corporation Ltd

### Report on the Half-Year Financial Report

#### Qualified Conclusion

We have reviewed the accompanying half-year financial report of Energy World Corporation Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Qualified Conclusion

The Directors have performed assessments of the recoverable amounts of each of the Group's assets under construction and exploration and evaluation assets to support the carrying amount of these assets in the consolidated statement of financial position as at 31 December 2019. We were unable to obtain sufficient evidence to support assumptions used by the Directors in their impairment assessments at 31 December 2019. Consequently, we were unable to determine whether any adjustment to the amounts recorded in assets under construction and exploration and evaluation assets are necessary.

#### Material Uncertainty Related to Going Concern

Without further qualifying our conclusion, we draw attention to Note 2(b) of the financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt concerning the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets, complete its assets under construction and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to recoverability and classification of recorded assets amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act*



2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ryan Fisk  
Partner  
Sydney  
28 February 2020