



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Ramba Energy Limited

Security: Ramba Energy Limited

Meeting details:

Date: 30 May 2018

Time: 3.00 p.m.

Venue: Emerald Suite, Orchid Country Club, 1 Orchid Club Road, Singapore 769162

Company Description

Ramba Energy Limited, an investment holding company, operates as an oil and gas exploration and production company. The company operates through Oil and Gas, Logistics, and Rental segments. It holds a 70% interest in the Jatiraragon block located in West Java; a 100% interest in the West Jambi block located in Sumatra; and a 31% interest in the Lemang block located in Sumatra. The company also provides logistics services, including inbound and outbound transportation, distribution management, seaport and airport cargo handling, container haulage, warehousing, and marine and project logistics services, as well as logistics, transportation, and freight forwarding services for the chemical industry. It operates approximately 225 trucks and 200 trailers. In addition, the company is involved in the property rental and real estate management activities. It has operations in Singapore and Indonesia. The company was formerly known as RichLand Group Limited and changed its name to Ramba Energy Limited in January 2009. Ramba Energy Limited was founded in 1992 and is based in Singapore. (Source: http://sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=R14)

1. Would the board/management provide shareholders with better clarity on the following matters? Specifically:

- (i) Richland Logistics: The logistics segment was the only profitable segment of the 3 operating segments. It contributed \$55.7 million in revenue and \$2.6 million in segment profit. **Would management help shareholders understand the competitive advantage of the group's logistics arm? What is the niche of Richland Logistics? How does it compete against other operators, especially the disruptors?**
- (ii) Oil and Gas Segment: With a full year of production at Lemang PSC, revenue from the sale of crude oil amounted to \$6.6 million although the segment loss was \$4.9 million. **What was the total production in FY2017? What was the average price achieved for a barrel of crude oil in FY2017? What is the breakeven price/volume for the segment? With plans to increase the production to up to 2,000 barrels by June 2018 and 3,500 barrels by the end of 2018, what is the total capital expenditure required?**
- (iii) Rental segment: Revenue from the rental segment dropped by half to \$1.2 million and the segment reported a loss of \$1.3 million. **What is the utilisation of the warehouse? What are management's pro-active plans to improve the utilisation and profitability of the warehouse?**

2. On 7 May 2018, the company announced that there were material variances between the audited financial statements and the unaudited financial statements for the financial year ended 31 December 2017.

Reasons given for the variances include:

- Additional cost in Lemang operations including salaries and manpower cost of \$2.5 million, Oil and gas expenses which do not qualify for capitalisation of \$1.5 million, Oil and Gas properties overstatement of \$1.1 million and related NCI adjustments
- Reversal of past year's provision for bonus of \$0.2 million
- Amortisation of exploration and evaluation assets
- Additional sundry provision of \$0.7 million
- Additional abandonment and site restoration provision made for new wells drilled in FY 2017
- Reclassification of Deferred tax assets and Deferred tax liabilities
- Reclassification from Fixed Deposit (non-current) to Fixed Deposit (current)
- Reclassification of Other receivables (current) and Other payables (current)

As a result, loss for the period increased from \$(4.5) million to \$(10.7) million and loss per share increased from (0.65) cents to (1.59) cents following the finalisation of the audit.

- (i) **As the directors have responsibilities to oversee the group's financial reporting process, can the directors, especially the directors in the audit committee, help shareholders understand their individual and collective efforts in the preparation of the group's financial statements to give a true and fair view in accordance with the provisions of the Act and FRSS?**

- (ii) Has the AC evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?
- (iii) What changes has the AC made to the group's systems and processes to improve the quality and accuracy of the financial statements?

3. As disclosed in the Directors' Statement, the Remuneration Committee ("RC") is responsible for administering the Ramba Group Share Option Scheme ("RGSOS") and Ramba Group Performance Share Plan ("RGPSP").

The RC comprises three Directors, Mr Chee Teck Kwong Patrick (Chairman), Mr Tan Chong Huat and Mr Tay Ah Kong Bernard.

Share Awards (Continued)

As at 31 December 2017, details of share awards and bonus share awards granted to the Directors of the Company under the RGPSP are set out as below:

Name of Director	Balance as at 01/01/2017	New appointment	Granted during the year	Vested during the year	Lapsed and cancelled	Adjustments during the year	Balance as at 31/12/2017
Share award							
Aditya Wisnuwardana							
Seky Soeryadjaya	287,289	-	-	(287,289)	-	-	-
Daniel Zier Johannes Jol	778,939	-	-	(469,930)	-	-	309,009
Lee Seck Hwee	255,697	-	-	(154,010)	-	-	101,687
Tan Chong Huat	246,813	-	-	(149,075)	-	-	97,738
Chee Teck Kwong							
Patrick	194,487	-	-	(117,482)	-	-	77,005
Tay Ah Kong Bernard	194,487	-	-	(117,482)	-	-	77,005
	<u>1,957,712</u>	<u>-</u>	<u>-</u>	<u>(1,295,268)</u>	<u>-</u>	<u>-</u>	<u>662,444</u>
Bonus share award							
Daniel Zier Johannes Jol	691,074	-	-	-	-	-	691,074
Lee Seck Hwee	256,684	-	-	-	-	-	256,684
Tan Chong Huat	135,846	-	-	-	-	-	135,846
Chee Teck Kwong							
Patrick	108,598	-	-	-	-	-	108,598
Tay Ah Kong Bernard	108,598	-	-	-	-	-	108,598
	<u>1,300,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,800</u>

(Source: Company annual report)

- (i) As the members of the RC also received share awards under the RGPSP, could the members of the RC confirm that no director was involved in the determination of his own share award?
- (ii) Could the RC also help shareholders understand the bonus share award (as shown in the table above)?



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(iii) Can the RC also elaborate further on the vesting conditions? Is there a performance criteria given that the share award is known as a “Performance Share Plan”?

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Ramba%20Energy%20Ltd>

The company's response could be found here: -----