



UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2019

ANDALAS ENERGY AND POWER PLC
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2019

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Chairman's Statement

Dear Shareholders,

Overview of the period

As described in the Company's Annual Report and Accounts to 30 April 2019, the Company is seeking to develop an international E&P business focused on developing upstream assets in Indonesia and the UK.

In the UK there are two opportunities being pursued, Colter and Southern North Sea.

The investment into Eagle Gas Limited, which holds an indirect interest in the Southern North Sea licence, was written off in the year to 30 April 2019. There have been no further developments regarding this licence since the issuance of the annual report.

A reconciliation of the costs for the Colter well and sidetrack was completed in August 2019 and resulted in a refund of c£44k. The Company has made a contribution of 8% towards the cost of the post well review and a review of future seismic options for Colter South. Also included are licence fees for the next 12 months for P1918, PEDL330 and PEDL345 and the recent work on the Purbeck Anticline (PEDL345), including new petrophysics and fracture analysis for the Southard Quarry-1 well. The Company will provide a further update on this work in due course.

In Indonesia, there has been no movement in the stalled Bunga Mas deal.

During the period the Company has entered into an operating services and option agreement in respect of the producing Betun-Selo KSO in Sumatra. The Company commenced the workover program. At the period end, there is a fee debt of \$687,000 which Andalas is entitled to receive and is recorded as a financial asset. As at the 31st October 2019 the Company had requested payment for \$83k of this fee debt and this is recorded as a current receivable.

The Betun wells produced at an average gross production rate for December of:

BTN01 – 28.8 bopd

BTN03 – 3.8 bopd

BTN04 – 22.8 bopd

BTN14 – 19.3 bopd

The field delivered at an average gross production rate for December of 78.1 bopd with a maximum from the 4 wells of 92.7 bopd. This is in excess of the amount being produced at the time of the agreement (70 bopd).

At this stage, the Company does not intend to exercise its option to drill a new well at Selo.

Financial Results and Capital Raising

The Company is reporting a loss in the period of US\$0.5 million.

The Company issued new shares (net of issue costs) of US\$0.8 million during the period. Since the period end, the Company raised an additional US\$0.3 million through a further placing.

The Company continues to control its costs very closely, and conserve cash to the maximum extent possible without preventing the Company from developing opportunities. Its principal cost is its people, therefore in order to preserve cash, two of the Company's current Directors have continued not to draw down their contractual entitlement but have offered to defer payment until the Company is in a stronger cash position. At the period-end, unpaid directors' remuneration amounted to \$473,000, (as outlined in note 7) and is still unpaid as at the date of this report.

Going Concern

The Group continues to adopt a going concern basis for the preparation of these financial statements. As a result of the deferral of directors fees and the capital raises, the Company is able to meet its debts as they fall due. As at 31 October 2019 the Company held a cash balance of US\$42,000, which was to be supplemented by the proceeds from the placing of new ordinary shares post period end.

Outlook

The board believes the Company is well positioned to pursue new E&P opportunities. In the meantime, it will seek opportunities to further its existing assets.

Dr Robert Arnott
Non-Executive Chairman
21 January 2020

Interim Consolidated Statement of Comprehensive Income

		(Unaudited) Six months ended 31 Oct 2019 \$'000	(Audited) Year ended 30 April 2019 \$'000	(Unaudited) Six months ended 31 Oct 2018 \$'000
	Notes			
Investment income/(losses):				
Unrealised losses on investments		-	(524)	-
		-	(524)	-
Other income		-	29	13
Asset evaluation and operating expenses	4	(83)	(2,293)	-
Other administrative expenses	4	(419)	(1,079)	(881)
Net loss before Finance Costs and Taxation		(502)	(3,867)	(868)
Finance costs		(26)	(63)	-
Loss before tax		(528)	(3,930)	(868)
Tax expense		-	-	-
Loss after tax		(528)	(3,930)	(868)
Total comprehensive loss after tax		(528)	(3,930)	(868)
Total comprehensive loss		(528)	(3,930)	(868)
Basic and diluted loss per share attributable to owners of the parent during the year (expressed in US cents per share)	5	(0.06) cents	(1.10 cents)	(0.34) cents

The accompanying notes from an integral part of these consolidated financial statements.

Interim Consolidated Statement of Financial Position

		(Audited)	
	(Unaudited)	30 April	(Unaudited)
	31 Oct 2019	2019	31 Oct 2018
Notes	\$'000	\$'000	\$'000
Non-current assets			
Equity investment in associate	-	-	413
Tangible assets	-	-	224
Financial asset at fair value through profit or loss	604		
Other investments	267	267	-
	871	267	637
Current assets			
Other receivables	88	75	332
Cash and cash equivalents	42	258	1,164
	130	333	1,496
Total assets	1,001	600	2,133
Current liabilities			
Trade and other payables	(1,005)	(853)	(723)
Total liabilities	(1,005)	(853)	(723)
Net assets	(4)	(253)	1,410
Equity attributable to equity holders of the company			
Share premium	17,630	16,878	15,506
Accumulated deficit	(17,634)	(17,131)	(14,096)
Total shareholder funds	(4)	(253)	1,410

The accompanying notes from an integral part of these consolidated financial statements.

Interim Consolidated Statement of Changes in Equity

	Share premium \$'000s	Accumulated deficit \$'000s	Total equity \$'000s
Balance at 1 May 2018	13,377	(13,316)	61
Loss for the period to 31 October 2018 (unaudited)	-	(868)	(868)
Total comprehensive income	-	(868)	(868)
<i>Transactions with equity shareholders of the parent:</i>			
Share based payments – warrants	(48)	48	-
Share based payments – options	-	40	40
Proceeds from shares issued	2,341	-	2,341
Cost of share issue	(201)	-	(201)
Consideration shares	46	-	46
Balance at 31 October 2018 (unaudited)	15,506	(14,096)	1,410
Loss for the period to 30 April 2019	-	(3,062)	(3,062)
Total comprehensive income	-	(3,062)	(3,062)
<i>Transactions with equity shareholders of the parent:</i>			
Share based payments – warrants	(1)	1	-
Share based payments – options	-	26	26
Proceeds from shares issued	1,328	-	1,328
Cost of share issue	(81)	-	(81)
Consideration shares	117	-	117
Balance at 30 April 2019 (audited)	16,878	(17,131)	(253)
Loss for the period to 31 October 2019 (unaudited)	-	(528)	(528)
Total comprehensive income	-	(528)	(528)
<i>Transactions with equity shareholders of the parent:</i>			
Share based payments – options	-	25	25
Proceeds from shares issued	831	-	831
Cost of share issues	(79)	-	(79)
Balance at 31 October 2019	17,630	(17,634)	(4)

The accompanying notes from an integral part of these consolidated financial statements.

Interim Consolidated Cash Flow Statement

	(Unaudited) 31 Oct 2019	(Audited) 30 April 2019	(Unaudited) 31 Oct 2018
Notes	\$'000	\$'000	\$'000
Cash flows from operating activities:			
Loss before tax	(528)	(3,930)	(868)
Adjustments for:			
Share-based payment	25	66	40
Unrealised loss from financial assets at fair value		524	-
Change in working capital items:			
Movement in other receivables	4	786	(298)
Movement in trade and other payables	136	(192)	(253)
Net cash used in operations	(363)	(2,746)	(1,380)
Cash flows from investing activities			
Purchase of intangible asset	-	-	(224)
Purchase of available for sale investment	-	-	(159)
Cost of financial asset at fair value	(604)	-	-
Investment in associate	-	(154)	-
Other investments	-	(267)	-
Net cash flows from investing activities	(604)	(421)	(383)
Cash flows from financing activities			
Proceeds from issue of share capital	831	3,669	3,167
Share issue costs	(79)	(282)	(279)
Net cash flows from financing activities	752	3,387	2,888
Net increase in cash and cash equivalents	(216)	220	1,125
Effect of exchange rate changes	-	-	1
Cash and cash equivalents at beginning of period	258	38	38
Cash and cash equivalents at end of period	42	258	1,164

The accompanying notes from an integral part of these consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

1 Reporting entity

Andalas Energy & Power plc is a public limited company incorporated and domiciled in the Isle of Man whose shares are publicly traded on the AIM market of the London Stock Exchange.

The Company and its subsidiaries are collectively referred to as the Group.

The principal activity of the Group during the period was as a developer of oil and gas assets in the Republic of Indonesia and the UK.

2 Basis of accounting

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2019, which were prepared in accordance with IFRSs as adopted by the European Union. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those disclosed in the Group's statutory financial statements for the year ended 30 May 2019.

The interims are presented in US Dollars unless otherwise indicated.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 May 2019 that would be expected to have a material impact on the Group.

The consolidated financial statements of the Group as at and for the year ended 30 April 2019 are available upon request from the Company's registered office at IOMA House, Hope Street, Douglas, Isle of Man or the Company website <http://andalasenergy.co.uk>

These interim consolidated financial statements have been approved and authorised for issue by the Company's Board of directors on 21 January 2020.

Notes to the Interim Consolidated Financial Statements (continued)

3 Going concern

The Group made a loss in the period and has a net liability position at the period end. The board has prepared a budget and considered its ability to continue as a going concern, together with the Directors historic ability to raise additional funds will enable the Group to finance its future working capital and development cost requirements beyond the period of twelve months from the date of this report.

4 Expenses

Administration fees and expenses consist of the following:

	(Unaudited) Six months ended 31 Oct 2019 \$'000	(Audited) Year ended 30 April 2018 \$'000
Corporate overheads:		
- Directors fees	(221)	(627)
- Professional fees	(116)	(259)
- Audit fees	-	(31)
- Bad debt write off	(34)	
- Administration costs	(48)	(162)
	(419)	(1,079)
Asset evaluation and gas to power business expenses:		
- Office costs	(13)	(152)
- Consulting and farm-in expenses	(28)	(2,056)
- Travel and accommodation	(42)	(85)
	(83)	(2,293)

Notes to the Interim Consolidated Financial Statements (continued)

5 Earnings per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	(Unaudited) Outstanding at 31 October 2019	(Audited) Outstanding at 30 April 2019	(Unaudited) Outstanding at 31 October 2018
Loss attributable to owners of the Group (USD thousands)	(528)	(3,930)	(868)
Weighted average number of ordinary shares in issue (thousands)	890,057	357,878	257,456
Loss per share (US cents)	(\$0.06)	(\$1.10)	(\$0.34)

In accordance with International Accounting Standard 33 'Earnings per share', no diluted earnings per share is presented as the Group is loss making. Details of potentially dilutive share instruments are detailed in note 8. Details of shares issued post year end are disclosed in note 12.

6 Convertible loan note and issue of shares

In June 2019, the Company arranged a £2 million unsecured, interest-free convertible loan note facility in respect of the producing Betun-Selo KSO in Indonesia.

The Facility Providers provided an immediate amount of £560,000 under the Loan Facility to fund the Indonesian Work Programme, and shortly thereafter the Company received a conversion notice in respect of that initial drawdown. As such the Company issued 373,333,333 ordinary shares at a price of 0.15 pence per share to the loan note holders in accordance with the terms of the Facility.

In July 2019, the Company has issued a further £100,000 of notes and concurrently received a conversion notice in respect of those notes. Accordingly, the Company issued 66,666,666 ordinary shares at a price of 0.15 pence per share to the loan note holders in accordance with the terms of the Facility.

Notes to the Interim Consolidated Financial Statements (continued)

7 Directors remuneration

The remuneration of those in office during the period ended 31 October 2019 was as follows:

	Short term employee benefits \$'000	Social security payments \$'000	Pension contribution \$'000	Total 2018 \$'000
Ross Warner	90	-	-	90
Simon Gorringe	90	-	-	90
Graham Smith	11	-	-	11
Robert Arnott	30	1	1	32
Total Key Management	221	1	1	223

Two of the Company's current Directors have continued not to draw down their contractual entitlement but have offered to defer payment until the Company is in a stronger cash position. This is reflected in the balance sheet position shown below:

	(Unaudited) Outstanding at 31 October 2019 \$'000	(Audited) Outstanding at 30 April 2019 \$'000	(Unaudited) Outstanding at 31 October 2018 \$'000
Daniel Jorgensen ¹	87	87	132
Ross Warner	203	113	38
Simon Gorringe	183	93	38
Graham Smith	-	-	-
Robert Arnott	-	-	-
Total Key Management	473	293	208

¹ Daniel Jorgensen resigned on 4 April 2019

Notes to the Interim Consolidated Financial Statements (continued)

8 Commitments and contingencies

There were no capital commitments authorised by the Directors or contracted other than those provided for in these financial statements as at 31 October 2019 (30 April 2019: None).

At the period end the Company has the obligation under the Corsair assignment agreement (dated 4 June 2015 and updated on 27 April 2017) to issue a further 1,875,000 shares subject to the Milestones described below being achieved:

- (i) the acquisition by the Company of one concession in Indonesia;
- (ii) the acquisition by the Company of a second concession in Indonesia; and
- (iii) gross production from projects in which the Company has an economic interest exceeding 400 bopd for a period of 30 days

Of the 1,875,000 shares each of Ross Warner and Simon Gorringer would receive 25% of this amount. At the reporting date the Company had not recorded these as a liability. Other than the Corsair consideration options and the Corsair consideration shares there were no other obligations to Corsair at 31 October 2019.

9 Subsequent events

On 23 December 2019 the Company raised £250,000 before expenses, through a conditional placing arranged by the Company's Broker, Optiva Securities Limited, of 166,666,667 ordinary shares of nil par value at a price of 0.15 pence per Ordinary Share, compared to the mid-market price of 0.16 pence at the close of business on 20th December 2019.

The net proceeds of the Placing will be used to further the Company's operating activities and for general working capital.

Following Admission, the Company has 1,210,636,967 Ordinary Shares in issue.