MIRACH ENERGY

www.mirachenergy.com
MIRACH ENERGY LIMITED
96 ROBINSON ROAD, #17-01 SIF BUILDING,
SINGAPORE 068899
Tel: 65-6536 8033 Fax: 65-6536 1882

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Tel: (65) 63278398

MIRACH ENERGY

SEIZING OPPORTUNITIES

ANNUAL REPORT 2018

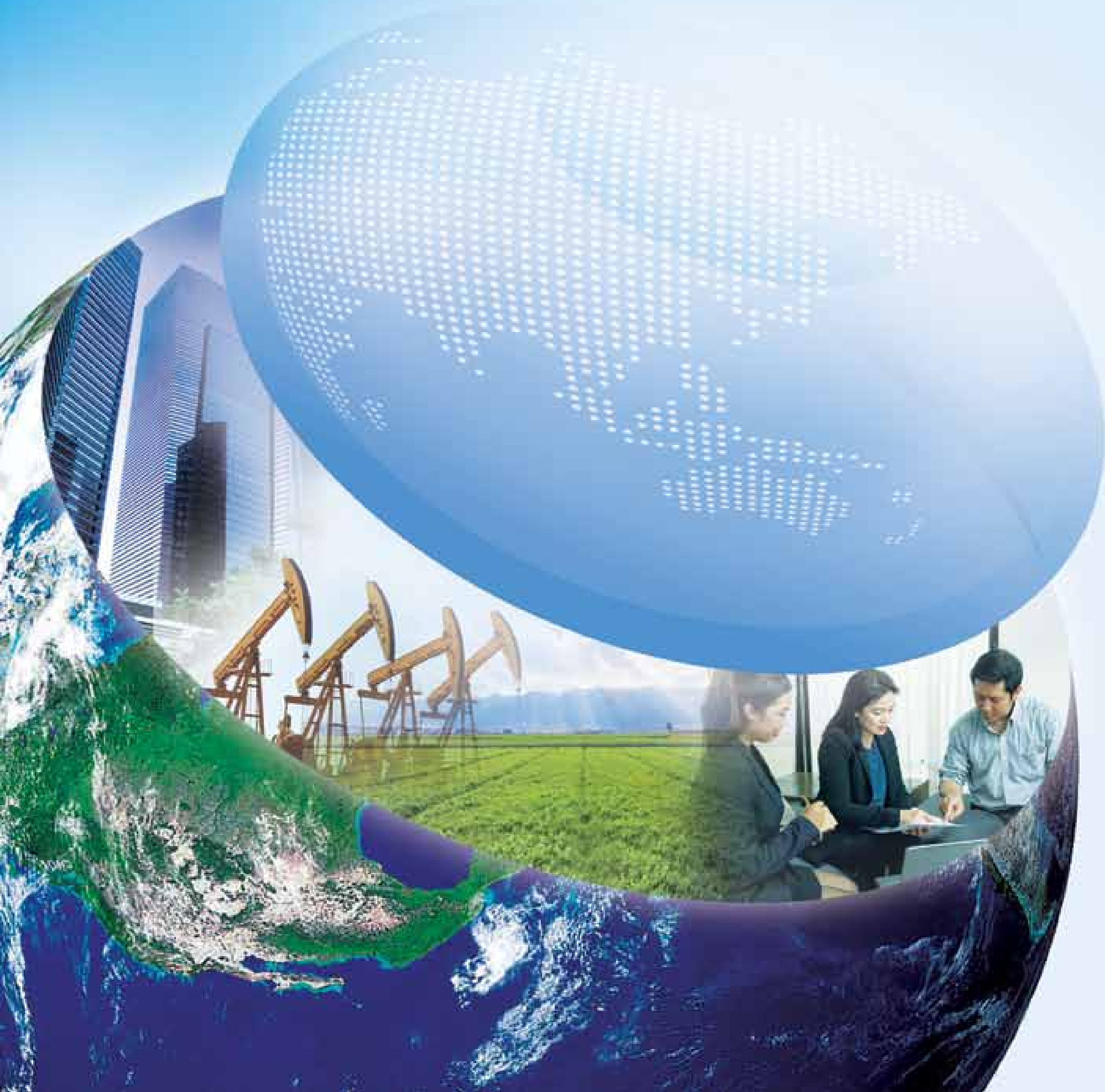

TABLE OF CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS
CHAN SHUT LI WILLIAM
Chairman and Chief Executive Officer
WEE CHENG KWAN
Member, Non-Executive and Non-Independent Director
LOO CHENG GUAN
Member, Lead Independent Director
LIU MEI LING, RHODA
Member, Independent Director
LIM JUN XIONG STEVEN
Member, Independent Director

AUDIT COMMITTEE
LIU MEI LING, RHODA
Chairman, Independent Director
LOO CHENG GUAN
Member, Lead Independent Director
LIM JUN XIONG STEVEN
Member, Independent Director
WEE CHENG KWAN
Member, Non-Executive and Non-Independent Director

REMUNERATION COMMITTEE
LOO CHENG GUAN
Chairman, Lead Independent Director
LIU MEI LING, RHODA
Member, Independent Director
LIM JUN XIONG STEVEN
Member, Independent Director

NOMINATING COMMITTEE
LIM JUN XIONG STEVEN
Chairman, Independent Director
CHAN SHUT LI WILLIAM
Member, Executive Director
LOO CHENG GUAN
Member, Lead Independent Director

COMPANY SECRETARIES
LIN MOI HEYANG (ACIS)
LEE BEE FONG (ACIS)
Tricor Singapore Pte. Ltd.
80 Robinson Road #02-00
Singapore 068898

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
96 Robinson Road
#17-01 SIF Building
Singapore 068899
Tel: (65) 6536 8033
Fax: (65) 6536 1882

PRINCIPAL PLACE OF BUSINESS
Unit 3305, Level 33, Tower One
Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong
Tel: (852) 2850 7437
Fax: (852) 2850 6369

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068899

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

PARTNER-IN-CHARGE
Chan Yew Kiang
(appointed since financial year ended 31 December 2014)

BANKER
DBS Singapore
12 Marina Boulevard
#43-02 DBS Asia Central
MBFC Tower 3
Singapore 018982

CORPORATE PROFILE

Mirach Energy Limited ("Mirach" or the "Company" or "Group") has been listed on the Singapore Exchange since 2004. After paring down a large part of its oil and gas business in the past years, the group had diversified into property construction as well as agriculture management businesses.

For the oil and gas business, the Group is presently holding minority interests in Gunung Indah Lestari Limited which holds 100% shares of a KSO operatorship in a marginal oil field in Indonesia.

For Property and Construction business, Mirach holds interests in projects to build houses in West Malaysia. The Company hopes to grow further in this industry going forward, whenever the opportunity arises.

For new businesses, the Group acquired a 70% equity interest in RCL Kelstar Sdn. Bhd ("RCL") permitting Mirach to participate in an agriculture project in Malaysia. The Company has also formed a wholly-owned subsidiary Mirach HP Management Pte. Ltd. ("MHPM") to provide business and management consultancy services.

CORPORATE PROFILE

OUR INTERESTS IN ASIA

Singapore

On 28 March 2018, the Group's wholly-owned subsidiary Mirach HP Management Pte. Ltd. ("MHPM") was incorporated. MHPM commenced business activity in 2Q2018, providing business and management consultancy services.

Malaysia

In 2017, the Company's wholly-owned subsidiary, CPHL (HK) limited ("CHPL") and PRG Construction Sdn. Bhd. ("PCSB") set up a joint venture company Premier Mirach Sdn. Bhd. ("PMSB") to pursue property and construction projects in Malaysia. CHPL and PCSB had 75% and 25% shareholding in PMSB respectively. The current on-going project is expected to be completed by April 2020.

On 18 July 2018, the Group signed a Share Sale Agreement to acquire a 70% equity interest in RCL Kelstar Sdn. Bhd ("RCL"). RCL, in cooperation with the Kelantan State Economic Development Corporation ("KSEDC"), was set up to manage the development of a multi-storey agricultural project ("Project") in Malaysia. KSEDC has been granted a fifty-year land concession of approximately 5,500 acres. RCL in turn secured the rights to jointly undertake the Project together with KSEDC.

As at 31 December 2018, RCL entered into three cooperation agreements with business partners, whereby each of the business partners is allowed to cultivate and sell durian trees and fruits on approximately 550 acres or 10% of the concession land. As part of the business diversification initiatives, RCL intends to identify and work with other business partners to cultivate the land separately to diversify its risks.

Indonesia

In 2013, CHPL acquired minority interests of 10% in Gunung Kampung Minyak Ltd ("GKM") in Indonesia. In 2018, the interest in GKM was diluted to 9%.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it gives me great pleasure to present the Group's performance for FY2018.

After years of struggle and hard work, we have finally managed to return the Company to profitability for the financial year 2018. Our turnaround strategy was to diversify our business further, following our first foray into the property and construction industry in 2017. In 2018, we acquired RCL. We also provided management services to various operational partners. In Indonesia, the Group had wound down most of its oil and gas business, except for a minority stake in Gunung Kampung Minyak in South Sumatra.

Below are further updates on the business of the Company:

RACE TO EXIT FROM THE WATCH-LIST

The Company and management firmly believe that, getting the Company out of both the financial criteria watchlist ("Financial Watchlist") and the minimum trading price criteria watchlist and ensuring that the shares of the Company will continue to be publicly traded, will be in the best interests for all shareholders. As announced by the Company on 4 March 2019, the Company is pleased to inform shareholders that the Company is close to satisfying the requirements as stated under Rule 1314 of the Main Board Listing Manual of the SGX-ST. The Company has applied to seek a further extension of time in order to meet the exit requirements of the Financial Watchlist (Shareholders can refer to the Company's announcements dated 28 February and 4 March 2019).

DIVERSIFY INTO AGRICULTURE DEVELOPMENT BUSINESS

On 18 July 2018, the Group completed the acquisition of 70% equity in RCL Kelstar Sdn. Bhd ("RCL"), which enabled it to participate in a new agriculture development project in Malaysia.

RCL was incorporated to hold the business of a multi-storey agricultural development project ("Project") in Malaysia with the Kelantan State Economic Development Corporation ("KSEDC"). RCL has secured the right to jointly develop the Project together with KSEDC. The Project is a multi-crop agriculture land development with 50 years concession on a total area of approximately 5,500 acres.

AGRICULTURE BUSINESS UPDATE

As at 31 December 2018, RCL had entered into three separate cooperation agreements with business partners, whereby the partners are allowed to cultivate, harvest or sell durian trees and fruits (mainly Musang King durian trees) on approximately 1650 acres or 30% of the concession land. RCL will provide management services to these partners and in turn collect management fees from these partners. In FY2018, RCL generated revenue of MYR11.615 million (approximately US$2.877 million) through the provision of management services to the partners, and RCL will continue to bill the partners progressively as it fulfils its obligations in the next twelve months. RCL will further look for other business partners to cultivate the land separately.

MANAGEMENT SERVICES BUSINESS

Eyeing on Singapore's position as a gateway for financial, business and management gateway for Asian business, the Group on 28 March 2018 formed a wholly-owned subsidiary, Mirach HP Management Pte. Ltd. ("MHPM"), to provide business and management consultancy services. The first job was to work with partners in Malaysia to provide marketing and sales consultancy for their business development. The Company hopes to acquire more human resource along the way to develop this business.

CONSTRUCTION AND LOW COST HOUSING PROJECT

Our Malaysian subsidiary, Premier Malaysian Sdn. Bhd. ("PMSB"), has provided an update on the construction and development of 213 units single-storey terrace houses in West Malaysia State of Perak which was awarded to PMSB for a gross development value ("GDV") of MYR 20.500 million (approximately US$5.034 million). As of 31 December 2018, the percentage of construction for the low cost housing project situated in the Malaysia State of Perak is 14.4% and generated US$0.730 million revenue. The Group expects to complete the project in April 2020, with progressive billings to continue in the next twelve months.

OIL AND GAS BUSINESS

Currently, the Group still retains minority ownership (9%) of Gunung Kampung Minyak Ltd ("GKM") Oil Field in Indonesia, as the business is currently self-sustaining.

CORPORATE DIRECTIONS

The Group recorded total revenue of US$3.711 million in FY2018, compared to a total revenue of US$0.056 million in FY2017. This was driven mainly by the Group's new businesses. The new business has contributed in returning the Company to profitability. The Board believes that with future operational cooperation with business partners in the agriculture business, the Group will continue to grow, and barring unforeseen circumstances, create and enhance shareholders' value.

While developing the agriculture business, I would like to inform shareholders that we are also looking to diversify further into other businesses and are currently negotiating with various parties, with the intention to solidify the financial performance of the Group. However, we have not finalised any agreement as yet.

STATUS REPORT FOR THE USE OF PROCEEDS FROM PLACEMENT ISSUE IN 2017

For the placement of shares in 2H2017, the Company raised US$1.27 million in total. The amount from the proceeds have been fully utilised as at 19 March 2019. The list below summarised the usage of the proceeds.

	US$ million
Net proceeds from drawdown of placement	**1.27**
Less use of proceeds:	
Investment in 75% stake in Premier Mirach Sdn. Bhd.	0.18
Property construction and development projects	0.62
Working capital for the Group	0.47
Balance as at 19 March 2019	**0**

STATUS REPORT FOR THE USE OF PROCEEDS FROM PLACEMENT ISSUE IN 2018

For the placement of shares in 3Q2018, the Company raised US$4.05 million in total. The amount from the proceeds have been fully utilised as at 19 March 2019. The list below summarised the usage of the proceeds.

	US$ million
Net proceeds from drawdown of placement	**4.05**
Less use of proceeds:	
Investment in RCL Kelstar Sdn. Bhd.	3.33
Provision of working capital to RCL Kelstar Sdn. Bhd.	0.72
Balance as at 19 March 2019	**0**

STATUS REPORT FOR THE USE OF PROCEEDS FROM PLACEMENT ISSUE IN 2019

For the placement of shares in 1Q2019, the Company raised US$3.13 million in total. The amount from the proceeds unutilised as at 19 March 2019 amounted to US$2.77 million. The list below summarised the usage of the proceeds.

	US$ million
Net proceeds from drawdown of placement	**3.13**
Less use of proceeds:	
Payments to the Vendors	0.27
Working capital for subsidiary (RCL Kelstar Sdn. Bhd.)	0.09
Balance as at 19 March 2019	**2.77**

ACKNOWLEDGEMENT

On behalf of the Board and the Company, I would like to take this opportunity to thank Mr Richard Tan Kheng Swee for his contributions to the Board as lead independent director. Richard left the Board in April 2018 to attend to his personal career.

In 2Q2018 , we welcome Mr Loo Cheng Guan to the Board as the new lead independent director and Mr Wee Cheng Kwan as the non-executive and non-independent director. Cheng Guan is a veteran in the capital market and private equity industry, and we have since benefitted from his reviews and advice and look forward to his further contributions to the Board. Cheng Kwan's expertise in construction work and local Malaysian knowledge is also a boost to the Board's review processes for our Malaysian business.

Last but not least, I would like express my sincere appreciation to our fellow shareholders and stakeholders for their unwavering support in the past year, and all our colleagues for their dedication and hard work.

WILLIAM CHAN
Executive Chairman and Chief Executive Officer
3 April 2019

OPERATIONS REVIEW

TURNOVER ANALYSIS

For the financial year ended 31 December 2018, total revenue for the Group reported higher at US$3.711 million. This revenue came from the Group's management services provided to agriculture business partners in Malaysia as well as the property construction and development business.

COST AND EARNINGS ANALYSIS

Consultancy fee expenses of US$0.089 million were incurred in the provision of management services to the agriculture business partners and the property construction and development activities brought about US$0.658 million of subcontractor costs. Staff costs fell by US$0.147 million or 12% in FY2018 mainly due to the cessation of KM Oil Field in 2017.

The other income of US$1.306 million related mainly to a US$0.546 million waiver of an amount due to a third party as well as a net adjustment of US$0.410 million to liabilities arising from the termination of oil operations in Indonesia.

Depreciation and amortisation fell US$0.095 million or by 76% in FY2018 in comparison with FY2017. The impairment loss on oil and gas properties and plant, property and equipment taken up in the previous year resulted in lower depreciation.

Consequently, the pre-tax profit and total net profit for FY2018 were US$2.237 million and US$1.657 million respectively, as compared to the pre-tax loss and total net loss of US$9.605 million for FY2017. This is mainly due to: i) revenues generated during the year, ii) other income generated during the year, and iii) no impairment loss on oil and gas properties, property, plant and equipment and trade and other receivables as compared to the impairment loss of US$4.877 million made in 2017.

FINANCIAL POSITION AND LIQUIDITY

The current assets of the Group as at 31 December 2018 increased by US$1.389 million as compared to 31 December 2017. This was mainly due to the increase in trade and other receivables and prepayments made in relation to the agriculture business.

The non-current assets of the Group as at 31 December 2018 increased by US$11.613 million as compared to 31 December 2017 mainly due to the increase in deposits in relation to the acquisition for RCL Kelstar Sdn. Bhd., as well as the increase in bearer plants and trade receivables from the operations of the agriculture business.

Amounts due from an associate and contract deposit decreased by US$1.340 million and US$1.500 million respectively as at 31 December 2018 as compared to 31 December 2017. The supplier agreed to offset the payables in return for equity interest in the associate.

Trade and other payables increased by US$2.339 million as at 31 December 2018 compared with 31 December 2017. This was mainly due to increase in payables for the agriculture business operations.

Deferred revenue increased by US$6.170 million as at 31 December 2018 compared to 31 December 2017 arising from the consideration of trees received as part of three cooperation agreements signed. The revenue has been deferred and will be subsequently accounted for as revenue once RCL obtains the relevant licenses, use permits, etc.

Cash and cash equivalents (inclusive of exchange effects) decreased by US$0.779 million for FY2018 as compared with FY2017. Cash used in operating activities was US$1.815 million for FY2018 as compared to US$2.381 million for FY2017. This was mainly contributed by the profit before income tax of US$2.237 million for FY2018 compared to the loss before income tax of US$9.605 million for FY2017, which was offset by the increase in trade and other receivables and prepayments mainly relating to the agriculture business. Cash used in investing activities was US$2.973 million in FY2018 as compared to cash generated from investing activities of US$0.066 million in FY2017 mainly due to the net cash outflow for the acquisition of RCL. Cash generated from financing activities was US$4.036 million in FY2018 as compared to cash used in financing activities of US$0.047 million in FY2017 mainly due to the US$4.045 million proceeds from placement of new shares during the year.

BOARD OF DIRECTORS

MR. CHAN SHUT LI WILLIAM

Executive Chairman and Chief Executive Officer

Mr. Chan joined the Board on 18 June 2003 and is an Executive Director of the Company. Mr. Chan was last re-elected as a Director on 27 April 2017. Mr. Chan is largely responsible for setting the strategic direction and leading the Mirach Energy Group of Companies into an oil and gas exploration and production group in Asia. He is also responsible for the development of the Group's business operations, where he is engaged in business development activities and their subsequent implementation.

Mr. Chan holds a Master Degree in Business Administration from Murdoch University in Australia and is a member of the Society of Petroleum Engineers USA. Mr. Chan is also a member of the UK Institute of Financial Accountants, as well as a member of Institute of Public Accountants of Australia.

MR. WEE CHENG KWAN

Non-Independent Non-Executive Director

Mr. Wee joined Mirach Energy Limited in April 2018 as a Non-Independent Non-Executive Director. He is also a director of PRG Holdings Berhad, a public listed company in Malaysia involve in manufacturing, property development and construction. Mr. Wee is trained as a Civil Engineer and has completed residential and commercial projects during the span of his career. Other than being active in the property and construction sector, Mr. Wee has wide experience in fund raising and strategic planning projects in various industries including IPOs, dual listings, merger and acquisitions, organizational reviews, fund raising and project development. Mr. Wee holds a First Class Bachelor of Engineering (Hons) Civil Engineering from University of Portsmouth, United Kingdom.

MR. LOO CHENG GUAN

Lead Independent Director

Mr. Loo joined the Board as the Lead Independent Director in May 2018. He is the Managing Director of Vermilion Gate Pte Ltd, a boutique M&A house based in Singapore, with over 25 years of experience in M&A, private equity and corporate finance. His experience in corporate finance and capital markets encompassed primary and secondary equity and debt capital offerings (including IPOs and listings) on the SGX, Bursa Malaysia, Tokyo Stock Exchange and other exchanges. Mr. Loo had also undertaken consultancy in studies of privatization of state-owned entities for the Malaysian and Singapore governments.

MS. LIU MEI LING, RHODA

Independent Director

Ms. Liu was appointed to as an Independent Director on 1 April 2007 and was last re-elected on 28 April 2016. She is a Non-Executive and Independent Director and Chairman of the Audit Committee of three listed companies in other jurisdictions, namely, Modern Beauty Salon Holdings Limited and Fujian Holdings Limited, both companies listed on the Main board of The Stock Exchange of Hong Kong Limited, and Ellipsiz Communications Ltd., a company listed on Venture Capital Market of the Toronto Stock Exchange. Currently, she serves as a Senior Partner at Liu and Wong, CPA.

Ms. Liu is a Member of the Canadian Chartered Professional Accountants, Fellow Practicing Member of the Hong Kong Institute of Certified Public Accountants, Fellow Member of the Taxation Institute of Hong Kong, and Fellow Member of the Hong Kong Institute of Directors. Ms. Liu holds a Bachelor of Art Degree in Finance and Commercial Studies from University of Western Ontario in Canada, Professional Degree in China Law from Tsing Hua University in China, and a Master of Business Administration Degree from McMaster University in Canada.

MR. LIM JUN XIONG STEVEN

Independent Director

Mr. Lim was Chief Executive Officer of SG Trust (Asia) Limited, a division of Societe Generale Private Banking that specialises in Global Wealth Solutions that encompasses asset protection and succession planning. He joined the Board as an Independent Director in 2009 and was re-elected as a Director on 26 April 2018. He was a Director of CPA Australia ("CPAA's") Board as well as the President of its Singapore Division. Mr. Lim also previously chaired CPA Australia's International Corporate Sector Advisory Committee and was a member of its nominating committee. He is also a member of Society of Trust and Estate Practitioners, Singapore Branch and was its Deputy President for a number of years.

MANAGEMENT AND EXECUTIVES

MR. LOKE KIM MENG

Chief Operating Officer

Mr. Loke was appointed in October 2017. Previously, Mr. Loke was an Associate Director in Maybank Private Wealth (Malaysia), where he was responsible for managing and advising high net worth clients' investments in different asset classes. He started his career at Mizuho Corporate Bank Ltd (Singapore) Structured Finance division and later DBS Bank Ltd (Singapore) Corporate Banking division. He was also with One Tree Partners Ltd (Singapore), PricewaterhouseCoopers (Malaysia) Corporate Finance team before joining RHB Private Banking (Malaysia). Mr. Loke holds a Bachelor Degree (Hons) in Mechanical Engineering from the University of Bradford, England.

DR. WANG JUE

Head Of Oil and Gas

Dr. Wang oversees Mirach Energy's E&P business. She was engaged in various departments in Sinopec and was the head of the production division at the headquarters of Sinopec Group. Prior to this Dr. Wang was the Chief Geologist responsible for oilfield development at a subsidiary of China National Petroleum Corporation ("CNPC"). Dr. Wang was also engaged as a senior technical consultant at Core Laboratories, KJP. She is a Researcher for the China Institute of Strategy Management - National Strategic Research Fund. Dr. Wang graduated from Chengdu College of Geology in 1986 in Petroleum Geology, and obtained her Master's degree in Petroleum Exploration Engineering and Ph.D in Geology from the China University of Geosciences.

MS. LOW CHIEW LENG

Corporate Director

Ms. Low is the Investment Director and Corporate Planning Director, and also the Human Resource Director of the Group. She joined the Mirach Group since 2006. Ms. Low graduated from the Nanyang Technological University in Singapore and started at Hoare Govett Asia in equity research, focusing on initial public offers and small capital companies. She then became an equity dealer and equity analyst at BT Brokerages Private Limited, and later joined Yuanta Securities Private Limited in Singapore as the regional analyst for five years. She was an Investor Relations Director at a listing aspirant company, before joining Mirach Energy Limited.

MS. CHUNG YIM LING

Finance Director

Ms. Chung joined Mirach Energy Limited as the Finance Director in December 2017. Prior to joining the Group, Ms. Chung was a Senior Consultant of a professional consultancy company in Hong Kong for four years, providing professional services to clients in Hong Kong and overseas. She was the Chief Financial Officer of Star Pharmaceutical Limited (listed in Singapore) for two years. Ms. Chung also was a Vice President (Private Banking) of Credit Suisse AG Hong Kong and DBS Bank (Hong Kong) Limited for two years and nine years respectively. She also worked for Ernst & Young Hong Kong for six years. Ms. Chung is a member of The Australian Society of Certified Practising Accountants (ASCPA), Hong Kong Institute of Certified Public Accountants (HKICPA), The Association of Chartered Secretaries and Administrators (ACIS) and Hong Kong Institute of Securities (HKSI).

CORPORATE GOVERNANCE

The Board of Directors ("the Board") is committed to ensuring that the highest standards of corporate governance are practised throughout Mirach Energy Limited and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group. The Board is pleased to confirm that it has adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") where it is applicable and practical. The Board has also established various self-regulatory and monitoring mechanisms, where applicable, to ensure that effective corporate governance is practised.

Set out below are the policies and practices adopted and practised by the Group to comply with the principles and spirit of the Code. The Board confirmed that the Group has generally complied with the principles of the Code.

THE CODE

The Code is divided into 4 main sections, namely:

(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Shareholders Rights and Responsibilities

(A) BOARD MATTERS

Principle 1:
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The principal functions of the Board are:

1. reviewing and approving corporate strategies, annual budgets and financial plans and monitoring the organisational performance towards them;

2. reviewing the adequacy and integrity of the Company's internal control, risk management systems, and financial information reporting system;

3. establishing a framework of prudent and effective controls which enable risks to be properly assessed and managed; including safeguarding of shareholders' interests and company's assets;

4. identifying the key stakeholder groups and recognise that their perceptions affect the company's reputation;

5. ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct;

6. approving the nominations to the Board of directors by the Nominating Committee, and endorsing the appointments of management team and/or external auditors;

7. reviewing and approving the remuneration packages recommended by the Remuneration Committee for the Board and key executives;

8. reviewing and approving share options granted under the Mirach Energy Employee Share Option Scheme and Mirach Performance Share Plan;

9. ensuring accurate, adequate and timely reporting to, and communication with shareholders; and

10. considering sustainability issues, e.g. environmental and social factors, as part of its corporate sustainability report formulation.

Matters which are specifically reserved to the Board for decision include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends, other returns to shareholders and interested person transactions.

The Board has delegated specific responsibilities to 3 subcommittees (Audit, Nominating and Remuneration Committees), the details of which are set out below. These committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets on a regular basis and as when necessary to address any specific significant matters that may arise. The Constitution allows a Board meeting to be conducted by way of a tele-conference and a video-conference. All Board members bring about an independent judgment and diversified knowledge and experiences to bear on the issues of strategy, performance, resources and standards of conduct. The matrix on the position, the frequency of meeting and the attendance of directors at these meetings, is shown on page 21.

The Board ensures that incoming new directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties.

Principle 2:
There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises 5 members, 1 of whom is executive director, 1 non-executive director and 3 are independent directors, making up more than one-half of the Board, in accordance with the Code. Together, the directors bring about wide-ranging business and financial experiences relevant to the Group. A brief description of the background of each director is presented on "Board of Directors" section.

The Board considers the current board size as adequate for its present operations. As more than half of the Board are independent directors, no individual or group is able to dominate the Board's decision-making process. There is also balance within the Board in the presence of independent directors of calibre essential to provide diverse perspectives for Board decisions. Although all the directors have an equal responsibility for the Group's operations, the role of these independent directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into account the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the group conducts business.

The investment of minority shareholders is fairly reflected through Board representation.

The duties and responsibilities of the executive directors are clearly set out in their service agreements. Board members are encouraged to attend seminars and receive training in connection with their duties as directors in areas such as accounting and legal knowledge, particularly on latest developments to relevant laws, regulations, accounting standards and changing commercial risks to enable them to make well-informed decision and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

As at the date of this report, Ms Liu Mei Ling, Rhoda and Mr Lim Jun Xiong Steven have served on the Board beyond nine years from the date of their first appointment on 1 April 2007 and 15 May 2009 respectively. The Board has subjected their independence to rigorous review. The Board, taking into account the views of the Nominating Committee, considers them to be able to exercise independent and objective judgement and there are no relationships or circumstances which affect their judgment and ability to discharge their duties and responsibilities as independent directors.

Principle 3:
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

It is the view of the Board that it is in the best interests of the Group to adopt a single leadership structure for the current operations i.e. where the CEO and the Executive Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Executive Chairman ensures that the board meetings are held when necessary and sets the board meeting agenda. The Executive Chairman reviews the board papers prior to presenting them to the Board. The Executive Chairman ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group. Major decisions made by the Executive Chairman and CEO are brought up by him for discussion and review at Board meetings. His performance and appointment to the Board are reviewed periodically by the Nominating Committee and his remuneration package is reviewed periodically by the Remuneration Committee. While the Nominating Committee has 1 executive director, the rest are independent directors; the Remuneration Committee comprises 3 independent directors. As recommended by the Code, the Board has appointed Mr Loo Cheng Guan, as the Lead Independent Director of the Company. As such, the Board believes that there are adequate safeguards against an uneven concentration of power and authority in a single individual.

Principle 4:
There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

NOMINATING COMMITTEE

The Nominating Committee comprises 3 members, majority of whom are independent. The members of the Nominating Committee are:-

Mr Lim Jun Xiong Steven	(Chairman and Independent Director)
Mr Chan Shut Li, William	(Executive Chairman and Chief Executive Officer)
Mr Loo Cheng Guan	(Lead Independent Director)

In 2018 the Nominating Committee had 1 meeting. The matrix on the position, the frequency of meeting and the attendance of directors at these meetings is shown on page 21.

The key terms of reference for the Nominating Committee are to:

- set a framework to identify and nominate to the Board, candidates for all directorships to be filled by shareholders or the Board; candidates for all executive management positions; and directors to fill the seats on Board committees;

- oversee the management development and succession planning of the Group, including appointing, training and mentoring senior management;

- determine the objective criteria on evaluating the Board's performance; assess the effectiveness of the Board and its committees as a whole and the contribution by each director to the Board;

- review the independence of director who has served on the Board for more than 9 years; and set and review the maximum number of listed company a director of the Company may sit on.

ELECTION AND RE-ELECTION

New directors are appointed by way of a board resolution, upon their nomination from Nominating Committee. In accordance with the Company's Constitution, these new directors who are appointed by the Board shall hold office only until the next Annual General Meeting and shall then be eligible for election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. The Articles also provide that at least one third of the remaining directors be subject to re-election by rotation at each Annual General Meeting.

The Nominating Committee made recommendation to the Board to have at least 3 directors, the majority of whom, including the Chairman, should be independent. The Lead Independent Director, if any, should be a member of the Nominating Committee.

Key information of the Board members is set out in the "Board of Directors" section of this Annual Report.

CORPORATE GOVERNANCE

Principle 5:
There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Nominating Committee assesses the effectiveness of the Board collectively. In this aspect, both quantitative and qualitative criteria were adopted. The criteria adopted include the effectiveness of the Board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board. The Nominating Committee also considers the required mix of skills, experience and core competencies of the members should bring to the Board, during this assessment.

Principle 6:
In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management recognises the importance of ensuring the flow of information to the directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. All Board and board committee papers are distributed to directors in advance to allow sufficient time for directors to prepare for the meetings.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. To facilitate direct access to the senior management, directors are also provided with the names and contact details of the management team.

Directors have separate and independent access to the Company Secretary. The Company Secretary assists in, among other things, ensuring that Board procedures are observed and that Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Listing Manual, are complied with.

The corporate secretarial agent is Tricor Evatthouse Corporate Services and the named Company Secretary and/or her representative attends and prepares minutes for all Board meetings. The Company Secretary assists in ensuring coordination and liaison between the Board, the board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman/Chairperson of board committees and management in the development of the agendas for the various Board and board committee meetings. The appointment and the removal of the Company Secretary is subject to the Board's approval.

Should Directors, whether as a group or individually, require professional advice, the Group, upon direction by the Board, shall appoint a professional advisor selected by the Group or the individual, approved by the Chairman, to render the advice. The cost of such service shall be borne by the Group.

(B) REMUNERATION MATTERS

Principle 7:
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

REMUNERATION PROCEDURE

The Code endorses, as good practice, a formal framework for fixing the remuneration packages of individual, with a Remuneration Committee making recommendations to the Board.

The Company adopted the objective as recommended by the Code to determine the remuneration for a director so as to ensure that the Company attracts and retains the directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance in the case of executive directors and key management personnel.

REMUNERATION COMMITTEE

The Remuneration Committee comprises 3 members, all of whom are independent. The members of the Remuneration Committee are:-

Mr Loo Cheng Guan	(Chairman and Lead Independent Director)
Mr Lim Jun Xiong Steven	(Independent Director)
Ms Liu Mei Ling, Rhoda	(Independent Director)

The principal responsibilities of the Remuneration Committee are:

- review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind;

- review and recommend to the Board, the specific remuneration packages for each director as well as for the key management personnel;

- consult professional consultancy firm or public information where necessary in determining remuneration packages;

- consider the various disclosure requirements for directors' remuneration and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

In 2018 the Remuneration Committee had 1 meeting. The matrix on the position, the frequency of meeting and the attendance of directors at these meetings is shown on page 21 of this Annual Report.

Principle 8:
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In making its recommendations to the Board on the level and mix of remuneration, the Remuneration Committee seeks to be competitive in order to attract, motivate and retain high-performing executives to drive the Group's businesses whilst operating within the Group's risk parameters, so as to maximise long-term shareholder value. In its deliberation of remuneration level and mix, the Remuneration Committee takes into consideration industry practices and benchmarks against relevant industry players as well as comparable positional responsibilities to ensure that its remuneration practices are competitive. The Company adopts a performance-driven and meritocratic approach to compensation, with rewards linked to individual and corporate performance to align interests of Management with those of Shareholders and promote the long-term success of the Company. Such performance-related remuneration should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks.

The Company's remuneration framework comprises a fixed component in the form of a basic salary, a discretionary variable component linked to the performance of the individual and the Company, and a long-term incentive. The executive Director's and executive Management's service contract does not contain onerous removal clauses. Going forward, the Company will consider adding contractual provisions to allow the Issuer to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Issuer. This should further safeguard the financial interest of the Company from material errors and/or gross misconduct of employees whom have been wrongfully remunerated.

Principle 9:
Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Remuneration Committee recommends to the Board the framework of executive remuneration, and the remuneration package for each executive director and key management personnel. Although the recommendations are made in consultation with the Chairman of the Board as well, the remuneration packages are ultimately approved by the entire Board.

REMUNERATION PACKAGE

The remuneration package of directors and key management personnel includes the following:

(a) Basic salary

The basic salary (inclusive of statutory employer contributions like the Central Provident Fund, if applicable) for each executive director/key management personnel is recommended by the Remuneration Committee, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable organisations.

(b) Fees

The fees paid/payable to independent directors take into account factors such as effort and time spent, and responsibilities of these directors. The remuneration of independent directors are submitted for approval at the Annual General Meeting. Executive directors do not receive directors' fees.

(c) Bonus scheme

The Group operates a bonus scheme for all employees, including the executive directors and key management personnel. The criteria for the scheme is the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of corporate and individual's performance during the year. Bonuses payable to the executive directors/key management personnel are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of shareholders.

(d) Benefits in kind

Other customary benefits (such as private medical cover, housing, car) are made available as appropriate.

(e) Service contract

The notice period for the termination of Executive Directors' service contracts by either party giving not less than 3 months to 6 months' notice to the other.

(f) Mirach Energy Employee Share Option Scheme and Mirach Energy Performance Share Plan

The Remuneration Committee administers the Company's share-based remuneration incentive plans namely, the Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme") and Mirach Energy Performance Share Plan (the "Mirach PSP").

The Group may at its discretion grant options and performance shares to senior executives and independent directors of the Group under the Mirach ESOS Scheme and Mirach PSP. Matters relating to the Mirach ESOS Scheme and Mirach PSP were administered by the Remuneration Committee.

REMUNERATION MATTERS

The full remuneration of each individual director and aggregate of top key management personnel of the Group is not disclosed as the Company believes that disclosure may be prejudicial to its business interests given the sensitivity and confidentiality of remuneration matters. The Remuneration Committee has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

A breakdown showing the level and mix of each individual director's remuneration payable for FY 2018 is as follows:

	2017	2018
S$500,000 and above	–	–
S$250,000 to below S$500,000	1	1
Below S$250,000	4	4
Total	5	5

Name	Remuneration Band S$	Salary %	Bonus %	Fringe Benefits %	Directors' Fees %	Total %
Chan Shut Li, William	S$250,000 to below S$500,000	92.3%	7.7%	–	–	100
Wee Cheng Kwan	Below S$250,000	–	–	–	100	100
Loo Cheng Guan	Below S$250,000	–	–	–	100	100
Liu Mei Ling, Rhoda	Below S$250,000	–	–	–	100	100
Lim Jun Xiong Steven	Below S$250,000	–	–	–	100	100

The Company has 4 Key Management Personnel (who are not directors) within its organisation structure and the Remuneration of the 4 Key Management Personnel is as follows:

Name	Remuneration Band S$	Salary %	Bonus %	Fringe Benefits %	Directors' Fees %	Total %
Chung Yim Ling	Below S$250,000	92.3%	7.7%	–	–	100
Wang Jue	Below S$250,000	100.0%	–	–	–	100
Loke Kim Meng	Below S$250,000	100.0%	–	–	–	100
Low Chiew Leng	Below S$250,000	92.3%	7.7%	–	–	100

The Company does not have any employee who is an immediate family member of a Director or CEO.

(C) ACCOUNTABILITY AND AUDIT

Principle 10:
The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with management accounts, operation review and related explanation together with the financial statements on a quarterly basis and as the Board may require from time to time. The Audit Committee reviews the financial statements and reports to the Board for approval.

In presenting the annual financial statements and quarterly announcements to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects. In preparing the financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; there were compliance with legislative and regulatory requirements, including under the listing rules of the SGX-ST; and
- prepared financial statements on an going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

CORPORATE GOVERNANCE

Principle 11:
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The Finance Team performs detailed work to assist the Audit Committee and the Board in the evaluation of the internal controls, financial and accounting matters, compliance, business and financial risk management.

The Board received assurance from the Executive Chairman and the Finance Team that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) the Company risk management and internal control systems in place are effective.

The Board, with the concurrence of the Audit Committee, recognises that there are adequate internal controls, including financial, operational and compliance control, and risk management system in the Company.

Principle 12:
The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

AUDIT COMMITTEE

The Audit Committee comprises 4 members, out of which 3 are independent. At the date of this report, the Audit Committee comprises the following members:

Ms Liu Mei Ling, Rhoda	(Chairman and Independent Director)
Mr Loo Cheng Guan	(Lead Independent Director)
Mr Lim Jun Xiong Steven	(Independent Director)
Mr Wee Cheng Kwan	(Non-Executive and Non-Independent Director)

The key terms of reference of the AC include:

- to review the financial statements of the Company and the consolidated financial statements of the Group, and any announcements relating to the Company's financial performance, before submission to the Board of Directors;
- to review the external auditor's audit plans;
- to review with the external auditor, his evaluation of the system of internal accounting controls and the effectiveness of the Company's internal audit functions;
- to nominate external auditors for re-appointment;
- to review the scope and results of the internal audit procedures and ensure the adequacy of the internal audit function;
- to review interested person transactions.

The Audit Committee has recommended the nomination of Messrs Ernst & Young LLP, for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has conducted an annual review of non-audit services to satisfy itself that there is no non-audit services that will not prejudice the independence and objectivity of the external auditors before confirming their recommendation.

During the year under review, approximately US$84,000 (2017: approximately US$58,000) and approximately US$14,000 (2017: approximately US$9,000) were paid/payable to the independent auditors of the Company and other auditors. No non-audit fees (relating to professional tax services rendered) was paid/payable to the independent auditors of the Company during the year under review (2017: NIL).

The Board and the Audit Committee have reviewed the appointment of auditors from the global audit firm for its subsidiaries and/or significant associated companies and were satisfied with their appointment for the audit of the Group.

The Company is in compliance with Rules 712 and 716 of the SGX-ST Listing Manual in relation to the independent auditors.

In 2018 the Audit Committee had 5 meetings. The Executive Chairman and the Finance Team were invited to attend the meetings.

In the course of financial year 2018 and since its appointment, the Audit Committee carried out the following activities:

- review with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);
- make recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- monitor interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity. The Audit Committee is also required to ensure that Directors' statement such transactions annually to shareholders via the annual report;
- review quarterly reporting to SGX-ST and year end annual financial statements of the Group before submission to the Board, focusing on :-
    - going concern assumption;
    - compliance with accounting standards and regulatory requirements;
    - any changes in accounting policies and practices;
    - significant issues arising from the audit;
    - major judgmental areas; and
    - any other functions which may be agreed by the Audit Committee and the Board.

The Audit Committee has access to the independent auditors and meets them at least once a year without the presence of the Management.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor.

The Company has adopted a Whistle-Blowing Policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in the matter of financial reporting or in other matters. The Whistle-Blowing Policy adopted provides procedures to validate concerns and for investigation to be carried out independently. The Whistle-Blowing Policy has been circulated to its global offices for all employees after its implementation. There were no whistle-blowing reports made during the year under review.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, discussions were made with the external auditors when they attend the Audit Committee meetings.

Principle 13:
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company outsource its internal audit functions to third party internal auditors as part of its internal audit functions. The Independent Directors had recommended for the Company to conduct an internal audit exercise in the second half of 2018. In view of the Company's major change in business risk profile and its diversification into new business, the Audit Chairman had recommended the internal audit function to be held back till 2019.

In 2019, the Board plans to outsource an internal audit to review the Group's internal controls risk management and compliance systems. Thereafter report findings and recommendations will be made to the Board and Audit Committee. The independent internal auditor was another system of alert that the board had used previously and will use again this year.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14:
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. The Company does not practise selective disclosure. Results and annual reports are announced or issued to the public through SGXNET within the mandatory period. The Group values dialogue with investors.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the Annual General Meeting. The Company's Constitution allows a shareholder to appoint multiple proxy or proxies to attend and vote on behalf of a shareholder at the Annual General Meeting. Shareholders who hold shares through nominees such as CPF and custodian banks are also allowed to the Annual General Meeting as proxy.

Principle 15:
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in an adequate, accurate and timely manner via SGXNET, press release and corporate website by the Investor Relations Director and the Finance Team, in consultation with the Board.

The Company does not have a formal dividend policy. The Company may declare an annual dividend with the approval of the shareholders in a general meeting.

No dividends have been declared or recommended for the year ended 31 December 2018, as cash flows are being directed to the Group's various projects.

Principle 16:
Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company.

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. Executive directors and, where appropriate, the Chairman of the Audit, Nominating and Remuneration Committees are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman of the Board will undertake to provide the shareholders with a written answer to any significant question that cannot be readily responded on the spot.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

DEALINGS IN SECURITIES

The Group has adopted internal codes pursuant to the Listing Rule 1207(19) of the Listing Manual applicable to all its officers in relation to dealing in the Company securities. Its officers are not allowed to deal in the Mirach Energy Limited's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the full year results announcement, as the case may be, and ending on the date of announcement of the relevant results. Directors and employees are advised not to deal in the Company's securities on short term consideration and expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

SUMMARY OF BOARD AND BOARD COMMITTEES MEETINGS HELD IN FY2018

	Board of Directors			Audit Committee			Nominating Committee			Remuneration Committee		
		Number of Meetings			Number of Meetings			Number of Meetings			Number of Meetings	
	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended
Executive Director												
Chan Shut Li William	C	4	4	–	–	–	M	1	1	–	–	–
Independent Directors ('ID')												
Loo Cheng Guan* (Lead ID)	M	3	3	M	4	4	M	0	0	C	0	0
Lim Jun Xiong Steven	M	4	4	M	5	5	C	1	1	M	1	1
Liu Mei Ling, Rhoda	M	4	4	C	5	5	–	–	–	M	1	1
Non-ExecutiveDirector												
Wee Cheng Kwan**	M	3	2	M	2	1	–	–	–	–	–	–

* appointed as Director, Chairman of RC, NC member, AC member on 11 May 2018

** appointed as Director on 26 April 2018, AC member on 16 July 2018

Denotes:
C – Chairman
M – Member

MATERIAL CONTRACTS

Save for the service agreements entered into between the Executive Directors and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any director or controlling shareholders subsisting at the end of the financial year ended 31 December 2018.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and those transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. There were no interested person transactions for the financial year ended 31 December 2018.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Mirach Energy Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Chan Shut Li, William
Liu Mei Ling, Rhoda
Lim Jun Xiong Steven
Wee Cheng Kwan (appointed on 26 April 2018)
Loo Cheng Guan (appointed on 11 May 2018)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Chan Shut Li, William	18,569,673	18,569,673	–	–
Liu Mei Ling, Rhoda	20,000	20,000	–	–
Wee Cheng Kwan	–	13,000,000	–	–
Share options of the Company				
Lim Jun Xiong Steven	500,000	–	–	–
Liu Mei Ling, Rhoda	500,000	–	–	–

Directors' interests in shares and debentures (continued)

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options and Performance share plan

Mirach Energy Limited has the following share options and share plan:

1. Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme")

2. Mirach Energy Performance Share Plan (the "Mirach PSP")

All share options and share plan are administered by the Remuneration Committee ("RC"), which comprises the following directors:

Loo Cheng Guan (Chairman)
Lim Jun Xiong Steven
Liu Mei Ling, Rhoda

The share options and share plan shall continue to be in force at the discretion of RC, subject to a maximum period of 10 years commencing from its adoption by the shareholders and may continue beyond the stipulated period with the approval of the shareholders by an ordinary resolution passed at a general meeting and of any relevant authorities which may then be required.

Options

The Mirach ESOS Scheme was approved on 30 July 2014. Under the scheme, non-transferable options to subscribe for ordinary shares in the capital of the Company are granted to eligible executive directors, non-executive directors, controlling shareholders and their associates.

In 2016, the Company granted 2,960,000 share options under Mirach ESOS Scheme. The Company has not granted any share options under the Mirach ESOS Scheme during the financial year.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Mirach ESOS Scheme as at 31 December 2018 are as follows:

Expiry date / Name	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options expired during the financial year	Aggregate options outstanding as at end of financial year
15 June 2018					
Lim Jun Xiong, Steven	–	500,000	–	(500,000)	–
Liu Mei Ling, Rhoda	–	500,000	–	(500,000)	–
Richard Tan Kheng Swee	–	500,000	–	(500,000)	–
Other employees	–	1,460,000	–	(1,460,000)	–
	–	2,960,000[1]	–	(2,960,000)	–

[1] These options are exercisable between the periods from 16 June 2017 to 15 June 2018 at the exercise price of US$0.11 if the vesting conditions are met.

DIRECTORS' STATEMENT

Options (continued)

Other than as disclosed above, since the commencement of the employee share option plans till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participants have received 5% or more of the total options available under the Mirach ESOS Scheme;
- No options have been granted to directors and employees of the holding company and its subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

Performance share plan

Under the Mirach PSP, the award of fully-paid shares will be granted, free of charge, to selected employees and directors of the Company and its subsidiaries, controlling shareholders and their associates with performance targets to be set over a performance period. Subject to the achievement of the prescribed performance targets and upon expiry of the prescribed performance period, either new shares will be allotted and issued or existing shares acquired previously and held as Treasury Shares will be delivered.

In 2016, the Company granted 2,940,000 shares under Mirach PSP. The Company has not granted shares under the Mirach PSP during the financial year. The details are as follows:

Date of grant / Name	Share awards granted during financial year	Aggregate share awards granted since commencement of plan to end of financial year	Aggregate share awards exercised since commencement of plan to end of financial year	Aggregate share awards expired during the financial year	Aggregate share awards outstanding as at end of financial year
16 June 2016					
Chan Shut Li, William	–	1,500,000	–	–	1,500,000
Other employees	–	1,440,000	–	(1,440,000)	–
	–	2,940,000	–	(1,440,000)	1,500,000

Other than as disclosed above, since the commencement of the Mirach PSP till the end of the financial year:

- No share awards were granted to the controlling shareholders of the Company and their associates;
- No participants have received 5% or more of the total number of shares or awards available under the Mirach PSP;
- No directors and employees of the holding company and its subsidiaries had received 5% or more of the total number of shares or awards available under the Mirach PSP; and
- No share awards have been granted to directors and employees of the holding company and its subsidiaries.

Audit committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the external auditor of the Group and the Company
- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors for approval
- Reviewed effectiveness of the Group and Company's material internal controls, including financial, operational and compliance controls and risk management
- Met with the external auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

As there was no non-audit service provided by the external auditor to the Group, the AC is satisfied with the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened five meetings during the year with full attendance from all members. The AC has also met with the external auditor, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP has expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Chan Shut Li, William
Director

Liu Mei Ling, Rhoda
Director

3 April 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MIRACH ENERGY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mirach Energy Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statements of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements. The Group's current liabilities exceeded its current assets by US$7,021,000 and reported negative operating cash flows of US$1,815,000 for the year ended 31 December 2018.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the successful completion of its fund raising plans and the implementation of its business plans to enable the Group to generate sufficient cash flows.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition

Revenue from sale of reports and management and advisory services

For the financial year ended 31 December 2018, the Group reported revenues of US$220,000 and US$2,657,000 from the sale of reports and management and advisory services respectively from contracts with its customers. These revenues are recognised based on the transfer of the control of the performance obligations to its customers. The determination of performance obligations including the fair values of the considerations received, involved management judgement which may have an impact on the amount of revenue recognised during the year. As such, we determined this as a key audit matter.

As part of the audit, we obtained an understanding of the nature of the Group's revenue contracts through discussions with management and examination of contracts with customers. We evaluated management's process for the identification of its performance obligations to recognise revenue. We assessed if the performance obligations were appropriately identified in the contracts and the corresponding revenue were appropriately allocated to each of these performance obligations. We evaluated management's assessment of revenue recognition and reviewed management's computation of deferred revenue relating to the unsatisfied performance obligations which are recognised over time. We sent confirmations to all customers as of year end for these revenue streams to ascertain the services rendered have been completed and traced receivables outstanding to cash received subsequent to year end.

We also assessed the adequacy of the disclosures on the Group's revenues in Note 4 to the financial statements.

Contract revenue for construction contracts

The Group derives its revenue from a construction contract, whereby such revenue is recognised based on management's estimation of the progress of the project activities using the input method that reflects the over-time transfer of control to its customers. The measure of progress is generally determined based on the proportion of contract costs incurred to date to the estimated total costs. The determination of the total progress towards completion and costs to complete for the project involved significant management judgement and estimation uncertainties, and may have an impact on the amount of construction revenue, contract assets and contract liabilities recognised during the year. As such, we determined this as a key audit matter.

We obtained an understanding of the Group's costing and budgeting process to estimate project revenues, costs and profit margins. We traced significant actual costs incurred for construction contracts to the relevant supporting subcontractor invoices and statements, to ensure that the costs are directly attributable to the contracts tested. We tested the reasonableness of management's progress estimation by comparing the actual cost incurred as a percentage to the total contract costs and assessed the reasonableness of the budgeted costs.

We also assessed the adequacy of the disclosures on the Group's project revenue and contract liabilities in Note 4 and 22 to the financial statements.

Accounting for the termination of KSO contract for the oil field operations at KM oil field

As of 31 December 2018, the Group recognised additional provision of US$223,000 arising from the termination of the KSO contract for the oil field operations and written back provision for decommissioning of wells of US$633,000. In assessing the required amount of provision and payables, significant judgements are made based on management's plan to address these matters and other available information in respect to the probability and estimation of potential financial outcomes which are dependent on the contractual agreements and obligations. As such, we determined this as a key audit matter.

We sent confirmation requests to relevant parties and corroborate the confirmation replies with the judgements used by management based on the available information. We have also sent confirmation requests and obtained independent legal opinions to assess the Group's contractual obligations. Our work also included the assessment of the adequacy of information included in notes to the financial statements in connection with these matters.

Accounting for investment in RCL

In 18 July 2018 ("acquisition date"), the Company's wholly-owned subsidiary, CPHL (HK) Limited ("CPHL") entered into a conditional share sale agreement (the "SSA") to acquire 70% equity interest in RCL Kelstar Sdn. Bhd. ("RCL"). Pursuant to the SSA, the vendor shareholders shall sell and CPHL shall purchase the RCL Sale Shares at an aggregate investment value of MYR21,000,000 ("Purchase Consideration"). The consideration paid is refundable if certain permits and licenses are not obtained. Due to the materiality of the transaction and the inherent risks arising from obtaining the relevant licenses and permits, we have determined this to be a key audit matter.

As part of our audit procedures on the accounting for the investment in RCL, we read the share sale agreement to obtain an understanding of the transactions and the key terms. We reviewed management's assessment in determining whether the purchase of RCL meets the definition of an acquisition of an asset and assessed whether the appropriate accounting treatment has been applied to the transaction. We also assessed the adequacy of the related disclosures in Note 13 to the financial statements. We inquired management and evaluated their basis for assessing the recoverability of the refundable deposits.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MIRACH ENERGY LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Yew Kiang.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

3 April 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		US$'000	US$'000
Revenue	4	3,711	56
Other income	5	1,306	1
Subcontractor cost		(658)	–
Consultancy fees		(89)	–
Production expenses		–	(152)
Staff cost	28	(1,056)	(1,203)
Depreciation and amortisation	6	(30)	(125)
Other expenses		(1,220)	(1,155)
Provision for amounts due from an associate	18	–	(1,001)
Impairment loss on oil and gas properties	9	–	(2,996)
Impairment loss on property, plant and equipment	10	–	(184)
Impairment loss on trade and other receivables	19	–	(1,697)
Gain on disposal or liquidation of subsidiaries	13	273	261
Loss on disposal of property, plant and equipment		–	(79)
Impairment loss on investment in an associate	14	–	(1,280)
Finance costs		(8)	(30)
Share of profit/(loss) of associates	14	8	(21)
Profit/(loss) before income tax	6	2,237	(9,605)
Income tax	7	(580)	–
Total profit/(loss) for the financial year		1,657	(9,605)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		383	(9,520)
Non-controlling interests		1,274	(85)
		1,657	(9,605)
Earnings/(losses) per share (US$ cents per share)			
Basic	8	0.22	(7.87)
Diluted	8	0.22	(7.87)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 US$'000	2017 US$'000
Profit/(loss) for the financial year	1,657	(9,605)
Other comprehensive income:		
Item that will not be reclassified to income statement		
Currency translation arising from presentation currency	(70)	1,462
Item that may be reclassified subsequently to income statement		
Currency translation arising from translation of financial statements of foreign subsidiaries	(150)	(1,258)
Other comprehensive income for the year, net of tax	(220)	204
Total comprehensive income for the year	1,437	(9,401)
Total comprehensive income attributable to:		
Equity holders of the Company	163	(9,316)
Non-controlling interests	1,274	(85)
	1,437	(9,401)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group			Company		
		2018	31.12.2017 (restated)	1.1.2017 (restated)	2018	31.12.2017 (restated)	1.1.2017 (restated)
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current assets							
Oil and gas properties	9	–	–	3,020	–	–	–
Property, plant and equipment	10	88	85	435	56	85	48
Bearer plants	11	6,170	–	–	–	–	–
Intangible assets	12	–	–	–	–	–	–
Investment in subsidiaries	13	–	–	–	1	1	1
Investment in associates	14	1,371	1,363	2,664	–	–	–
Deposits	15	4,939	–	–	–	–	–
Trade receivables	19	493	–	–	–	–	–
		13,061	1,448	6,119	57	86	49
Current assets							
Inventories		–	192	189	–	–	–
Trade and other receivables	19	2,759	659	1,496	58	52	77
Prepayments	16	1,615	15	47	14	15	9
Amounts due from subsidiaries	17	–	–	–	7,541	4,108	3,661
Amounts due from an associate	18	–	1,340	1,701	–	–	–
Cash and cash equivalents	20	1,575	2,354	4,696	1,314	1,461	570
		5,949	4,560	8,129	8,927	5,636	4,317
Current liabilities							
Trade and other payables	21	11,031	8,572	8,280	2,169	2,400	2,224
Amounts due to subsidiaries	17	–	–	–	2,531	2,664	1,666
Contract liabilities	22	23	–	–	–	–	–
Deferred revenue	23	341	–	–	–	–	–
Income tax payable		730	163	163	–	–	–
Contract deposit	25	820	2,320	–	–	–	–
Provision for decommissioning of wells	24	–	633	–	–	–	–
Deferred rent liability		3	4	–	3	4	–
Provision for reinstatement cost		22	13	–	22	13	–
		12,970	11,705	8,443	4,725	5,081	3,890
Net current (liabilities)/assets		(7,021)	(7,145)	(314)	4,202	555	427
Non-current liabilities							
Deferred revenue	23	5,829	–	–	–	–	–
Provision for decommissioning of wells	24	–	–	603	–	–	–
Contract deposit	25	–	–	3,000	–	–	–
Deferred rent liability		–	3	–	–	3	–
Provision for reinstatement cost		–	9	–	–	9	–
Deferred tax liabilities		11	11	11	–	–	–
		5,840	23	3,614	–	12	–
Net assets/(liabilities)		200	(5,720)	2,191	4,259	629	476
Equity attributable to owners of the Company							
Share capital	26	86,878	82,522	81,249	86,878	82,522	81,249
Accumulated losses		(87,615)	(88,200)	(76,128)	(82,708)	(82,124)	(77,289)
Other reserves	27	854	1,198	(1,714)	89	231	(3,484)
		117	(4,480)	3,407	4,259	629	476
Non-controlling interests		83	(1,240)	(1,216)	–	–	–
Total equity		200	(5,720)	2,191	4,259	629	476

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company						
	Share capital	Merger reserve (Note 27a)	Equity and share options reserve (Note 27b)	Foreign exchange reserve (Note 27c)	Accumulated losses	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2018							
Group							
At 1 January 2018 – as previously reported	82,522	763	220	(2,804)	(85,181)	(1,240)	(5,720)
Adjustment from adoption of SFRS(I)	–	–	–	3,019	(3,019)	–	–
At 1 January 2018 – as restated	82,522	763	220	215	(88,200)	(1,240)	(5,720)
Profit for the year	–	–	–	–	383	1,274	1,657
Other comprehensive income							
Currency translation arising from:							
Presentation currency	–	–	15	(85)	–	–	(70)
Translation of financial statements of foreign subsidiaries	–	–	–	(150)	–	–	(150)
Other comprehensive income for the year, net of tax	–	–	15	(235)	–	–	(220)
Total comprehensive income for the year	–	–	15	(235)	383	1,274	1,437
Issuance of shares arising from placement	4,421	–	–	–	–	–	4,421
Share issue expense	(65)	–	–	–	–	–	(65)
Share-based compensation expenses	–	–	67	3	–	–	70
Expiration of share options	–	–	(194)	–	194	–	–
Increase in non-controlling interests due to acquisition of subsidiary	–	–	–	–	–	49	49
Disposal or liquidation of subsidiaries	–	–	–	–	8	–	8
At 31 December 2018	86,878	763	108	(17)	(87,615)	83	200

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company						
	Share capital	Merger reserve (Note 27a)	Equity and share options reserve (Note 27b)	Foreign exchange reserve (Note 27c)	Accumulated losses	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2017							
Group							
At 1 January 2017 – as previously reported	81,249	763	542	(3,019)	(76,128)	(1,216)	2,191
Adjustment from adoption of SFRS(I)	–	–	–	3,019	(3,019)	–	–
At 1 January 2017 – as restated	81,249	763	542	–	(79,147)	(1,216)	2,191
Loss for the year	–	–	–	–	(9,520)	(85)	(9,605)
Other comprehensive income							
Currency translation arising from:							
Presentation currency	–	–	–	1,462	–	–	1,462
Translation of financial statements of foreign subsidiaries	–	–	–	(1,258)	–	–	(1,258)
Other comprehensive income for the year, net of tax	–	–	–	204	–	–	204
Total comprehensive income for the year	–	–	–	204	(9,520)	(85)	(9,401)
Issuance of shares arising from placement	1,298	–	–	–	–	–	1,298
Share issue expense	(25)	–	–	–	–	–	(25)
Share-based compensation expenses	–	–	145	11	–	–	156
Proceeds from issue of new shares by subsidiary to non-controlling interests	–	–	–	–	–	61	61
Transfer of share option reserve	–	–	(467)	–	467	–	–
At 31 December 2017	82,522	763	220	215	(88,200)	(1,240)	(5,720)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital	Equity and share options reserve (Note 27b)	Foreign exchange reserve (Note 27c)	Accumulated losses	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000
2018					
Company					
At 1 January 2018 – as previously reported	82,522	220	(4,015)	(78,098)	629
Adjustment from adoption of SFRS(I)	–	–	4,026	(4,026)	–
At 1 January 2018 – as restated	82,522	220	11	(82,124)	629
Loss for the year	–	–	–	(778)	(778)
Other comprehensive income					
Foreign currency translation	–	15	(33)	–	(18)
Total comprehensive income for the year	–	15	(33)	(778)	(796)
Issuance of shares arising from placement	4,421	–	–	–	4,421
Share issue expense	(65)	–	–	–	(65)
Share-based compensation expenses	–	67	3	–	70
Expiration of share options	–	(194)	–	194	–
At 31 December 2018	86,878	108	(19)	(82,708)	4,259
2017					
Company					
At 1 January 2017 – as previously reported	81,249	542	(4,026)	(77,289)	476
Adjustment from adoption of SFRS(I)	–	–	4,026	(4,026)	–
At 1 January 2017 – as restated	81,249	542	–	(81,315)	476
Loss for the year	–	–	–	(1,276)	(1,276)
Total comprehensive income for the year	–	–	–	(1,276)	(1,276)
Issuance of shares arising from placement	1,298	–	–	–	1,298
Share issue expense	(25)	–	–	–	(25)
Share-based compensation expenses	–	145	11	–	156
Transfer of share option reserve	–	(467)	–	467	–
At 31 December 2017	82,522	220	11	(82,124)	629

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Operating activities			
Profit/(loss) before income tax		2,237	(9,605)
Adjustments for:			
- Share-based compensation expenses	28	67	145
- Introducer fee expense		316	–
- Finance costs		8	30
- Interest income		(1)	(1)
- Depreciation of property, plant and equipment	10	30	102
- Depreciation of oil and gas properties	9	–	23
- Loss on disposal of fixed assets		–	79
- Share of (profit)/losses of associates	14	(8)	21
- Provision for amounts due from an associate	18	–	1,001
- Impairment loss on trade and other receivables	19	–	1,697
- Impairment loss on property, plant and equipment	10	–	184
- Impairment loss on oil and gas properties	9	–	2,996
- Impairment loss on investment in an associate	14	–	1,280
- Gain arising from reversal of liabilities	5	(546)	–
- Gain arising from offset of amounts due from associate and contract deposits	5	(160)	–
- Adjustment to payables and provisions in relation to the termination of oil and gas	5	(410)	–
- Unrealised exchange (gain)/loss		(68)	199
- Gain on disposal of subsidiary	13	(273)	–
- (Reversal of provision)/provision for deferred rent liability		(4)	6
Operating cash flows before changes in working capital		1,188	(1,843)
Changes in working capital			
Increase in inventories		192	(3)
Increase in trade and other receivables and prepayment		(2,656)	(828)
Increase in contract liabilities		23	–
(Decrease)/increase in trade and other payables		(559)	292
Cash flows used in operations		(1,812)	(2,382)
Income tax paid		(4)	–
Interest received		1	1
Net cash flows used in operating activities		(1,815)	(2,381)
Investing activities			
Purchase of property, plant and equipment	10	(2)	(80)
Proceeds from disposal of property, plant and equipment	10	–	85
Proceeds from issue of new shares by subsidiary to non-controlling interests		–	61
Legal expenses in relation to disposal of subsidiary	13	(3)	–
Payment in relation to an asset acquisition	13	(2,968)	–
Net cash flows (used in)/generated from investing activities		(2,973)	66
Financing activities			
Interest paid		(9)	–
Repayment of contract deposit	25	–	(680)
Increase in amounts due from an associate		–	(640)
Proceeds from placement of new shares		4,045	1,273
Net cash flow generated from/(used in) financing activities		4,036	(47)
Net decrease in cash and cash equivalents		(752)	(2,362)
Effect of exchange rate changes on cash and cash equivalents		(27)	20
Cash and cash equivalents at beginning of the financial year		2,354	4,696
Cash and cash equivalents at end of the financial year	20	1,575	2,354

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Corporate information

Mirach Energy Limited (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 96 Robinson Road, #17-01 SIF Building, Singapore 068899.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

Fundamental accounting concept

The Group earned a net profit of US$1,657,000 (2017: incurred a net loss of US$9,605,000) and had cash outflows from operating activities of US$1,815,000 (2017: US$2,381,000) during the year ended 31 December 2018 and as at that date, the Group's current liabilities exceeded its current assets by US$7,021,000 (2017: $7,145,000).

These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the above, the consolidated financial statements are prepared on a going concern basis on the following assumptions:

- As disclosed in Note 35, the Group had announced the completion of a placement for an aggregate of 28,562,000 new ordinary shares for an aggregate placement consideration of US$2,828,000;

- Subsequent to year end, the Company entered into a memorandum of understanding with a third party company who has agreed to provide up to US$3,000,000 to the Group for the diversification of its business, including its agriculture business in Malaysia;

- One creditor with an outstanding amount of US$1,698,000 has agreed not to recall this amount before 30 June 2020 unless the cash flow of the Company permits;

- Operations from the agriculture business is expected to be profitable in 2019 and generate positive operating cash flows, based on the current work plan and progress. Management expects to obtain the relevant licenses and permits for its agriculture business in Malaysia in 2019;

- Any economic outflow from the Group in relation to trade and other payables relating to the termination of the KSO contract for Prisma Kampung Minyak Limited ("PKM") is remote.

Based on the above consideration, the Group will be able to meet its obligations as and when they fall due.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statements of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial standards for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (US$) and all values are rounded to the nearest thousand (US$'000), except when otherwise indicated.

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))*

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group and the Company on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, an amount of US$3,019,000 was adjusted against the opening retained earnings as at 1 January 2017.

- The comparative information does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

2. Summary of significant accounting policies (continued)

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (continued)*

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The adoption did not have any significant impact to the Group and the Company's opening retained profits and net assets. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

The Group's other financial assets, namely cash and cash equivalents (Note 20) and trade and other receivables (Note 19) that were previously classified as loans and receivables under FRS 39 have been classified as financial assets at amortised cost.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The Group assessed there to be no additional impairment on trade receivables upon adoption of SFRS(I) 9.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The adoption of SFRS(I) 15 did not have any impact on the financial statements due to the cessation of the oil and gas business during the previous financial year. The new businesses relating to property construction and development, agriculture and provision of management services commenced in the current financial year.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
SFRS(I) 116 *Leases*	1 January 2019
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I)1- 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of US$10,448,000 and lease liabilities of US$10,448,000 for its leases previously classified as operating leases as of 1 January 2019. In addition, the Group will present land use rights of US$10,328,000 as right-of-use assets as of 1 January 2019.

2. Summary of significant accounting policies (continued)

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if the results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the consolidated income statement;
- re-classifies the Group's share of components previously recognised in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The Group's consolidated financial statements are presented in US$, which is different from the Company's functional currency of Singapore Dollar (S$). The Group has presented its consolidated financial statements in US$ so that it remains comparable to prior years' presentation.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Summary of significant accounting policies (continued)

2.6 Foreign currency (continued)

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the consolidated income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the consolidated income statement of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into US$ at the rate of exchange ruling at the end of the reporting period and their income statement are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

For the US$ convenience translation amounts included in the accompanying consolidated financial statements, the S$ equivalent amounts have been translated into US$ at the rate of S$1.3623 = US$1.00 and S$1.3373 = US$1.00, the rate quoted by http:///www.x-rates.com at the close of business on 31 December 2018 and 2017 respectively.

No representation is made that the S$ amounts could have been, or could be, converted into US$ at that rate or at any other rate prevailing on 31 December 2018 and 2017 or any other date.

2.7 Oil and gas properties and property, plant and equipment

(i) Initial recognition

All oil and gas properties and other property, plant and equipment are initially recorded at cost. Subsequent to recognition, oil and gas and other property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

2. Summary of significant accounting policies (continued)

2.7 Oil and gas properties and property, plant and equipment (continued)

(ii) Depreciation/amortisation

Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced assets and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives as follows:

Computer equipment	-	5 years
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 to 10 years
Oilfield equipment	-	4 years
Reinstatement cost	-	2 years

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting financial year-end and adjusted prospectively, if appropriate.

The carrying values of oil and gas properties and other property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

2.8 Other intangible assets

Other intangible assets relate to concessionary rights arising from an operations cooperation agreement ("KSO") for an oil field in Indonesia.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortisation (calculated on a straight-line basis over the period of the concessionary rights) and accumulated impairment losses, if any. Indefinite lived intangibles are not amortised, instead they are tested for impairment as at annually.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

2. Summary of significant accounting policies (continued)

2.8 *Other intangible assets (continued)*

The concessionary rights is amortised on a straight-line basis over the useful economic life or concessionary rights period of 15 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is de-recognised.

2.9 *Bearer plants*

Bearer plants consist of durian tree saplings in Malaysia.

The tree saplings are stated at cost less accumulated depreciation and impairment, and depreciated over its useful life of 50 years. Bearer plants which are not matured are not depreciated as these are not available for use.

The carrying value of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

A bearer plant is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the bearer plant is included in the profit or loss when the bearer plant is de-recognised.

2.10 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specifically, for unproved concessionary rights, future cash flows are estimated using risk assessments on field and reservoir performance and include outlook on proved and unproved reserves, which are then discounted or risk weighted utilising the results from projection of geological, production, recovery and economic factors.

Impairment losses are recognised in the consolidated income statement.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the consolidated income statement.

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (continued)

2.12 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of these policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's income statement in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The income statement reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of significant accounting policies (continued)

2.13 *Financial instruments (continued)*

(a) Financial assets (continued)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for classification of debt instruments is:

(i) Amortised cost:

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in the consolidated income statement.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group has not designated any financial liability upon initial recognition at fair value through profit or loss. After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in the consolidated income statement.

2. Summary of significant accounting policies (continued)

2.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 *Cash and cash equivalents*

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude restricted cash, which is not available for use by the Group and therefore is not considered highly liquid.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts, as they are considered an integral part of the Group's cash management.

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Materials: purchase costs on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2. Summary of significant accounting policies (continued)

2.17 *Provisions*

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of oil are expensed as incurred.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated income statement and other comprehensive income.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated income statement and other comprehensive income as a finance cost. The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

Deferred rent liability

Deferred rent liability arises from the rent free period offered by the landlord. The amount is amortised over to the lease period of the office premise.

Provision of reinstatement cost

Provision of reinstatement cost arises from leases of office premises. This cost is based on comparable costs for similar properties necessary to reinstate the premises to its original condition upon the expiration of the tenancy. The reinstatement costs are capitalised as property, plant and equipment and amortised over the lease period.

2. Summary of significant accounting policies (continued)

2.18 *Financial guarantees*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.19 *Employee benefits*

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in which the related service is performed.

(ii) Employee share option plans

Certain employees of the Company, including directors, receive remuneration in the form of share options and/or shares of the Company as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees for awards granted is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in the consolidated income statement, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in consolidated income statement upon cancellation.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The employee share option reserve is transferred to retained earnings upon expiry of the share options.

2.20 *Leases*

As lessee

Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (continued)

2.21 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Rendering of sale of reports

Revenue is recognised when the reports are delivered to the customer and all criteria for acceptance have been satisfied at a point in time.

(b) Rendering of management and advisory services

The Group renders services relating to management and advisory, which are recognised monthly over the contract period.

(c) Property construction and development

The Group entered into a contract for the construction and development project of 213 units single-storey terrace houses in West Malaysia ("First Project"). Revenue from property construction and development is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome can be estimated reliably. The Group satisfies its construction contracts performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction projects, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred. Stage of completion is determined by reference to contract costs incurred for work performed to date as a percentage of estimated total subcontractor costs.

(d) Production of oil

Revenue from the production of oil, in which the group has an interest with other participants is recognised based on the Group's working interest and the terms of the relevant production sharing contracts. Under the Kerja Sama Operasi (KSO) contract with PT Pertamina EP, the Group is entitled to the share of oil above a baseline production defined in the contract and revenue is derived from cost recovery and partner share of profit of sale of oil and gas. Generally, cost recovery oil and gas allows the operator to recover its capital and non-capital costs related to production up to 80% of the incremental oil production. The Group will provide for any additional shortfall in baseline production in the year as production cost and will recognise revenue in the year the baseline production shortfall is settled.

(e) Interest income

Interest income is recognised using the effective interest method.

2.22 *Taxes*

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

2. Summary of significant accounting policies (continued)

2.22 *Taxes (continued)*

(a) Current income tax (continued)

Current income taxes are recognised in the consolidated income statement except to the extent that the tax relates to items recognised outside the consolidated income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside the consolidated income statement is recognised outside the consolidated income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (continued)

2.22 *Taxes (continued)*

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.23 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Groups accounting policies, management has made the judgement that the use of going concern assumption is appropriate as further discussed in Note 1.

3. Significant accounting judgements and estimates (continued)

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Property construction and development

The Group recognised revenue for contracts using a measure depicting performance systematically during the period of project, by reference to timing of transferring control of services to customer.

Significant assumption is required to identify the performance obligations of such contract. The Group has identified that the components of the contract is not distinct within the context of the contract, as the Group performs a significant amount of work to integrate the goods or services with other goods or services promised in the contract and goods or services provided are highly interdependent. Hence the Group has identified that the components in contract revenue represent single performance obligation.

Contract revenue for property construction and development is measured by reference to actual cost incurred to date as a percentage of the total estimated costs for the contract. Significant assumptions are required to estimate the total contract costs. In making these estimates, the Group reviewed the status of the project and is satisfied that the estimates are realistic, and the estimates of total contract costs indicate full project recovery, and relied on experience and knowledge of the project engineers.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 22 to the financial statements. If the estimated total contract cost has been 5% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been US$36,000 (2017: US$Nil) higher and US$33,000 (2017: US$Nil) higher respectively.

(b) Acquisition of RCL

During the year, the Group entered into a conditional share sale agreement to acquire 70% equity interests in RCL. Judgement is required to determine that the transaction meets the definition of asset acquisition. In making this judgement, the Group has identified the elements acquired, and assessed the capability of the Group to produce output. The Group evaluates that as the use permits and licenses have not been obtained and the process to manage the business have not been established to produce returns to the Group, the acquisition of RCL is an asset acquisition.

(c) Termination of KSO contract

The Group assesses provisions at the end of each reporting period and adjust to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. The carrying amount of the Group's trade and other payables in relation to the termination of KSO contract at the end of the reporting period is disclosed in Note 21 to the financial statements.

4. Revenue

<u>Property construction and development</u>

The Group satisfies its construction contracts performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction projects, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred.

4. Revenue (continued)

Rendering of sale of report and management and advisory services

The Group recognises revenue from the sale of reports when the reports are delivered to the customer and all criteria for acceptance have been satisfied at a point in time. Revenue from management and advisory are recognised monthly over the contract period.

For these revenue streams, the Group has entered into similar contracts with 3 different customers but does not account for the contracts as a single contract as there are multiple performance obligations.

Management estimates the stand-alone selling prices at contract inception for the sale of reports based on the fair values of the price for similar reports and adjusted the prices to reflect the Group's costs and margins. For management and advisory services, management estimates the stand-alone selling prices based on internal direct costs and adjusted the prices to reflect the Group's costs and margins.

Disaggregation of revenue

Segments	Oil exploration and oil field development		Property construction and development		Agriculture		Management services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Primary geographical markets										
Indonesia	–	56	–	–	–	–	–	–	–	56
Malaysia	–	–	730	–	2,877	–	–	–	3,607	–
Singapore	–	–	–	–	–	–	104	–	104	–
	–	56	730	–	2,877	–	104	–	3,711	56
Types of goods and services										
Sale of crude oil	–	56	–	–	–	–	–	–	–	56
Sale of reports	–	–	–	–	220	–	–	–	220	–
Management and advisory services	–	–	–	–	2,657	–	104	–	2,761	–
Construction services	–	–	730	–	–	–	–	–	730	–
	–	56	730	–	2,877	–	104	–	3,711	56
Customer										
Customer A	–	56	–	–	–	–	–	–	–	56
Customer B	–	–	730	–	–	–	–	–	730	–
Customer C	–	–	–	–	996	–	104	–	1,100	–
Customer D	–	–	–	–	996	–	–	–	996	–
Customer E	–	–	–	–	885	–	–	–	885	–
	–	56	730	–	2,877	–	104	–	3,711	56

5. Other income

	Group	
	2018	2017
	US$'000	US$'000
Gain arising from reversal of liabilities	546	–
Adjustment to payables and provisions in relation to the termination of oil and gas	410	–
Gain arising from offset of amounts due from associate and contract deposits	160	–
Service fee income	120	–
Foreign exchange gain, net	40	–
Others	30	1
	1,306	1

The gain arising from the reversal of liabilities relates to a US$546,000 gain from waiver of an amount due to a third party.

6. Profit/(loss) before income tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2018	2017
	US$'000	US$'000
Audit fees:		
- Auditors of the Company	84	58
- Other auditors	14	9
Depreciation of oil and gas properties (Note 9)	–	23
Depreciation of property, plant and equipment (Note 10)	30	102
Operating lease expense (Note 30)	172	284
Legal and other professional fees	146	228
Foreign exchange loss, net	–	218

7. Income tax

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group	
	2018	2017
	US$'000	US$'000
Consolidated income statement:		
Current income tax	580	–
Income tax expense recognised in consolidated income statement	580	–

7. Income tax (continued)

Relationship between tax expense and accounting profit/(loss)

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	US$'000	**US$'000**
Profit/(loss) before taxation	2,237	(9,605)
Tax at the domestic rates applicable to profits in countries where the Group operates	605	27
Adjustments:		
Non-deductible expenses	138	180
Income not subject to taxation	(312)	(450)
Deferred tax assets not recognised	149	243
Income tax expense recognised in consolidated income statement	580	–

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The statutory tax rate of Singapore, Hong Kong, Indonesia and Malaysia are 17%, 16.5%, 25% and 24% respectively.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US$1,746,000 (2017: US$3,214,000) of which US$Nil (2017: US$2,266,000) were available for a period of 5 years while the remaining have no expiry date. These tax losses are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

8. Earnings/(losses) per share

Basic earnings/(losses) per share are calculated by dividing profit/(loss), net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit/(loss), net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

8. Earnings/(losses) per share (continued)

The following tables reflect the profit/(loss) and share data used in the computation of basic and diluted earnings/(losses) per share for the years ended 31 December 2018 and 2017:

	Group	
	2018	**2017**
	US$'000	**US$'000**
Profit/(loss), net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share	383	(9,520)
Weighted average number of ordinary shares for basic earnings/(losses) per share computation	142,814	119,012
Effects of dilution on issuance of shares arising from placement	29,182	2,022
Weighted average number of ordinary shares for diluted earnings/(losses) per share computation	171,996	121,034

Since the end of the previous financial year, no senior executives and directors have exercised the options to acquire ordinary shares. There have been no other transactions involving ordinary shares of potential ordinary shares since the reporting date and before the completion of these financial statements.

9. Oil and gas properties

	Group		
	2018	**31.12.2017**	**1.1.2017**
	US$'000	**US$'000**	**US$'000**
Cost:			
At 1 January	9,263	9,263	9,284
Usage of spare parts	–	–	(21)
Written off during the year	(9,263)	–	–
At 31 December	–	9,263	9,263
Accumulated depreciation and impairment:			
At 1 January	9,263	6,243	2,021
Charge for the financial year	–	23	209
Impairment loss	–	2,996	3,996
Exchange realignment	–	1	17
Written off during the year	(9,263)	–	–
At 31 December	–	9,263	6,243
Net carrying amount:			
At 31 December	–	–	3,020

In 2016, the oil and gas properties' carrying amount was written down to its recoverable amount, which was based on its value in use and the pre-tax discount rate used was 10%. An impairment loss of US$2,996,000 and US$3,996,000 was recognised in 2017 and 2016 respectively. The oil and gas properties' carrying amount has fully impaired since 31 December 2018 following the surrender of the KM oil field and cessation of oil field operations and is written off during the year.

10. Property, plant and equipment

	Computer equipment	Furniture, fittings and office equipment	Motor vehicle	Oilfield equipment	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Cost:					
At 1 January 2017	32	304	188	435	959
Additions	–	80	–	–	80
Disposals	(2)	(139)	(162)	–	(303)
At 31 December 2017 and 1 January 2018	30	245	26	435	736
Additions	2	–	–	–	2
Acquisition of subsidiary (Note 13)	–	–	32	–	32
At 31 December 2018	32	245	58	435	770
Accumulated depreciation and impairment:					
At 1 January 2017	32	255	57	180	524
Depreciation charge for the financial year	–	23	8	71	102
Disposals	(2)	(98)	(39)	–	(139)
Impairment loss	–	–	–	184	184
Exchange realignment	–	(20)	–	–	(20)
At 31 December 2017 and 1 January 2018	30	160	26	435	651
Depreciation charge for the financial year	–	28	2	–	30
Exchange realignment	–	1	–	–	1
At 31 December 2018	30	189	28	435	682
Net carrying amount:					
At 1 January 2017	–	49	131	255	435
At 31 December 2017	–	85	–	–	85
At 31 December 2018	2	56	30	–	88

Cash outflow for the purchase of property, plant and equipment was US$2,000 (2017: US$80,000).

10. Property, plant and equipment (continued)

	Computer equipment	Furniture, fittings and office equipment	Total
	US$'000	US$'000	US$'000
Company			
Cost:			
At 1 January 2017	30	189	219
Additions	–	80	80
Disposals	–	(126)	(126)
At 31 December 2017 and 1 January 2018	30	143	173
Additions	1	–	1
At 31 December 2018	31	143	174
Accumulated depreciation:			
At 1 January 2017	30	141	171
Depreciation charge for the financial year	–	23	23
Disposals	–	(86)	(86)
Exchange realignment	–	(20)	(20)
At 31 December 2017 and 1 January 2018	30	58	88
Depreciation charge for the financial year	–	28	28
Exchange realignment	–	2	2
At 31 December 2018	30	88	118
Net carrying amount:			
At 1 January 2017	–	48	48
At 31 December 2017	–	85	85
At 31 December 2018	1	55	56

11. Bearer plants

		Group	
	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000
Nursery			
Cost			
Balance as at 1 January	–	–	–
Tree saplings	6,170	–	–
Balance as at 31 December	6,170	–	–
Total carrying amount	6,170	–	–

As of 31 December 2018, the tree saplings have not matured.

12. Intangible assets

	Group		
	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000
Cost			
Balance as at 1 January	10,400	10,400	10,400
Written off during the year	(10,400)	–	–
Balance as at 31 December	–	10,400	10,400
Accumulated amortisation and impairment:			
Balance as at 1 January	10,400	10,400	10,400
Written off during the year	(10,400)	–	–
Balance as at 31 December	–	10,400	10,400
Total carrying amount	–	–	–

Unproved concessionary rights relate to the operations cooperation agreement ("KSO") for an oil field in Indonesia, which has 15 years useful life from the date of signing of the KSO. The unproved concessionary rights were fully written down in the financial year ended 31 December 2016 and written off during the year with the termination of the oil and gas business.

13. Investment in subsidiaries

	Company		
	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000
Unquoted shares, at cost	1	1	5,764
Impairment loss	–	–	(5,763)
Unquoted shares, at cost	1	1	1

In 2017, a subsidiary of the Company, CPHL (HK) Limited, entered into an arrangement to invest in 75% of the equity interest of Premier Mirach Sdn Bhd, a newly incorporated entity in Malaysia to undertake property development and construction projects.

During the year, the Group also struck off its subsidiary, East Energy Group Inc.

13. Investment in subsidiaries (continued)

The Company has the following investment in subsidiaries:

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest		
			2018	31.12.2017	1.1.2017
			%	%	%
Held by the Company:					
Acrux Procurement (Singapore) Pte Ltd	Singapore	Procuring oil and related products and distributing goods	–	–	100
Petroservice Engineering Inc. [5]	British Virgin Islands	Provision of technical oilfield and advisory services	100	100	100
CPHL (HK) Limited [3]	Hong Kong	Investment holding	100	100	100
UniTEQ Energy Services Pte. Ltd.	Singapore	Service activities incidental to oil and gas extraction (exluding surveying)	–	–	100
Held by subsidiaries:					
RCL Kelstar Sdn Bhd [4]	Malaysia	Agriculture project	70	–	–
Premier Mirach Sdn Bhd [2]	Malaysia	Property development and construction	75	75	–
Beijing Petroservice Engineering Inc. [6]	Republic of China	Provision of technical oilfield and enhanced oil recovery services	100	100	100
East Energy Group Inc. [1] [6]	British Virgin Islands	Investment holding	–	100	100
East Energy Inc. Ltd. [3]	Hong Kong	Investment holding	100	100	100
Prisma Kemuning Mandiri Limited [6]	British Virgin Islands	Investment holding	95	95	95
Prisma Kampung Minyak Limited [6]	British Virgin Islands	Investment holding	97.5	97.5	97.5
PT Prima Petrolium Service [1] [6] (Previously known as PT Kampung Minyak Energy)	Indonesia	Oil production services	–	100	100
BUT KSO PT Pertamina EP-Prisma Kampung Minyak Ltd [5]	Indonesia	Oil production	97.5	97.5	97.5

(1) Struck off / disposed during the current financial year.

(2) Audited by member firm of Ernst & Young LLP.

(3) Audited by KLC Kennic Lui & Co. Ltd., Hong Kong.

(4) Audited by Zainal & Co., Malaysia.

(5) Not required to be audited by law in its country of incorporation. These entities were audited by Ernst & Young LLP for group consolidation purposes.

(6) Not required to be audited by law in its country of incorporation. These entities are not material to the Group.

13. Investment in subsidiaries (continued)

Loss of control in a subsidiary

On 30 June 2017, a letter of intent ("LOI") was signed by Petroservice Engineering Inc., PT Prima Petrolium Service ("PPS") and a third party, to dispose the Group's shares in PPS for an agreed sales consideration of US$247,000. Following the signing of the LOI, a non-refundable deposit of US$50,000 was received. The third party was the General Manager of PPS prior to the sale of shares. He ceased to be a key management personnel of the Group with effect from 30 June 2017. The remaining US$197,000 will be paid to the Group upon the signing of a formal Sales and Purchase agreement and the completion of the shares transfer.

A Memorandum of Understanding dated 1 October 2018 was entered with the third party, whereby the parties agreed mutually that the vendor will take over the operations, and assume all risks and rewards in relation to PPS. The Group deconsolidated the subsidiary. As at 31 December 2018, the transfer of PPS shares to the third party was not completed subject to the approval from to the regulators and tax authorities.

The value of assets and liabilities of PPS recorded in the consolidated financial statements as at 1 October 2018, and the effects of the disposal were:

	2018
	US$'000
Inventories	192
Other receivables	83
	275
Trade payables	(32)
Other payables	(272)
Carrying value of net liabilities	(29)
Legal expenses in relation to disposal of subsidiary, representing net cash outflow on disposal of subsidiary	(3)
Gain on disposal:	
Total consideration	247
Legal expenses in relation to disposal of subsidiary	(3)
Net liabilities de-recognised	29
Gain on disposal	273

Asset acquisition of RCL

During the current financial year, a subsidiary of the Company, CPHL (HK) Limited entered into an arrangement to acquire a 70% equity interest in RCL, for a purchase consideration of MYR21 million, an entity incorporated in Malaysia to participate in an agricultural project in Malaysia. The purchase consideration is refundable to the subsidiary of the Company if the necessary licenses and permits are not obtained from the relevant authorities.

Management concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of RCL and therefore the Group has control over RCL. As such, RCL is a subsidiary of the Group.

13. Investment in subsidiaries (continued)

Acquisition of RCL (continued)

The fair value of the identifiable assets and liabilities as at acquisition date were:

	2018
	US$'000
Plant, property and equipment	32
Other receivables and deposits	124
Prepayments	1,212
Cash and cash equivalents	1
	1,369
Other payables	(747)
Accrued operating expenses	(406)
Hire purchase obligations	(13)
Carrying value of net liabilities	(1,166)
Total net identifiable assets at fair value	203
Deposits recognised (Note 15)	4,939
Non-controlling interest measured at non-controlling interest's proportionate share of RCL's net identifiable assets	(62)
	5,080
Consideration transferred for the acquisition of RCL	
Cash paid	2,968
Deferred settlement	2,226
	5,194
Effect of the acquisition of RCL on cash flows	
Total consideration for 70% equity interest acquired	5,194
Less: deferred cash settlement	(2,225)
Less: cash and cash equivalents of subsidiary acquired	(1)
	2,968

Transaction costs

Transaction costs related to the asset acquisition of US$76,000 have been recognised in the "Other expenses" line item in the Group's profit or loss for the year ended 31 December 2018.

Other receivables, deposits and prepayments acquired

The fair values of the other receivables, deposits and prepayments acquired approximate their carrying amounts due to their short-term nature.

13. Investment in subsidiaries (continued)

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership held by non-controlling interests	Profit/(loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
		%	US$'000	US$'000
31.12.2018				
RCL Kelstar Sdn Bhd	Malaysia	30	528	577
Premier Mirach Sdn Bhd	Malaysia	25	(26)	27
31.12.2017				
Premier Mirach Sdn Bhd	Malaysia	25	(8)	53

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

	RCL Kelstar Sdn Bhd	Premier Mirach Sdn Bhd	
	2018	**2018**	**31.12.2017**
	US$'000	**US$'000**	**US$'000**
Current			
Assets	2,880	1,184	627
Liabilities	(1,821)	(1,077)	(413)
Net current assets	1,059	107	214
Non-current			
Assets	6,693	1	–
Liabilities	(5,829)	–	–
Net non-current assets	864	1	–
Net assets	1,923	108	214

13. Investment in subsidiaries (continued)

Summarised financial information about subsidiary with material NCI (continued)

Summarised statement of comprehensive income

	RCL Kelstar Sdn Bhd	Premier Mirach Sdn Bhd	
	2018	2018	2017
	US$'000	US$'000	US$'000
Revenue	2,877	730	–
Profit/(loss) before income tax	2,341	(104)	(32)
Income tax expense	(580)	–	–
Profit after tax – continuing operations	1,761	(104)	(32)
Other comprehensive income	–	–	–
Total comprehensive income	1,761	(104)	(32)

Other summarised information

	RCL Kelstar Sdn Bhd	Premier Mirach Sdn Bhd	
	2018	2018	2017
	US$'000	US$'000	US$'000
Net cash flows used in operations	(93)	(377)	(533)

14. Investment in associates

The Group's and the Company's material investments in associates are summarised below:

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
CPHL (Cambodia) Co., Ltd						
Investment in associate, at cost at beginning	7,486	7,486	7,486	7,486	7,486	7,486
Share of post-acquisition reserves	(5,126)	(5,126)	(5,126)	–	–	–
Unquoted equity share, net	2,360	2,360	2,360	7,486	7,486	7,486
Less: Impairment	(2,360)	(2,360)	(2,360)	(7,486)	(7,486)	(7,486)
Unquoted equity share, net	–	–	–	–	–	–

14. Investment in associates (continued)

In the financial year ended 31 December 2015, the Group has fully impaired its investment in CPHL (Cambodia) Co., Ltd.

	Group		
	2018	**31.12.2017**	**1.1.2017**
	US$'000	**US$'000**	**US$'000**
Gunung Indah Lestari Limited			
Investment in associate, at cost at beginning	3,000	3,000	3,000
Share of post-acquisition reserves	(349)	(357)	(336)
Unquoted equity share, net	2,651	2,643	2,664
Less: Impairment	(1,280)	(1,280)	–
	1,371	1,363	2,664
Total investment in associates	1,371	1,363	2,664

There was no impairment loss recognised in the current financial year. In the financial year ended 31 December 2017, the Group recognised an impairment loss of US$1,280,000 on its investment in Gunung Indah Lestari Limited ("GIL") as the recoverable amount of the associate is lower than its carrying amount of the investment. The recoverable amount of GIL is determined based on fair value less cost to sell, based on a negotiated transaction price between GIL and a third party investor.

Name	**Principal place of business**	**Principal activities**	**Proportion (%)of ownership interest**		
			2018	**31.12.2017**	**1.1.2017**
			%	**%**	**%**
Held through Company:					
CPHL (Cambodia) Co., Ltd [(1)]	Kingdom of Cambodia	Oil and gas exploration and production	48	48	48
Held through subsidiary:					
Gunung Indah Lestari Limited [(2)]	Indonesia	Oil and gas exploration and production	9	10	10

(1) CPHL (Cambodia) Co., Ltd is in progress of being struck off.

(2) Accounted for as an associate as the Group has significant influence over financial and operating policy decisions of the investee.

14. Investment in associates (continued)

The summarised financial information in respect of CPHL (Cambodia) Co., Ltd and Gunung Indah Lestari Limited, based on their financial statements is as follows:

	CPHL (Cambodia) Co., Ltd		
	2018	**31.12.2017**	**1.1.2017**
	US$'000	**US$'000**	**US$'000**
Summarised statement of financial position			
Current assets	3	3	8
Non-current assets	20,479	20,479	20,479
Total assets	20,482	20,482	20,487
Current and total liabilities	29,837	29,837	29,720
Summarised statement of comprehensive income			
Total comprehensive income	–	58	142
Group's proportion of ownership interest	48%	48%	48%
Group's share of associate's loss for the year	–	–	–

The Group has not recognised its share of losses of US$Nil (2017: US$28,000) in relation to CPHL (Cambodia) Co., Ltd where its share of losses exceeds the Group's investment in this associate, of which US$Nil (2017: US$28,000) was the share of the losses. The Group has no obligation in respect of these losses.

	Gunung Indah Lestari Limited		
	2018	**31.12.2017**	**1.1.2017**
	US$'000	**US$'000**	**US$'000**
Summarised statement of financial position			
Current and total assets	3,346	3,391	3,125
Current and total liabilities	7,337	7,471	7,042
Summarised statement of comprehensive income			
Total comprehensive income	89	(207)	(436)
Group's proportion of ownership interest	9%	10%	10%
Group's share of associate's profit/(loss) for the year	8	(21)	(44)

15. Deposits

Amounts relate to deposits placed for the acquisition of 70% equity stake in RCL Kelstar Sdn. Bhd ("RCL") of MYR21 million (approximately US$4,939,000). These deposits are placed with the previous shareholders.

During the financial year, the Group paid an amount of MYR12 million (approximately US$2,968,000) to the previous shareholders and obtained control of RCL. The remaining amount of MYR9 million (approximately US$2,178,000) recorded in "Trade and other payables" is expected to be repaid within the next 12 months. On 18 July 2018, the Group has received the share certificates comprising of 70% shares and obtained control of RCL Kelstar Sdn. Bhd. Based on the share sale agreement dated 18 July 2018, these deposits paid are refundable from the previous shareholders, if the necessary licenses and permits are not obtained from the relevant authorities for the agricultural project in Malaysia.

16. Prepayments

Included in prepayments is an amount of US$1,601,000 which relates to prepaid consultancy fees to provide management and consultancy services in relation to the agricultural project in Malaysia.

17. Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, non-interest bearing and to be settled in cash on demand.

Receivables that are impaired

There was no provision for the amount due from subsidiaries recognised by the Company during the current and previous financial years.

18. Amounts due from an associate

Amounts due from an associate were unsecured, non-interest bearing, to be settled in cash and are expected repayable on demand within the next 12 months.

Receivables that are impaired

In 2017, the Group provided US$1,001,000 for the amounts due from an associate during the year based on the expected recoverable amounts from the associates.

19. Trade and other receivables

	Group			Company		
	2018	**31.12.2017**	**1.1.2017**	**2018**	**31.12.2017**	**1.1.2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Trade and other receivables:						
Trade receivables	1,749	–	128	–	–	–
Other receivables	361	53	207	8	–	77
Deposits	548	570	136	50	52	–
Amounts due from a related party	95	–	–	–	–	–
Amount due from tax authority	6	36	1,025	–	–	–
	2,759	659	1,496	58	52	77
Trade receivables (non-current)	493	–	–	–	–	–
Amounts due from subsidiaries (Note 17)	–	–	–	7,541	4,108	3,661
Amounts due from an associate (Note 18)	–	1,340	1,701	–	–	–
Cash and cash equivalents (Note 20)	1,575	2,354	4,696	1,314	1,461	570
Deposits (Note 15)	4,939	–	–	–	–	–
Total financial assets carried at amortised cost	9,766	4,353	7,893	8,913	5,621	4,308

19. Trade and other receivables (continued)

Trade receivables

Trade receivables and amounts due from a related party are trade in nature, non-interest bearing and are generally on 7 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables as at 31 December are denominated in the following currencies:

	Group			Company		
	2018	**31.12.2017**	**1.1.2017**	**2018**	**31.12.2017**	**1.1.2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Singapore Dollar	71	–	128	–	–	–
Ringgit Malaysia	2,265	–	–	–	–	–

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$545,000 as at 31 December 2018 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		
	2018	**31.12.2017**	**1.1.2017**
	US$'000	**US$'000**	**US$'000**
Trade receivables past due but not impaired:			
Less than 30 days	56	–	–
31 - 60 days	114	–	–
61- 90 days	130	–	–
91 - 120 days	7	–	–
More than 120 days	238	–	–
	545	–	–

As of 31 December 2018, the Group had provided impairment for trade and other receivable amounting to US$Nil (2017: US$1,697,000). No provision for impairment for trade and other receivables by credit losses was recorded for the Company in current or previous year.

Receivables that are impaired

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

	Group	
	31.12.2017	**1.1.2017**
	US$'000	**US$'000**
Trade and other receivables – nominal amounts	2,356	1,715
Less: Allowance for impairment	(1,697)	(219)
	659	1,496
Movement in allowance accounts:		
At 1 January	219	–
Charge for the year	1,697	219
At 31 December	1,916	219

20. Cash and cash equivalents

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand representing cash and cash equivalents	1,575	2,354	4,696	1,314	1,461	570

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents as at 31 December are denominated in the following currencies:

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
United States Dollar	35	893	4,368	8	159	393
Singapore Dollar	1,142	1,272	227	1,130	1,272	147
Indonesian Rupiah	2	2	27	–	–	–
Renminbi	12	25	23	–	–	–
Hong Kong Dollar	321	47	47	172	26	26
British Pound	3	4	4	4	4	4
Ringgit Malaysia	60	111	–	–	–	–
	1,575	2,354	4,696	1,314	1,461	570

21. Trade and other payables

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Trade and other payables:						
Trade payables	3,420	4,540	4,377	–	–	–
Other payables	2,381	1,383	1,355	372	551	614
Accrued operating expenses	1,040	920	950	99	120	12
Amounts due to related parties (Note 15)	2,178	–	–	–	–	–
Refundable deposits received for a proposed share placement (Note 35)	314	–	–	–	–	–
Amount due to a related party	1,698	1,729	1,598	1,698	1,729	1,598
	11,031	8,572	8,280	2,169	2,400	2,224
Amounts due to subsidiaries (Note 17)	–	–	–	2,531	2,664	1,666
Total trade and other payables	11,031	8,572	8,280	4,700	5,064	3,890
Contract deposit (Note 25)	820	2,320	3,000	–	–	–
Total financial liabilities carried at amortised cost	11,851	10,892	11,280	4,700	5,064	3,890

Trade payables are non-interest bearing and are normally settled on 60-days' terms.

21. Trade and other payables (continued)

Trade payables as at 31 December are denominated in the following currencies:

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	6	–	–	–	–	–
Ringgit Malaysia	290	–	–	–	–	–
Indonesian Rupiah	686	687	525	–	–	–
United States Dollar	2,438	3,853	3,852	–	–	–

Other payables are unsecured, non-interest bearing, to be settled in cash and repayable on demand.

Included in trade and other payables are amounts relating to the termination of the KSO contract for Prisma Kampung Minyak Limited ("PKM") of US$3,957,000 (2017:US$3,734,000). These amounts include billings from subcontractor, accruals and provisions in relation to the KSO contract.

Amount due to a related party is non-trade related, unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

22. Contract liabilities

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Group		
	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000
Receivables from contracts with customers	600	–	–
Contract liabilities	23	–	–

The Group has not recognised any impairment losses on receivables arising from contracts with customers.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction services provided.

Contract liabilities are recognised as revenue as the Group performs under the contract.

23. Deferred revenue

Deferred revenue relates to the fair value of durian saplings received as part of revenue contracts with customers signed during the financial year for the agricultural project in Malaysia. The revenue has been deferred as the Group has not obtained the necessary licenses and permits from the relevant authorities.

24. Provision for decommissioning

	Group		
	2018	31.12.2017	1.1.2017
	US$'000	US$'000	US$'000
At 1 January	633	603	539
Accretion of decommissioning provision recognised as finance costs in income statement	–	30	64
Written back during the year	(633)	–	–
At 31 December	–	633	603

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2026 which is when the producing oil and gas properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

The Group surrendered the oil field and ceased oil field operations in the previous financial year ended 31 December 2017. The Group recognised the accretion of decommissioning provision based on the initial estimate of decommissioning costs it expected to incur relating to oil and gas properties.

During the year, the Group has considered the provision as part of the termination of the KSO contract in Note 21 of the financial statements.

25. Contract deposit

On 29 April 2016, the Group entered into a contract with a service provider to jointly manage the Kampung Minyak Oil Block ("KM") and the Sungai Taham – Batu Keras – Suban Jeriji Block ("ST-BK-SJ") from 1 May 2016 to 31 December 2019 (3 years and 8 months). The Group is relying on the contracted service provider's technical expertise to increase the production volume in both blocks through the reactivation of at least 30 old wells.

The key terms are:

1) The contracted service provider will pay the Group 3 tranches of contract deposits totalling US$6 million – US$3 million (already received) in Year 1; US$2 million in Year 2; US$1 million in Year 3.

2) The Group commits to fund US$560,000 monthly (from June/July 2016 to December 2018) and US$360,000 monthly (from January 2017 onwards till December 2019) for the operations of both blocks.

3) The Group will pay a net monthly management fee of US$40,000 to the contracted service provider.

4) Depending on the production volume, the contract deposits will either be:

   (i) fully converted into the shares in a subsidiary and an associate; or

   (ii) partially converted into the shares in a subsidiary and an associate with the remaining to be refunded to the contracted service provider; or

   (iii) fully refunded to the contracted service provider.

25. Contract deposit (continued)

During the previous financial year, the Group terminated the services provided by the contract service provider due to the cessation of production in one of the blocks. As a result, the deposits relating to Years 2 and 3 have been written off.

As at 31 December 2018, the outstanding contract deposit amounted to US$820,000 (2017: US$2,320,000). During the year, the parties agree to offset US$1,500,000 as consideration for certain shares in GIL.

In the previous financial year, an amount of US$680,000 of the contract deposit received in 2016 was repaid to the service provider. The remaining US$820,000 is expected to be repaid within the next 12 months.

26. Share capital

	Group and Company	
	No. of shares	
	'000	**US$'000**
Issued and fully paid ordinary shares:		
At 31 December 2017 and 1 January 2018	142,815	82,522
Issuance of shares arising from placement	56,000	4,110
Issuance of introducer shares	4,238	311
Share issue expenses	–	(65)
At 31 December 2018	203,053	86,878

	Group and Company	
	No. of shares	
	'000	**US$'000**
Issued and fully paid ordinary shares:		
At 1 January 2017	119,012	81,249
Issuance of shares arising from placement	23,803	1,298
Share issue expenses	–	(25)
At 31 December 2017	142,815	82,522

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

On 1 December 2017, the Company allotted and issued a total of 23,803,000 new ordinary shares at an issue price of SGD0.073 per share for a new placement.

On 6 July 2018, the Company further allotted and issued a total of 56,000,000 new ordinary shares at an issue price of SGD0.10 per share for a new placement. On 6 August 2018, the Company allotted and issued a total of 4,238,640 new ordinary shares at an issue price of SGD0.10 per share as introducer shares as part of the placement in July 2018.

27. Other reserves

(a) Merger reserve

The merger reserve represents to the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares acquired in respect of the acquisition of subsidiaries accounted for under the "pooling of interests" method of accounting in prior years.

(b) Equity and share options reserve

The equity and share options reserve represents the fair value of share options measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the results and financial position of the Company into the presentation currency, and the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

28. Employee benefits

	Group	
	2018	**2017**
	US$'000	**US$'000**
Employee benefits expense (including directors):		
Salaries and bonus	933	987
Central Provident Fund contributions	46	31
Share-based payments	67	145
Other short-term benefits	10	40
	1,056	1,203

<u>Employee share option plan</u>

The Mirach ESOS Scheme was approved on 30 July 2014 under which options to subscribe for the Company's ordinary shares have been granted to selected employees and directors of the Company and its subsidiaries (including non-executive directors) and controlling shareholders and/to their associates.

The expense recognised in the statement of comprehensive income granted under Mirach ESOS Scheme during the financial year is US$19,000 (2017: US$40,000). The weighted average fair value of options granted in 2016 was US$0.098. No new option was granted in 2017 and 2018. These options have expired during the current year (2017: remaining contractual life for these options is 1 year). No options were exercised during the financial year (2017: Nil).

<u>Performance shares</u>

The Company has a performance share plan known as Mirach Performance Share Plan ("Mirach PSP"). Under the terms of Mirach PSP, the award of fully-paid shares will be granted, free of charge, to selected employees, directors of the Company and subsidiaries, controlling shareholders and their associates with performance targets to be set over a performance period. Subject to the achievement of the prescribed performance targets and upon expiry of the prescribed performance period, either new share will be allotted and issued or existing shares acquired previously and held as Treasury Shares will be delivered.

There has been no cancellation or modification to Mirach Energy Scheme, Mirach ESOS Scheme and Mirach PSP during both 2018 and 2017.

The expense recognised in the consolidated income statement granted under Mirach PSP during the financial year is US$48,000 (2017: US$105,000). No PSP shares that were granted under this plan had vested at the end of the reporting period (2017: Nil). During the financial year 1,440,000 PSP shares have expired.

29. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(i) A subsidiary, RCL, entered into a revenue contract with a related party. As of 31 December 2018, the sale of reports and management and advisory services provided to this related party have generated approximately US$996,000 of revenue.

(ii) A subsidiary of the Group provided management service amounting to US$104,000 to a related party.

(iii) The Company charged management fees amounting to US$247,000 to three subsidiaries of the Group.

Related companies are subsidiaries and associates of Mirach Energy Limited and its subsidiaries.

(b) Compensation of key management personnel

	Group	
	2018	**2017**
	US$'000	**US$'000**
Short-term employee benefits	635	691
Central Provident Fund contributions	13	26
	648	717
Comprise amounts paid to:		
Directors of the Company	351	362
Other key management personnel	297	355
	648	717

30. Commitments

Operating lease commitments

The Group has entered into commercial leases on certain office buildings. These leases have remaining non-cancellable lease terms of between one to two years with no renewal option or contingent rent provision included in the contracts. The Group is restricted from subleasing the leased offices to third parties.

Minimum lease payments recognised as an expense in the consolidated income statement for the financial year ended 31 December 2018 amounted to US$172,000 (2017: US$284,000).

30. Commitments (continued)

Operating lease commitments (continued)

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	US$'000	**US$'000**
Not later than one year	877	138
Later than one year but not later than five years	1,330	60
Later than five years	7,650	–
	9,857	198

Included in the table are total future minimum rental payable arising from the land use permits of US$9,674,000 for 50 years, subject to the approvals from the relevant authorities.

31. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities not measured at fair value

Trade and other receivables, cash and cash equivalents, trade and other payables, accrued operating expenses, contract deposit and amounts due from/(to) subsidiaries and associates (current)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or as they are subject to normal trade credit terms.

32. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key risks include credit risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents. The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group has applied the simplified approach under SFRS(I) 9 and records lifetime expected credit loss ("ECL") on all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

For the year ended 31 December 2018, no loss allowance provisions are recorded as the forward-looking credit losses were deemed to be immaterial.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

32. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables by contract area on an on-going basis. At the end of the reporting period, approximately:

– 100% of the Group's trade receivables was due from 4 major customers, who are in the property development and agriculture industries located in Malaysia and Singapore.

– Nil% (2017: 67%) of the Group's trade and other receivables were due from related parties while almost all of the Group's trade receivables were due from related parties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to monitor and maintain a level of cash and cash equivalents deems adequate by its management to finance its operations and meet its financial obligations on a timely manner.

The Group's current funding is mainly from existing cash resources and share placements.

Analysis of financial instruments by remaining contractual maturities

The Group's and Company's financial assets and liabilities at the end of the current financial year are receivable and payable within the next twelve months, except for trade receivables of US$492,000. The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature, subject to normal trade credit terms or interest rates close to market rate of interests for similar arrangements with financial institutions.

The Group's and Company's financial assets and liabilities at the end of the previous financial year are receivable and payable within the next twelve months.

32. Financial risk management objectives and policies (continued)

(c) Foreign currency risk

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily United States Dollar (US$), Singapore Dollar (S$), Indonesia Rupiah (IDR), Hong Kong Dollar (HKD) and Ringgit Malaysia (MYR). The foreign currencies in which these transactions are denominated are mainly in US$, IDR and MYR. The Group's trade receivables are denominated in US$. The Group's foreign operations are managed primarily through the engagement of services and purchases denominated in the respective functional currencies of the foreign subsidiaries.

The exchange rate of the HKD to the US$ has been pegged at an official rate of HKD7.8 to US$1.0 by the Hong Kong Government with a minimal trading band. The Company, therefore, is of the view that the Group's exposure to foreign exchange currency risk for changes in exchange rate of HKD against US$ is limited and which is not included in the foreign exchange risk analysis.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group uses foreign currency denominated assets as a natural hedge against its foreign currency denominated liabilities. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging or speculative purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Singapore. The Group's net investments are not hedged as currency positions in US$ are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the RMB, IDR, US$ and MYR exchange rates against US$, with all other variables held constant.

		Group	
		2018	**2017**
		US$'000	**US$'000**
		Profit/(loss) before tax	**Loss before tax**
US$ / RMB	- strengthened 4% (2017: 4%)	(1)	(1)
	- weakened 4% (2017: 4%)	1	1
US$ / IDR	- strengthened 4% (2017: 4%)	27	32
	- weakened 4% (2017: 4%)	(27)	(32)
US$ / S$	- strengthened 4% (2017: 4%)	36	(47)
	- weakened 4% (2017: 4%)	(36)	47
US$ / MYR	- strengthened 4% (2017: 4%)	(202)	(24)
	- weakened 4% (2017: 4%)	202	24

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains financial resources to meet its contractual obligations. The Group monitors its cash flow to fund its operational, financing and investing needs, as well as manages its capital structure by taking necessary actions to increase its share capital through borrowings or issuance of new shares.

34. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to management who is responsible for allocating resources and assessing performance of the operating segments. Segment revenue and segment results are also measured on a basis that is consistent with the internal reporting.

The Group's business was organised into oilfield services and oil exploration and oilfield development segments. During the year of 2018, the Group had entered into a new business ventures relating to property construction and development and agriculture.

For management purposes, the Group is organised into business units based on their products and services and has three reportable segments as follows:

I. Oilfield services segment is provision of oilfield services and sale of hardware products and equipment.

II. Oil exploration and oilfield development segment involves petroleum operations in an offshore area of Cambodia and Indonesia.

III. Property construction and development segment involves the construction and development of property in Malaysia.

IV. Agriculture segment involves the cultivation of durian plantations in Malaysia.

V. Management services segment involves the provision of management services in Singapore.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) are managed on a group basis and are not allocated to operating segments.

Inter-segment transactions are eliminated.

34. Segment information (continued)

	Oilfield services		Oil exploration and oilfield development		Property construction and development		Agriculture		Management services		Adjustments		Note	Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		2018	2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Revenue:															
External customers	–	–	–	56	730	–	2,877	–	104	–	–	–		3,711	56
Inter-company	–	–	–	–	–	–	–	–	–	–	–	–	A	–	–
Total revenue	–	–	–	56	730	–	2,877	–	104	–	–	–		3,711	56
Interest income	–	–	–	–	1	–	–	–	–	–	–	1		1	1
Finance costs	–	–	–	(30)	–	–	–	–	–	–	(8)	–		(8)	(30)
Depreciation and amortisation	–	(1)	–	(101)	–	–	(2)	–	–	–	(28)	(23)		(30)	(125)
Share of profit/(loss) of associates	–	–	8	(21)	–	–	–	–	–	–	–	–		8	(21)
Impairment loss on oil and gas properties	–	–	–	(2,996)	–	–	–	–	–	–	–	–		–	(2,996)
Impairment loss on property, plant and equipment	–	–	–	(184)	–	–	–	–	–	–	–	–		–	(184)
Impairment loss on trade and other receivables	–	(114)	–	(1,583)	–	–	–	–	–	–	–	–		–	(1,697)
Impairment loss on investment in associate	–	–	–	–	–	–	–	–	–	–	–	(1,280)		–	(1,280)
Gain on liquidation of subsidiary	273	–	–	–	–	–	–	–	–	–	–	261		273	261
Loss on disposal of property, plant and equipment	–	(38)	–	(1)	–	–	–	–	–	–	–	(40)		–	(79)
Other non-cash items:															
- Adjustment to payables and provisions in relation to the termination of oil and gas	–	–	410	–	–	–	–	–	–	–	–	–		410	–
- Introducer fee expense	–	–	–	–	–	–	–	–	–	–	(314)	–		(314)	–
- Gain arising from offset of amounts due from an associate and contract deposits	160	–	–	–	–	–	–	–	–	–	–	–		160	–
Segment profit/(loss)	211	(745)	405	(5,213)	(104)	(32)	1,761	–	(26)	–	(590)	(3,615)	A	1,657	(9,605)
Investment in associates	–	–	1,371	1,363	–	–	–	–	–	–	–	–		1,371	1,363
Additions to non-current assets	–	–	–	–	–	–	6,693	–	–	–	4,939	80	B	11,632	80
Segment assets	223	2,275	16	16	1,185	627	9,573	–	104	–	7,909	3,090	C	19,010	6,008
Segment liabilities	1,164	3,027	5,824	6,234	399	16	7,020	–	10	–	4,393	2,451	D	18,810	11,728

34. Segment information (continued)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A The following are added to/(deducted from) segment income statement to arrive at “Profit/(loss) before tax” presented in the consolidated income statement:

	2018	2017
	US$’000	US$’000
Interest income	–	(1)
Depreciation and amortisation	28	23
Impairment loss on investment in associate	–	1,280
Gain on liquidation of subsidiary	–	(261)
Loss on disposal of property, plant and equipment	–	40
Provision for amounts due from an associate	–	1,001
Unallocated corporate expenses	562	1,533
	590	3,615

B Additions to non-current assets consist of additions to deposits.

C The following items are added to segment assets to arrive at total assets reported in the statement of financial position:

	2018	2017
	US$’000	US$’000
Property, plant and equipment	56	84
Cash and cash equivalents	1,463	1,568
Others	6,390	1,438
	7,909	3,090

D The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

	2018	2017
	US$’000	US$’000
Other payables	4,271	2,320
Accrued operating expenses	122	131
	4,393	2,451

34. Segment information (continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2018	2017
	US$'000	US$'000
Malaysia	3,607	–
Singapore	104	–
Indonesia	–	56
	3,711	56

	Non-current assets	
	2018	2017
	US$'000	US$'000
Singapore	56	84
Malaysia	11,633	–
Indonesia	–	1
	11,689	85

Non-current assets information presented above consist of property, plant and equipment, oil and gas properties, intangible assets, trade receivables and bearer plants.

Information about major customers

Revenue mainly comprises from 3 customers from the agriculture segment amounting to US$2,877,000 (2017: $Nil) as disclosed in Note 4 of the financial statements.

35. Events occurring after the reporting period

On 29 January 2019, the Company received an approval-in-principal ("AIP") from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the dealing in and listing of a quotation for the placement of 28,562,000 new ordinary shares on the Mainboard of the SGX-ST, at a price of S$0.15 per share for an aggregate consideration of US$2,828,000 (S$4,284,000).

On 5 March 2019, the share placement was completed in accordance with the terms and conditions set out in the placement agreements and 28,562,000 placement shares were allocated and issued.

On 22 March 2019, the Company entered into a memorandum of understanding with a third party company who has agreed to provide up to US$3,000,000 to the Company for the diversification of the business including agricultural business.

36. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 3 April 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

DISTRIBUTION OF SHAREHOLDERS AS AT 15 MARCH 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	16	0.43	692	0.00
100 - 1,000	1,002	26.88	688,340	0.30
1,001 - 10,000	1,915	51.37	8,875,720	3.83
10,001 - 1,000,000	776	20.81	41,466,988	17.90
1,000,001 and above	19	0.51	180,583,585	77.97
Total	**3,728**	**100.00**	**231,615,325**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2019

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	69,558,647	30.03
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	26,479,790	11.43
3	SEE HOY CHAN INVESTMENT LIMITED	18,080,000	7.81
4	WEE CHENG KWAN	13,000,000	5.61
5	CITIBANK NOMINEES SINGAPORE PTE LTD	6,029,370	2.60
6	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,755,281	2.48
7	TAN KOOI JIN	4,507,000	1.95
8	THANABAL S/O PERUMAL	4,230,200	1.83
9	RHB SECURITIES SINGAPORE PTE LTD	4,165,086	1.80
10	OCBC SECURITIES PRIVATE LTD	4,031,991	1.74
11	HO BUN HOI	3,992,800	1.72
12	ABN AMRO CLEARING BANK N.V.	3,838,700	1.66
13	RAFFLES NOMINEES (PTE) LIMITED	3,774,430	1.63
14	PHILLIP SECURITIES PTE LTD	3,695,100	1.60
15	KOH YEW CHOO	3,340,190	1.44
16	NA CHUN WEE	2,000,000	0.86
17	GOH HOON LEONG	1,500,000	0.65
18	CHUNG YUK PHIN	1,375,000	0.59
19	TAN HEE NAM	1,230,000	0.53
20	DBS NOMINEES PTE LTD	959,400	0.41
	Total	**181,542,985**	**78.37**

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

SHARE CAPITAL

Class of Shares	:	Ordinary Shares
Number of Shares	:	231,615,325
Issued and Paid-up Capital	:	S$121,844,067.8244

Based on information available to the Company, as at 15 March 2019, approximately 78.55% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	Direct Interest (%)	No. of Shares	Deemed Interest (%)
Chan Shut Li, William	18,569,673	8.02	–	–
See Hoy Chan Investment Limited	18,080,000	7.81	–	–
Lee Beng Tee	–	–	18,080,000	7.81*
Wee Cheng Kwan	13,000,000	5.61	–	–

*By virtue of his interest in See Hoy Chan Investment Limited pursuant to Section 7 of the Companies Act, Chapter 50.

Percentage is calculated based on the total number of issued shares of 231,615,325 as at 15 March 2019.

DIRECTORS/CHIEF EXECUTIVE OFFICER

Name	Direct Interest Holdings beginning of year	Direct Interest Holdings end of year	Deemed Interest Holdings beginning of year	Deemed Interest Holdings end of year
Chan Shut Li, William	18,569,673	8.02	0	0
Liu Mei Ling, Rhoda	20,000	0.01	0	0
Wee Cheng Kwan	13,000,000	5.61	0	0

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Carlton Hotel Singapore, Esplanade 3&4, Level 4, 76 Bras Basah Road, Singapore 189558 on Monday, 29 April 2019 at 10:00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Auditors' Report thereon.
(See Explanatory Note 1)

2. To approve the Directors' fees of US$108,627.85 for the financial year ended 31 December 2018 (2017: US$108,627.85). **(Resolution 1)**

3. To re-elect Mr Chan Shut Li, William retiring pursuant to Article 91 of the Company's Constitution.
(See Explanatory Note 2) **(Resolution 2)**

4. To re-elect Mr Wee Cheng Kwan retiring pursuant to Article 91 of the Company's Constitution.
(See Explanatory Note 2) **(Resolution 3)**

5. To elect Mr Loo Cheng Guan retiring pursuant to Article 97 of the Company's Constitution.
(See Explanatory Note 2) **(Resolution 4)**

6. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

7. **Authority to allot and issue shares**

(a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

a) new shares arising from the conversion or exercise of convertible securities, or

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares.

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 3) **(Resolution 6)**

8. **Authority to grant options and to issue shares under Mirach Energy Employee Share Option Scheme**

(a) "That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme"), and, pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Mirach ESOS Scheme, provided that the aggregate number of shares to be issued pursuant to the Mirach ESOS Scheme shall not exceed fifteen (15) per cent of the issued share capital of the Company from time to time, as determined in accordance with the provisions of the Scheme."

(b) Such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note 4) **(Resolution 7)**

9. **Authority to grant awards and to allot and issue shares under Mirach Energy Performance Share Plan**

(a) That approval be and is hereby given to the Directors to grant awards from time to time in accordance with the provisions of the Mirach Energy Performance Share Plan (the "Mirach PSP"), and pursuant to Section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company (the "Award Shares") as may be required to be allotted, issued, and/or delivered pursuant to the vesting of the Awards Shares under the Mirach PSP, provided always that the aggregate number of Award Shares issued and/or issuable pursuant to the Mirach PSP, when aggregated together with the number of Ordinary Shares to be allotted and issued pursuant to the Mirach Energy Employee Share Option Scheme and any other existing share schemes of the Company shall not exceed fifteen (15) per cent of the total number of issued shares of the Company (excluding treasury shares) from time to time.

(b) Such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note 4) **(Resolution 8)**

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary

12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. A proxy needs not be a member of the Company. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.

2. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company at 80 Robinson Road, #02-00, Singapore 068898, not later than 48 hours before the time set for the Annual General Meeting.

Explanatory Notes:-

1. The audited financial statements is meant for discussion only as under the provisions of Section 201(1) of the Companies Act, Cap. 50, the audited financial statements need to be laid before the Company at its Annual General Meeting and hence, the matter will not be put forward for voting.

2. Key information on the retiring directors can be found in the Annual Report.

   Mr Chan Shut Li, William will, upon re-election as a Director of the Company, remain as the Chairman of the Board and a member of the Nominating Committee.

   Mr Wee Cheng Kwan will, upon re-election as a Director of the Company, remain as a Non-Executive and Non-Independent Director of the Company and a member of the Audit Committee.

   Mr Loo Cheng Guan will, upon election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Remuneration Committee, a member of the Nominating Committee and a member of the Audit Committee. Mr Loo will be considered independent for the purposes of Rule 704(8) of the Singapore Exchange Securities Trading Limited ("SGX-St") Listing Manual.

3. The ordinary resolution no. 6 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

4. The ordinary resolution no. 7, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to offer and grant options under the Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme") (which was approved at the extraordinary general meeting of the Company held on 30 July 2014) and to allot and issue shares pursuant to the exercise of such options under the Mirach ESOS Scheme and any other existing share incentive schemes of the

   Company does not exceed fifteen (15) per cent of the total number of issued share capital of the Company (excluding Treasury Shares) from time to time.

5. The ordinary resolution proposed in item no. 8, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to offer and grant awards under the Mirach Energy Performance Share Plan ("Mirach PSP") (which was approved at the extraordinary general meeting of the Company held on 30 July 2014) and to allot and issue shares pursuant to the exercise of such awards under the Mirach PSP, provided that the aggregate number of shares to be issued under the Mirach PSP and any other existing share incentive schemes of the Company does not exceed fifteen (15) per cent of the total number of issued share capital of the Company (excluding Treasury Shares) from time to time.

SUPPLEMENTAL INFORMATION

DIRECTORS STANDING FOR RE-ELECTION/ELECTION AT THE ANNUAL GENERAL MEETING

The following information relating to Mr Chan Shut Li William, Mr Loo Cheng Guan and Mr Wee Cheng Kwan, each of whom is standing for re-election as a Director at the Annual General Meeting of the Company on 29 April 2019, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Date of Appointment	18 June 2003
Date of last re-appointment (if applicable)	27 April 2017
Name of person	CHAN SHUT LI WILLIAM
Age	66
Country of principal residence	Hong Kong (SAR)
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr William Chan has been with the Company for 16 years and is a key person in driving the whole Company operations and is involved in day to day operations. He continues to discharge his duties responsibly. It is important that he continue his role as an Executive Director to drive the growth of the Company. The Nomination Committee unanimously agrees to his re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive. Largely responsible for setting the strategic direction and leading the business operation.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman & CEO
Professional qualifications	MBA
Working experience and occupation(s) during the past 10 years	Mirach Energy Limited
Shareholding interest in the listed issuer and its subsidiaries	18,569,673 shares of Mirach Energy Limited
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (Including Directorships) - Present	Nil
Other Principal Commitments (Including Directorships) - Past (for the last 5 years)	Nil
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

SUPPLEMENTAL INFORMATION

(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—		No
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
		In connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No
Disclosure applicable to the appointment of Director only.			
	Any prior experience as a director of an issuer listed on the Exchange?		Yes
	If yes, please provide details of prior experience.		Mirach Energy Limited since 2004.
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		N.A.
	Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		The Executive Director has been with the Company for 16 years and has been keeping abreast of rules and regulations on the job. However, as and when a director find something new that he feels he need to train for, or when the Human Resource Department recommends it, the Director will be encouraged to go for further training

Date of Appointment	11 May 2018
Date of last re-appointment (if applicable)	Not applicable
Name of person	LOO CHENG GUAN
Age	55
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Loo Cheng Guan has been competent in discharging his duties. His experience in various high level roles in private equity and public listed companies has proven to build his tenacity in reviewing business papers provided to him. He has been conscientious in reviewing board papers and sending his queries regularly to the board of directors to clarify issues that he can identify. The Nominating Committee unanimously agrees that he can contribute greatly to the Board and the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director
Professional qualifications	B Economics (Hons), MBA
Working experience and occupation(s) during the past 10 years	2015 to present - Managing Director, Vermilion Gate Pte Ltd 2011 to 2015 - Executive Director/ Deputy Group CEO, C&G Environmental Protection Holdings Ltd 2010 to 2011 - CEO, F&H Fund Management Pte Ltd 2008 to 2010 - Managing Director, Tembusu Partners Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (Including Directorships) - Present	Valuetronics Holdings Ltd Datapulse Technology Ltd
Other Principal Commitments (Including Directorships) - Past (for the last 5 years)	C&G Environmental Protection Holdings Ltd Advance SCT Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

SUPPLEMENTAL INFORMATION

(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—		No
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
		In connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No
Disclosure applicable to the appointment of Director only.			
	Any prior experience as a director of an issuer listed on the Exchange?		Yes
	If yes, please provide details of prior experience.		**Past:** C&G Environmental Protection Holdings Ltd Advance SCT Limited MAP Technology Holdings Ltd Hongwei Technologies Ltd **Current:** Valuetronics Holdings Ltd Datapulse Technology Ltd
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		N.A.
	Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		Mr Loo Cheng Guan has completed the Listed Company Directors Programme organised by the Singapore Institute of Directors before. He sits on a few Board of companies listed on SGX both in the past and present. He has just joined the Board of Mirach Energy Limited in May 2018. The Company will consider sending him for training in future in consultation with his requirement and whenever the Company finds it necessary for any such directors to update themselves on changes in rules.

SUPPLEMENTAL INFORMATION

Date of Appointment	26 April 2018
Date of last re-appointment (if applicable)	Not applicable
Name of person	WEE CHENG KWAN
Age	42
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee has assessed Mr Wee Cheng Kwan and is of the view that Mr Wee is suitably qualified for the role of Non-Executive and Non-Independent Director given his qualification and experience. The Board of Directors concurred with the recommendation of the Nominating Committee.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Non-Independent Director
Professional qualifications	
Working experience and occupation(s) during the past 10 years	August 2013 to Present : PRG Holdings Bhd - Shareholder & Director November 2012 to Present: WG Development (M) Sdn Bhd - Shareholder & Director July 2004 - June 2007: Biaxis (M) Sdn Bhd - Project Manager
Shareholding interest in the listed issuer and its subsidiaries	Yes. 13,000,000 Shares of Mirach Energy Limited
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments (Including Directorships) - Present	PRG Holdings Bhd WG Development (M) Sdn Bhd
Other Principal Commitments (Including Directorships) - Past (for the last 5 years)	Nil
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

SUPPLEMENTAL INFORMATION

(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	In connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.		
	Any prior experience as a director of an issuer listed on the Exchange?	No
	If yes, please provide details of prior experience.	
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Appropriate briefings and training will be provided to familiarize him with the role and responsibilities of a director of a listed company.
	Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Currently training is internal and the Company will inform the Director on the necessary responsibilities required. Director will be sent for training whenever the need arises.

MIRACH ENERGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200305397E)

IMPORTANT
1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

PROXY FORM

*I/We ______________________________ (Name) NRIC/Passport No. ________________

of ____ (Address)

being *a member/members of MIRACH ENERGY LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

or failing whom, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Monday, 29 April 2019 at Carlton Hotel Singapore, Esplanade Room 3&4, Level 4, 76 Bras Basah Road, Singapore 189558 at 10:00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	Approval of Directors' fees for the financial year ended 31 December 2018		
2.	Re-election of Mr Chan Shut Li, William as director		
3.	Re-election of Mr Wee Cheng Kwan as director		
4.	Re-election of Mr Loo Cheng Guan as director		
5.	Re-appointment of Auditors		
6.	Authority to issue ordinary shares		
7.	Authority to grant options and to issue shares under Mirach Energy Employee Share Option Scheme		
8.	Authority to issue shares under Mirach Energy Performance Share Plan		

Dated this ________ day of ______________ 2019

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal
* Delete accordingly

IMPORTANT. Please read notes below

Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. A proxy needs not be a member of the Company. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.

2. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

First fold

Affix stamp

The Company Secretary
MIRACH ENERGY LIMITED
80 Robinson Road
#02-00
Singapore 0688998

Second fold

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company at 80 Robinson Road, #02-00, Singapore 068898, not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

Third fold