MIRACH ENERGY

Mirach Energy Limited

27 April 2017

Annual General Meeting 2017

MIRACH ENERGY

CONTENT

- Overall Macro Environment & Group Strategy for FY 2016
- Snapshot on the Effects of ICP on Revenue
- Revenue Highlights
- P&L Overview & Highlights
- Balance Sheet Overview
- Cash Flow Overview

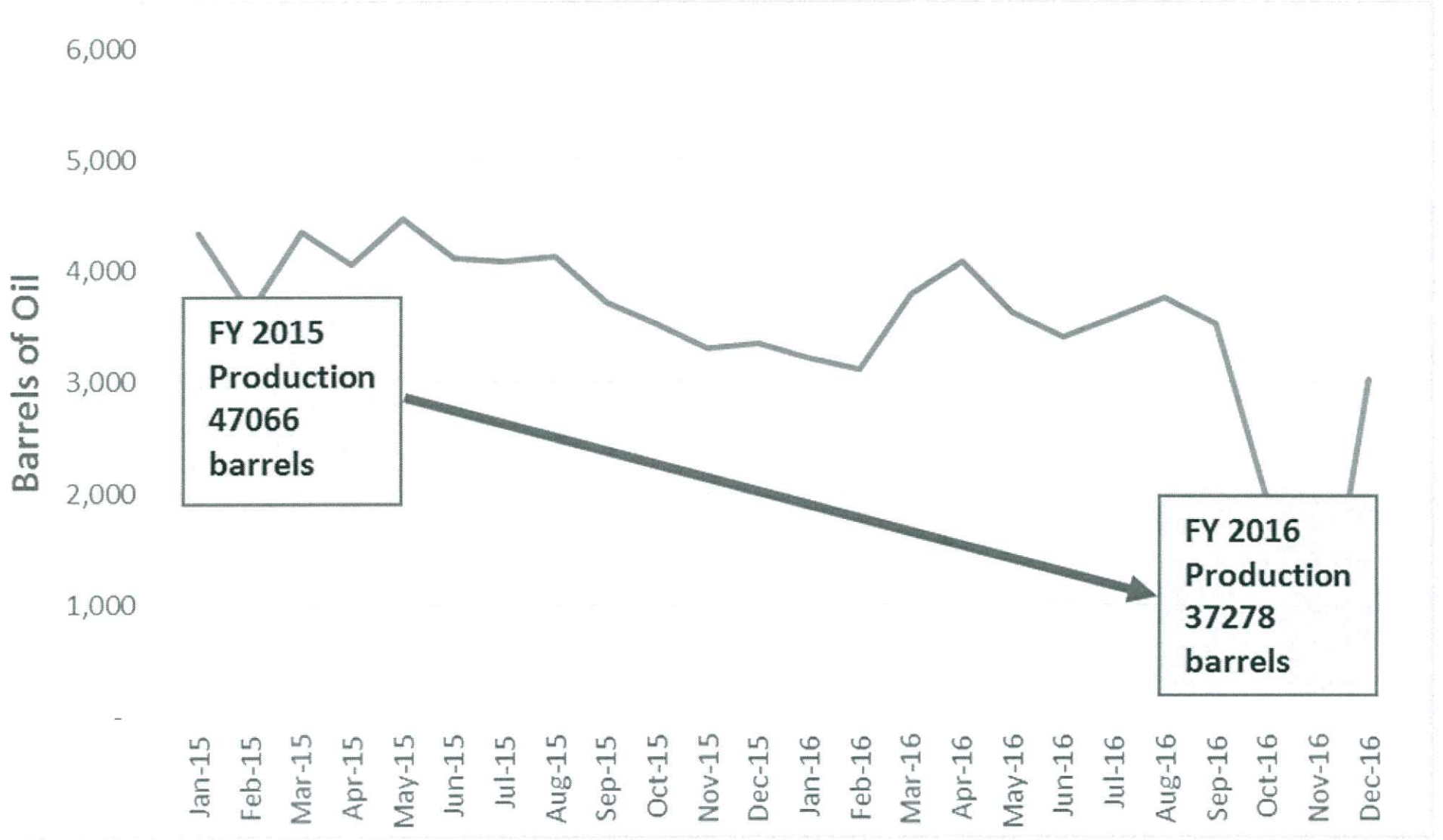
MIRACH ENERGY

Overall Macro Environment & Group Strategy for FY2016

- Since 2015, slowdown in global economic growth led to further downturn especially for upstream O&G industry
- ICP Price fell from a high of US$59/bbl in mid 2015, to a low of US$25/bbl in Feb 2016
- Low oil price could not sustain high fixed costs throughout 2016
- Group adopted restructuring strategy in FY2016 in order to achieve: -
  1) **Reduction in production costs by optimizing operation processes**
  2) **Reduction in labour & manpower costs through streamlining back-room processes and manpower re-org**
  3) **To cut back on loss-making operations in order to reduce operation costs and protect cash assets**
- FY 2016 target was to limit losses while at the same time to protect liquidity in order to fund future new businesses

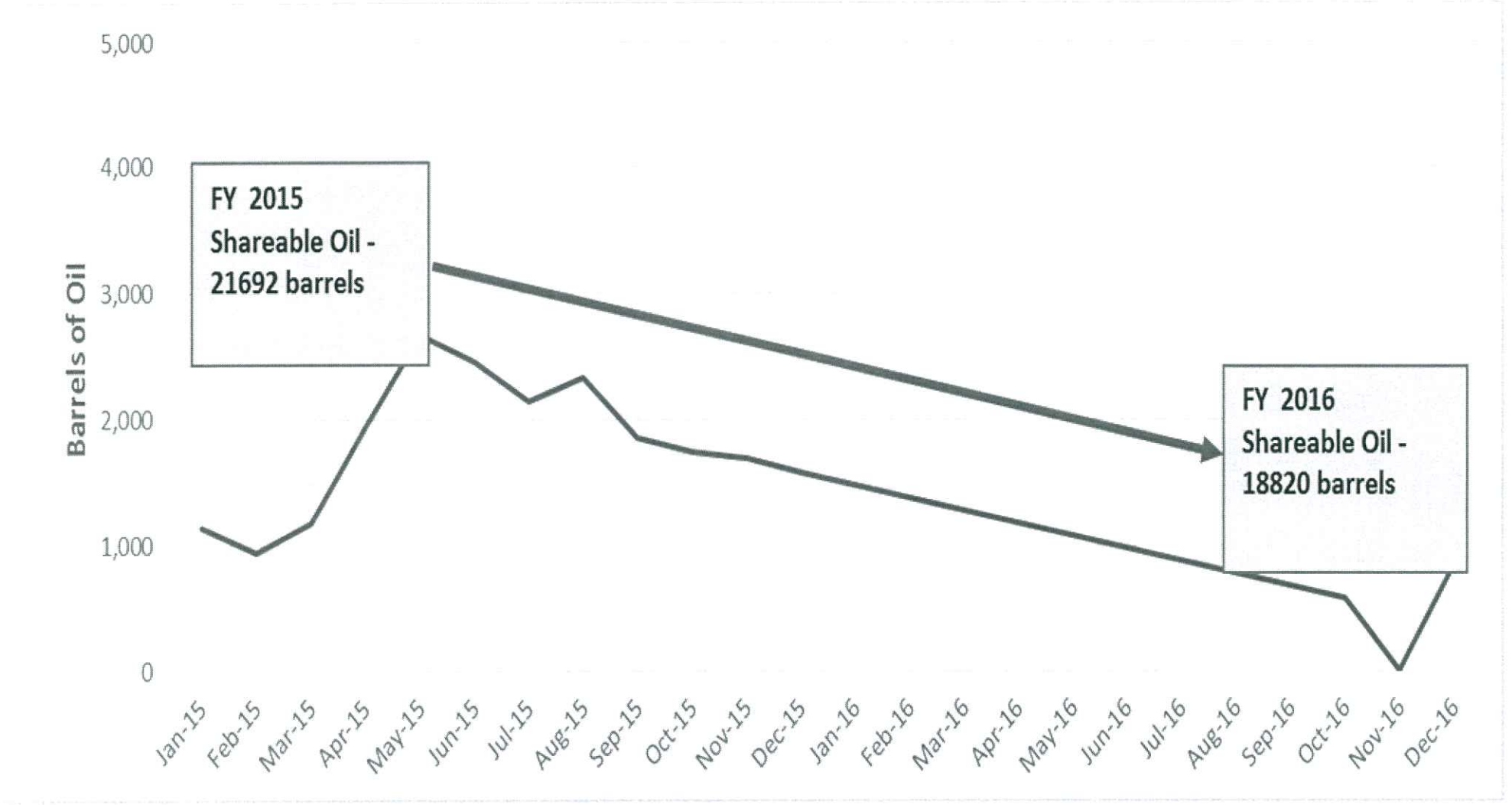
MIRACH ENERGY

Oil Production decreased by 21% in FY2016



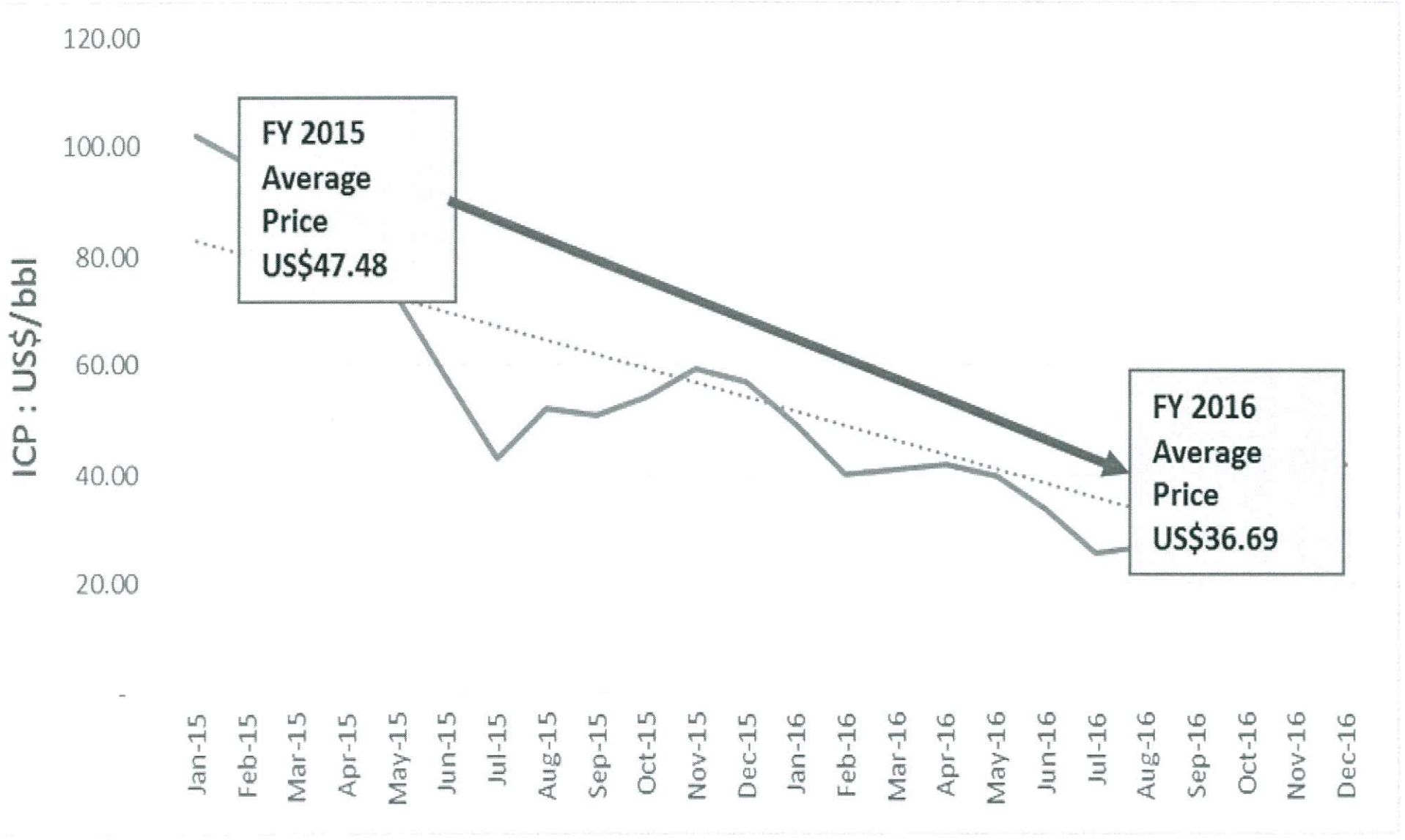
MIRACH ENERGY

Shareable Oil decreased by 13% in FY2016



MIRACH ENERGY

Average Oil Price (ICP) decreased by 23% in FY2016



Revenue Highlights

Revenue (US$'000)	FY2016 (Unaudited)	FY2015 (Audited)	Change %
Oilfield services	-	1,043	-100%
Exploration and Production (E&P)	596	1,059	-44%
Total revenue	**596**	**2,102**	**-72%**

- No oilfield technical fees from 2016 onwards after impairment of CPHLC in 2015.
- Lower E&P revenue due to lower production in FY2016.
- No more shortfall revenue accounted for in 2016 since all NSO has been fully repaid in April 2015.

MIRACH ENERGY

FY2016 P&L Overview

	FY2016 31-Dec 2016 (Unaudited) USD'000	*FY2015 31-Dec 2015 (Audited) USD'000*	*+/(-) Change %*	*Remarks*
Revenue	596	2,102	-72%	No oilfield services income. No shortfall revenue. Lower production volume (i.e. Nov'16 Temporary shut down)
Other income	88	108	-19%	Mainly bank interest income from pledged cash deposit only.
Production expense	(1,368)	(3,991)	-66%	No reopening of old wells and focus more on servicing of existing reopened wells. Streamlining production costs
Staff cost	(2,116)	(2,497)	-15%	On-going Restructuring/Streamlining brought about savings in staff costs
Depreciation / Amortisation	(1,041)	(1,734)	-40%	Movement generally alongside oil production volume.
Other expenses	(1,545)	(1,793)	-14%	Realised/Unrealised Exchange Gain and losses
Impairment loss on investment in associate	0	(2,360)	n.m.	Impairment on CPHLC
Provision for amount due from associate	0	(21,427)	n.m.	Impairment on CPHLC
Reversal of provision for amount due from associate	1,345	0	n.m.	Reversal of provision on amount due CPHLC
Impairment loss on oil and gas properties	(3,996)	0	n.m.	Write off partial BUT-PKM assets
Impairment loss on intangible assets	(6,617)	0	n.m.	Write off full BUT-PKM KSO concessionary rights
Impairment loss on property, plant and equipment	(7)	0	n.m.	Write off subidiary fixed assets
Impairment loss trade and other receivable	(155)	0	n.m.	Write off current assets of subsidiaries
Finance costs	(64)	(58)	10%	Accretion of asset restoration obligations.
Share of loss of associates	(44)	(479)	-91%	Due to share of loss in GKM accounted for only.
Loss before income tax	**(14,924)**	**(32,129)**	-54%	
Income tax	(35)	(61)	n.m.	
Total loss for the period	**(14,959)**	**(32,190)**	-54%	

MIRACH ENERGY

P&L highlights

- Total losses for F2016 were mainly due to the following:-
  - Impairment loss on oil and gas properties – BUT-PKM amounting to US$3.996 million
  - Impairment loss on intangible assets – BUT-PKM KSO concessionary rights amounting to US$6.617 million
- Revenue also declined by 72% amounting to US$0.596 million
- Loss per share for FY2016 reported 11.97 US$ cents in comparison the same for FY2015 at 26.91 US$ cents.

Balance Sheet Overview

(In US$'000)	31 Dec 2016 (Unaudited)	31 Dec 2015 (Audited)
Non-current assets	6,119	20,249
Current assets	8,129	6,046
Current liabilities	8,443	8,725
Net current assets	*(314)*	*(2,679)*
Non-current liabilities	3,614	548
Net assets	**2,191**	**17,022**
Equity attributable to owners of the Company	3,407	17,526
Non-controlling interests	(1,216)	(504)
	2,191	**17,022**

- For FY2016, the partial write off of BUT-PKM Oil & Gas properties and KSO rights led to a drastic decline in NCA amounting to US$14.130 million
- The increase in current assets by US$2.083 million was due to an increase in cash (US$1.174 million) and funds from 3rd party contractor (US$0.760 million)
- With this, the NAV per ordinary shares dropped from 14.73 US$ cents as at end of last year to 2.86 US$ cents as at 31 December 2016.

MIRACH ENERGY

Cash Flow Overview

	FY2016 (Unaudited) *(US$'000)*	FY2015 (Audited) *(US$'000)*
Cash generated from/(used in) operating activities	(4,781)	(5,663)
Cash used in investing activities	(92)	(451)
Cash generated from/(used in) financing activities	6,088	(2,413)
Net(decrease)/increase in cash and cash equivalents	1,215	(8,527)
Effect of exchange rate changes on cash and cash equivalents	(41)	(578)
Cash and cash equivalents at beginning of period	3,522	12,627
Cash and cash equivalents at end of period	**4,696**	**3,522**

- As at 31 December 2016, cash and cash equivalents have improved by US$1.174 million, or 33% as compared to FY2015. This was largely due to the return of US$2.5 million Pledged Deposits and US$3.0 million Contract Deposits under financing activities.
- The overall improvement on Group's cash position is a direct result of prudency and constant streamlining of both manpower structures as well as working/operational processes

MIRACH ENERGY

Thank you

www.mirachenergy.com