



MIRACH ENERGY LIMITED (COMPANY NO.200305397E)

Unaudited Second Quarter And Half-Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2020

The Company is mandatorily required pursuant to the Singapore Exchange Securities Trading Limited (“SGX-ST”) to continue quarterly reporting (“QR”) of its financial statements with effect from 7 February 2020 in view of the modified opinion issued by the Company’s statutory auditors in its annual report for the financial year ended 31 December 2019. QR announcement is mandatory, made pursuant to the Exchange’s requirements, as required under Listing Rule 705(2C).

PART I- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1 & Q3), HALF-YEAR (Q2) AND FULL-YEAR (Q4) RESULTS

1(a) Income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding year.

	Group			Group		
	2Q2020	2Q2019	+ / (-)	1H2020	1H2019	+ / (-)
	30 Jun 2020	30 Jun 2019		30 Jun 2020	30 Jun 2019	
	(Unaudited)	(Unaudited)	Change	(Unaudited)	(Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	308	715	(57)	634	1,789	(65)
Subcontractor cost	(70)	-	n.m.	(71)	(154)	(54)
Other income	(119)	(2)	5,850	429	21	1,943
Staff cost	(251)	(288)	(13)	(527)	(543)	(3)
Depreciation	(52)	(28)	86	(104)	(56)	86
Expected credit loss on trade receivables	1	-	n.m.	(49)	-	n.m.
Other expenses	(74)	(311)	(76)	(169)	(647)	(74)
Finance costs	(1)	-	n.m.	(2)	(1)	100
Share of profit/(loss) of associates	30	(13)	n.m.	58	(13)	n.m.
(Loss)/profit before income tax	(228)	73	n.m.	199	396	(50)
Income tax	(13)	(103)	(87)	(45)	(267)	(83)
Total (loss)/profit for the period	(241)	(30)	703	154	129	19
Other comprehensive (loss)/income:						
Currency translation arising from presentation currency	140	(16)	n.m.	(387)	(1)	38,600
Currency translation arising from consolidation	40	12	233	(116)	13	n.m.
Other comprehensive (loss)/income for the period, net of tax	180	(4)	n.m.	(503)	12	n.m.
Total comprehensive (loss)/income	(61)	(34)	79	(349)	141	n.m.
(Loss)/profit for the period attributable to:						
Equity holders of the Company	(253)	(112)	126	134	(99)	n.m.
Non-controlling interests	12	82	(85)	20	228	(91)
	(241)	(30)	703	154	129	19
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(79)	(109)	(28)	(312)	(87)	259
Non-controlling interests	18	75	(76)	(37)	228	n.m.
	(61)	(34)	79	(349)	141	n.m.

n.m.: not meaningful



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- 1(a) Income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding year. (Cont'd)

Profit / loss before income tax is arrived at after charging/ (crediting) the following:

	Group			Group		
	2Q2020	2Q2019	+ / (-)	1H2020	1H2019	+ / (-)
	30 Jun 2020	30 Jun 2019		30 Jun 2020	30 Jun 2019	
(Unaudited)	(Unaudited)	Change	(Unaudited)	(Unaudited)	Change	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Subcontractor cost	70	-		71	154	
Interest expense	1	-		2	1	
Expected credit loss on trade receivables	(1)	-		49	-	
Foreign exchange loss/(gain), net	179	30		(366)	49	
Depreciation of property, plant and equipment	4	8		8	16	
Depreciation of right-of-use assets	48	20		96	40	
Share of (profit)/loss of associates	(30)	13		(58)	13	

n.m.: not meaningful



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1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Jun 2020 (Unaudited) US\$'000	31 Dec 2019 (Audited) US\$'000	30 Jun 2020 (Unaudited) US\$'000	31 Dec 2019 (Audited) US\$'000
Non-current assets				
Property, plant and equipment	52	62	28	35
Right-of-use assets	134	238	134	238
Investment in subsidiaries	-	-	1	1
Investment in associates	1,586	1,526	-	-
Deferred tax assets	40	42	-	-
Deposits	4,939	4,939	-	-
Trade receivables	-	733	-	-
	6,751	7,540	163	274
Current assets				
Trade and other receivables	5,083	4,897	55	58
Prepayments	2,104	2,265	3	13
Amounts due from subsidiaries	-	-	8,212	8,713
Cash and cash equivalents	977	1,087	349	365
	8,164	8,249	8,619	9,149
Current liabilities				
Trade and other payables	3,923	4,253	125	152
Contract liabilities	9	15	-	-
Income tax payable	1,318	1,346	-	-
Contract deposit	420	420	-	-
Lease liabilities	120	159	120	159
	5,790	6,193	245	311
Net current assets	2,374	2,056	8,374	8,838
Non-current liabilities				
Other payables	1,952	2,014	1,658	1,720
Lease liabilities	15	75	15	75
Deferred tax liabilities	17	17	-	-
	1,984	2,106	1,673	1,795
Net assets	7,141	7,490	6,864	7,317
Equity attributable to owners of the Company				
Share capital	89,992	89,992	89,992	89,992
Accumulated losses	(83,765)	(83,859)	(82,926)	(82,734)
Other reserves	415	861	(202)	59
	6,642	6,994	6,864	7,317
Non-controlling interests	499	496	-	-
Total equity	7,141	7,490	6,864	7,317



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1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand:

As at 30 June 2020		As at 31 December 2019	
Secured (Unaudited) US\$'000	Unsecured (Unaudited) US\$'000	Secured (Audited) US\$'000	Unsecured (Audited) US\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year:

As at 30 June 2020		As at 31 December 2019	
Secured (Unaudited) US\$'000	Unsecured (Unaudited) US\$'000	Secured (Audited) US\$'000	Unsecured (Audited) US\$'000
Nil	Nil	Nil	Nil

1(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	2Q2020 30 Jun 2020 (Unaudited) US\$'000	2Q2019 30 Jun 2019 (Unaudited) US\$'000	1H2020 30 Jun 2020 (Unaudited) US\$'000	1H2019 30 Jun 2019 (Unaudited) US\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	(228)	73	199	396
Adjustments for:				
Interest expense	1	-	2	1
Interest income	(24)	-	(24)	-
Depreciation of property, plant and equipment	4	8	8	16
Depreciation of right-of-use asset	48	20	96	40
Expected credit loss on trade receivables	(1)	-	49	-
Share of (profit)/loss of associates	(30)	13	(58)	13
Gain arising from reversal of liabilities	-	(10)	-	(10)
Provision for deferred rent liability	-	(2)	-	(2)
Unrealised exchange loss/(gain)	179	37	(539)	38
Operating cash flows before working capital changes	(51)	139	(267)	492
Changes in working capital				
Decrease in contract deposit	-	(200)	-	(200)
(Increase)/decrease in trade and other receivables and prepayments	(307)	(905)	683	(1,638)
Increase in amount due from contract customers	-	(1)	-	(5)
Decrease in amount due to contract customers	(4)	-	(6)	-
Increase/(decrease) in trade and other payables	107	76	(392)	(1,344)



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1(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	Group		Group	
	2Q2020	2Q2019	1H2020	1H2019
	30 Jun	30 Jun	30 Jun	30 Jun
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
Cash (used in)/generated from operations	(255)	(891)	18	(2,695)
Income tax paid	-	(1)	(19)	(3)
Cash flows used in from operating activities	(255)	(892)	(1)	(2,698)
Investing activities				
Purchase of property, plant and equipment	-	-	-	(1)
Cash flows used in investing activities	-	-	-	(1)
Financing activities				
Payment of lease liabilities	(55)	(40)	(92)	(40)
Interest paid	(1)	-	(2)	(1)
Proceeds from placement of new shares	-	(30)	-	3,114
Cash flows (used in)/generated from financing activities	(56)	(70)	(94)	3,073
Net (decrease)/increase in cash and cash equivalents	(311)	(962)	(95)	374
Effects of exchange rate changes on balances held in foreign currencies	7	12	(15)	(15)
Cash and cash equivalents at beginning of the period	1,281	2,884	1,087	1,575
Cash and cash equivalents at the end of the period (Note)	977	1,934	977	1,934

Note :

Cash and cash equivalents consist of cash at banks and on hand.



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year.

The Group	Share capital	Merger reserve	Equity and share options reserve	Foreign exchange reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling Interests	Total Equity
	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000
At 1 January 2019	86,878	763	108	(17)	(87,615)	117	83	200
(Loss)/profit for the period	-	-	-	-	(99)	(99)	228	129
<u>Other comprehensive income</u>								
- Foreign currency translation	-	-	-	12	-	12	-	12
Total comprehensive income/(loss) for the period	-	-	-	12	(99)	(87)	228	141
Issuance of shares arising from placement	3,158	-	-	-	-	3,158	-	3,158
Share issue expense	(44)	-	-	-	-	(44)	-	(44)
Expiration of share options	-	-	(108)	-	108	-	-	-
At 30 June 2019	89,992	763	-	(5)	(87,606)	3,144	311	3,455
At 1 January 2020	89,992	763	-	98	(83,859)	6,994	496	7,490
Changes to non-controlling interests	-	-	-	-	(40)	(40)	40	-
Profit for the period	-	-	-	-	134	134	20	154
<u>Other comprehensive loss</u>								
- Foreign currency translation	-	-	-	(446)	-	(446)	(57)	(503)
Total comprehensive (loss)/income for the period	-	-	-	(446)	134	(312)	(37)	(349)
At 30 June 2020	89,992	763	-	(348)	(83,765)	6,642	499	7,141



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year. (Cont'd)

The Company	Share capital (Unaudited)	Equity and share options reserve (Unaudited)	Foreign exchange reserves (Unaudited)	Accumulated losses (Unaudited)	Total equity (Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2019	86,878	108	(19)	(82,708)	4,259
Loss for the period	-	-	-	(307)	(307)
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	34	3	37
Total comprehensive income/(loss) for the period			34	(304)	(270)
Issuance of shares arising from placement	3,158	-	-	-	3,158
Share issue expense	(44)	-	-	-	(44)
Expiration of share options	-	(108)	-	108	-
At 30 June 2019	89,992	-	15	(82,904)	7,103
At 1 January 2020	89,992	-	59	(82,734)	7,317
Loss for the period	-	-	-	(192)	(192)
<u>Other comprehensive loss</u>					
Foreign currency translation			(261)	-	(261)
Total comprehensive income for the period	-	-	(261)	(192)	(453)
At 30 June 2020	89,992	-	(202)	(82,926)	6,864



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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Changes in Company's share capital:

	Group and Company Issued ordinary shares No. of shares		Group and Company Issued and fully paid-up capital US\$'000	
	2020	2019	2020	2019
	At 1 January	231,615,325	203,053,325	89,992
Share issuance under the placement	-	28,562,000	-	3,114
At 31 March and 30 June	<u>231,615,325</u>	<u>231,615,325</u>	<u>89,992</u>	<u>89,992</u>

There were no changes in the issued and paid-up share capital of the Company from 31 March 2020 to 30 June 2020.

There were no treasury shares held or issued as at 30 June 2019 and 30 June 2020.

- 1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 Jun 2020	As at 31 Dec 2019
Total number of issued shares excluding treasury shares	<u>231,615,325</u>	<u>231,615,325</u>

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on. If the issuer has granted options or shares under its share scheme during the period, please confirm that an SGXNET announcement has been made on the date of the offer as well as details of the grant in accordance with Rule 704(29).**

Not applicable. The Company does not have any treasury shares.

There are no options or shares granted under its share scheme during the period ended 30 June 2020.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company does not have any subsidiary holdings.

- 2. Whether the figures have been audited or reviewed, and in accordance with which accounting standard or practice.**

The figures as at 30 June 2020 have neither been audited nor reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.



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3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

In the Company's latest audited financial statements for the financial year ended 31 December 2019 ("FY2019"), BDO LLP, the Group's auditor, has issued a disclaimer of opinion in respect of the following:

- (i) Revenue recognition for the agricultural project in Malaysia
- (ii) Adequacy of expected credit loss allowance of the trade receivables related to the agriculture project
- (iii) Going concern assumption
- (iv) Adequacy of expected credit loss allowance of amounts due from subsidiaries
- (v) Equity accounting of an associate in China
- (vi) Trade and other payables of a subsidiary in Indonesia
- (vii) Opening balances

Details relating to the Group's comments on the disclaimer points and its efforts taken to resolve the matter may be found in the Company's announcement dated 30 August 2020.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the consolidated financial statements have been adequately disclosed.

The Board confirms that all impact of outstanding audit issues on the financial statements in relation to FY2019 have been adequately disclosed.

4. Please state whether the same accounting policies and method of computation as the issuer's most recently audited financial statements have been followed.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period, as those used for the audited consolidated financial statements for the financial year ended 31 December 2019.

5. If there have been any changes in the accounting policies and method of computation from the most recently audited financial statements, please make adequate disclosure and state the reasons for and effect of the change.

The Group has adopted all the applicable Singapore Financial Reporting Standards (International) ("SFRS(I)") and related Interpretations ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of the new accounting standards does not have any material effect on the financial results of the Group and the Company.



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6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	2Q2020 30 June 2020 (Unaudited)	2Q2019 30 June 2019 (Unaudited)	1H2020 30 June 2020 (Unaudited)	1H2019 30 June 2019 (Unaudited)
(Loss)/earnings per ordinary share of the Group for the financial period based on net (loss)/earnings attributable to equity holders of the Company:				
Basic (US\$ cents)	(0.11)	(0.05)	0.06	(0.04)
Fully diluted (US\$ cents)	(0.11)	(0.05)	0.06	(0.04)
Basic loss/(earnings) per share were based on:				
Net (loss)/profit for the period (US\$'000)	(253)	(112)	134	(99)
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares for fully diluted (loss)/earnings per share computation	231,615,325	221,673,855	231,615,325	221,673,855

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Net assets value per ordinary share (US\$ cents)	2.87	3.02	2.96	3.16
Net assets value (US\$'000)	6,642	6,994	6,864	7,317
Issued and fully paid ordinary shares	231,615,325	231,615,325	231,615,325	231,615,325



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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(A) INCOME STATEMENT/STATEMENT OF COMPREHENSIVE INCOME

Turnover Analysis

Revenue (US\$'000)	2Q2020 (Unaudited)	2Q2019 (Unaudited)	Change %	1H2020 (Unaudited)	1H2019 (Unaudited)	Change %
Management services	1	584	(100)	2	1,581	(100)
Timber logging	230	131	76	554	131	323
Property construction and development	77	-	n.m.	78	77	1
Total revenue	308	715	(57)	634	1,789	(65)

Total revenue for the Group reported was US\$0.634 million for the period ended 30 June 2020.

The revenues are generated from the property construction and development business, as well as timber logging activities and management services provided to agriculture business partners in Malaysia.

Costs and Earnings Analysis

Subcontractor costs are derived from the cost of construction of property in Malaysia and infrastructure cost in relation to the agriculture business in Malaysia.

Total profit of US\$0.154 million was earned in 1H2020 as compared to US\$0.129 million in 1H2019. It was mainly due to the US\$0.083 million decrease in subcontractor cost, US\$0.408 million increase in other income, US\$0.478 million decrease in other expenses and US\$0.222 million decrease in income tax. These were offset mainly by the US\$1.155 million decrease in revenue as well as the US\$0.049 million increase in expected credit loss on trade receivables.

Revenue in 1H2020 fell by 65% as compared to 1H2019 mainly due to the drop in revenue from the management services provided in relation to the agriculture business in Malaysia. This was offset by the increase in timber logging revenue. There has also been a corresponding drop in the subcontractor cost in 1H2020 as a result of the drop in revenue from management services.

Other income in 1H2020 rose by 1,943% as compared to 1H2019 mainly due to net foreign exchange gain of US\$0.366 million, as a result of the weakening of the SGD against HKD. There was also an interest income of US\$ 0.024 million from the accretion of significant financing component recorded in 4Q2019. Depreciation in 1H2020 increased by 86% as compared to 1H2019 due to an addition to rights-of-use assets made in 3Q2019 and its corresponding depreciation being recorded in 1H2020 but not in 1H2019. In addition, other expenses in 1H2020 decreased by 74% as compared to the same period in 2019 mainly due to a drop in consultancy fees paid in relation to the agriculture business in Malaysia. There was also a net foreign exchange gain in 1H2020 that was recorded in the other income, as compared to the net foreign exchange loss in 1H2019 that was recorded in the other expenses.



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Despite the 50% decrease in total profit before income tax in 1H2020 as compared to 1H2019, the income tax expense for 1H2020 has dropped by 83%. This is due to the drop in income tax expense in relation to the agriculture business in Malaysia, as a result of a lower net profit before tax generated. Furthermore, the net foreign exchange gain recorded in 1H2020 is also not taxable.

Due to the weakening of the USD against other currencies for the period ended 30 June 2020, there was a US\$0.503 million loss on currency translation arising from presentation currency and consolidation compared to a gain of US\$0.012 million in 1H2019.

As a result of the above description, a total comprehensive loss of US\$0.349 million was incurred in 1H2020 as compared to a total comprehensive income of US\$0.141 million that was generated in 1H2019.

The above cost and earnings analysis relate to the current financial period ended 30 June 2020.

Following is additional information relating to the financial year ended 31 December 2019:

The profit before income tax of US\$4.698 million contains a non-recurrent other income of US\$3.957 million, which resulted from an adjustment to payables and provisions in relation to the termination of oil and gas.

(B) BALANCE SHEET/STATEMENT OF FINANCIAL POSITION

Assets & Liabilities

The non-current assets of the Group as at 30 June 2020 decreased by US\$0.789 million as compared to 31 December 2019 mainly due to the US\$0.733 million decrease in trade receivables which has been reclassified to current assets according to the due date. There was also a decrease in property, plant and equipment and right-of-use assets as a result of depreciation recorded in 1H2020. The decrease in deferred tax assets was due to the effects of foreign exchange translations during the period.

The current assets of the Group as at 30 June 2020 decreased by US\$0.085 million as compared to 31 December 2019. This was mainly due to the drop in prepayments made in relation to the agriculture business, as well as a decrease in cash and cash equivalents during the period.

The current liabilities of the Group as at 30 June 2020 decreased by US\$0.403 million as compared to 31 December 2019. This was mainly due to lower accruals being made in relation to the agriculture business in Malaysia as there was a reduction in the business operations in 1Q2020 as a result of the COVID-19 outbreak. There was also a slightly decrease in lease liabilities due to lease payments made in 1H2020.

The non-current liabilities of the Group as at 30 June 2020 decreased by US\$0.122 million due to the drop in lease liabilities as a result of lease payments made in 1H2020, as well as a drop in other payables, that was due to the effects of foreign exchange translations during the quarter.

As a result of the above description, the net current assets and net assets of the Group as at 30 June 2020 increased by US\$0.318 million and decreased by US\$0.349 million respectively, as compared to 31 December 2019.



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(C) CASHFLOW STATEMENT/STATEMENT OF CASHFLOWS

Cash Flow & Working Capital

	1H2020 (Unaudited) (US\$'000)	1H2019 (Unaudited) (US\$'000)
Cash used in operating activities	(1)	(2,698)
Cash used in investing activities	-	(1)
Cash (used in)/generated from financing activities	(94)	3,073
Net (decrease)/increase in cash and cash equivalents	(95)	374
Effect of exchange rate changes on cash and cash equivalents	(15)	(15)
Cash and cash equivalents at beginning of period	1,087	1,575
Cash and cash equivalents at end of period	977	1,934

Cash and cash equivalent position (inclusive of exchange effects) decreased by US\$0.110 million for 1H2020 as compared with 31 December 2019.

Cash used in operating activities was US\$0.001 million for 1H2020. There was a decrease of US\$2.697 million as compared to 1H2019. This was mainly contributed by the collection of trade receivables from the agriculture business in Malaysia.

Net cash used in financing activities was US\$0.094 million in 1H2020, as compared to the net cash generated from financing activities of US\$3.073 million in 1H2019. This was mainly due to the receipt of the share placement proceeds upon the completion of the placement of shares on 5 March 2019. There was no share placement in 1H2020.

Update on Use of Proceeds from the Placement

For the placement of shares in 1Q2019, the Company raised US\$3.11 million in total. The amount from the proceeds unutilized as at 30 June 2020 amounted to US\$0.22 million. The list below summarized the usage of the proceeds.

Net proceeds from drawdown of placement	US\$ million 3.11
Less use of proceeds:	
Payment to Vendors	0.27
Provision of working capital within the Group	2.62
Balance as at 30 June 2020	<u>0.22</u>

9. Where a forecast, or a prospect statement has been made and disclosed to shareholders, any variance between it and the actual results has been explained.

There was no forecast or prospect statement made or disclosed to shareholders for the period.

10. A commentary of the competitive conditions of the industry in which the group operates and any known factors that might affect the group in the next reporting period and the next 12 months.

Property and Construction Business

The first construction project in West Malaysia was delayed in 2019 for a considerable amount of time due to a restructuring exercise by the project's developer and PMSB has been in discussion with the relevant parties towards a recovery plan since 2019. The discussions were also delayed due to the Movement Control Order ("MCO") which was imposed by the government of Malaysia on 18 March 2020 as a result of the Coronavirus outbreak. On 25 August 2020, PMSB signed a final settlement agreement with the developer.



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Due to the unexpected continuous delay of the second construction project, PMSB held discussions with the developer and both parties have mutually agreed to cancel the Partnership Agreement in relation to the development of individual residential unit of townhouses in West Malaysia. No cost will be incurred by the Group as a result of this cancellation.

Agriculture Business

As at 30 June 2020, RCL Kelstar Sdn. Bhd. ("RCL") has entered into five separate cooperation agreements with business partners, for the purpose of developing a multi crop agriculture development project on approximately 2,750 acres or 50% of the concession land. The cooperation allows the business partners to engage in the planting, cultivation and harvesting of approved plant species.

RCL will provide services and work with the business partners to facilitate the operations and development of the agriculture land and in turn collect management fees from these business partners.

The COVID-19 outbreak resulted in certain operational delays in the Agricultural Business in 1H2020 due to the precautionary and control measures that have been and continue to be implemented in Mainland China and Malaysia, where RCL's customers and operations are located in. However, as Malaysia has entered into the Recovery Movement Control Order ("RMCO") phase since 1 July 2020, RCL is currently fully operational and anticipates business to gradually pick up.

Additionally, RCL has completed the logging activities and successfully obtained the Use Permit on 19 July 2020, for the first block of concession land.

Management Services Business

The Group's wholly-owned subsidiary Mirach HP Management Pte. Ltd. ("MHPM") provides business and management consultancy services. MHPM is currently working with partners in Malaysia to provide marketing and sales consultancy for their business development, and hopes to acquire more human resource along the way to further develop its business.

Oil and Gas Business

Currently, the Group still retains minority ownership (9%) of the Gunung Kampung Minyak Ltd Oil Field in Indonesia.

E-commerce Business

As part of the Group's plans to diversity into the online trading business, the Group acquired full equity interest in Smart Life International Investment Group Co., Limited ("Smart Life"), in Hong Kong in 2019.

Smart Life then acquired a 30% equity interest in Hu Bei ZeGang, a company which specialises in e-commerce, trading of agriculture products and construction material etc. as well as provision of internet information services. The Group recorded a US\$0.109 million share of profit from Hu Bei ZeGang in 1H2020.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended); and

None.

(b) (i) Amount per share

Not applicable.



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(b) (ii) Previous corresponding period

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers receive by the Group (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividends have been declared or recommended for the period ended 30 June 2020, as cash flows are being directed to the Group's various projects.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There was no IPT mandate obtained.

Additional Disclosure Required for Mineral, Oil and Gas Companies admitted for listing pursuant to Rules 210(8) and 210(9):

Rule 705(7) of the Mainboard Listing Rules – if the Issuer has made an announcement on the use of funds/cash for the quarter and a projection on the use of funds/cash for the next immediate quarter, including material assumptions within 45 days after the relevant financial period.

(a) Details of exploration (including geophysical surveys), development and/or production activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity recently, that fact must be stated.

The funds / cash for 2Q2020 were mainly used for the following activities:-

Purpose	Amount (US\$ million)
Exploration, drilling and testing activities at Kampung Minyak Oil Field	-
Working capital	-
Total	-

There are no funds utilized for the purpose of exploration, drilling and testing activities. Funds were only utilized for working capital purposes and capital expenditure in 2Q2020.



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The usage of funds / cash for exploration activities and others for the next immediate quarter (i.e. Period from 1 July 2020 to 30 September 2020) including are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration, drilling and testing activities at Kampung Minyak Oil Field	-
Working capital	-
Total	-

(b) *An update on its reserves and resources, where applicable. In accordance with the requirements as set out in Practice Note 6.3, including a summary of reserves and resources as set out in Appendix 7.5.*

The Board confirms to the best of their knowledge and that nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect pursuant for Rules 705(6) and 705(7).

14. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A

Not applicable as there has not been any incorporations, acquisition or realisation of shares for the period ended 30 June 2020.

15. Please disclose a confirmation that the issuer has provided undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1))

The Company confirmed that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

16. In the case of an announcement of interim financial statement (quarterly or half-yearly), the issuer's directors must that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false and misleading, in the material aspect.

We, CHAN Shut Li, William and LIU Mei Ling, Rhoda, being two of the Directors of Mirach Energy Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Company and of the Group for the second quarter of 2020 and the six months ended 30 June 2020 to be false or misleading in any material respect.

On behalf of the Board of Directors

**Chan Shut Li, William
Chairman of the Board**

18 September 2020

**Liu Mei Ling, Rhoda
Director**

18 September 2020