



QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX-ST LISTING MANUAL

1. BACKGROUND

Mirach Energy Limited (the “Company”, and together with its subsidiaries, the “Group”) was placed on the Watch-List pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 3 December 2015.

In accordance to Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors of the Company would like to provide the following updates on the financial situation, its future direction as well as other material developments that may impact the Group’s position.

2. UPDATE ON FINANCIAL SITUATION

Total revenue for the Group reported was US\$2.878 million for the period ended 30 September 2019. The revenues are generated from management services provided to agriculture business partners in Malaysia, timber logging activities as well as the property construction and development business.

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

Other income in 9M2019 fell by 96% as compared to 9M2018 due to the one-off US\$0.560 million waiver of an amount due to a third party that occurred in 9M2018. Depreciation and amortization in 9M2019 increased by 318% as compared to 9M2018 due to the adoption of SFRS(I) 16. In addition, finance costs in 9M2019 dropped by 78% as compared to the same period in 2018 as there was a short-term loan that was fully repaid in 2018.

Total comprehensive income of US\$0.400 million generated in 9M2019 as compared to a total comprehensive loss of US\$0.653 million in the 9M2018 was mainly due to the increase in revenue and decrease in subcontractor costs, which was slightly offset by the decrease in other income.

The non-current assets of the Group as at 30 September 2019 increased by US\$1.053 million as compared to 31 December 2018 mainly due to the increase in trade receivables as well as right-of-use assets. This was offset by the decrease in bearer plants due to revised terms of consideration in a contract in 3Q2019 from the agriculture business.

The current assets of the Group as at 30 September 2019 increased by US\$0.058 million as compared to 31 December 2018. This was mainly due to the increased in prepaid expenses in relation to the agriculture business in 9M2019, that was offset by a decrease in trade and other receivables.

The current liabilities of the Group as at 30 September 2019 decreased by US\$1.108 million as compared to 31 December 2018. This was mainly due to the decrease in trade and other payables, which was largely due to the payment of RM4.500 million (approximately US\$1.089 million) to the vendors of RCL Kelstar Sdn. Bhd. to further settle the outstanding amount due to them. There was also a US\$0.400 million decrease in contract deposit, due to repayments made in 9M2019. There was also a US\$0.116 million decrease in deferred revenue as a result of revised terms of consideration in a contract in 3Q2019 from the agriculture business.



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The non-current liabilities of the Group as at 30 September 2019 decreased by US\$1.295 million as compared to 31 December 2018. This was mainly due to a US\$1.399 million decrease in deferred revenue as a result of revised terms of consideration in a contract in 3Q2019 from the agriculture business. This was slightly offset by a US\$0.104 million increase in lease liabilities due to the adoption of SFRS(I) 16.

As a result of the above description, the net current liabilities of the Group decreased by US\$1.166 million and net assets of the Group increased by US\$3.514 million as at 30 September 2019, as compared to 31 December 2018.

Cash used in operating activities was US\$3.097 million for 9M2019.

For more details on the results and financial position of the Group, please refer to the Company's results announcement for the period ended 30 September 2019.

3. UPDATE ON FUTURE DIRECTION

Property and Construction Business

As of 30 September 2019, construction activity for the first housing project situated in the state of Perak, Malaysia, is going through a restructuring exercise which has caused a delay. As a result, the project has not made much progress, pending the outcome from the restructuring.

Due to the unexpected continuous delay of the second construction project, Premier Mirach Sdn. Bhd. 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 September 2019, RCL Kelstar Sdn. Bhd. ("RCL") has entered into five separate cooperation agreements with business partners. As a result of revised terms of consideration in one cooperation agreement in 3Q2019, the bearer plants and corresponding deferred revenue figures of the Group have decreased. There was no impact on the net assets of the Group.

To date, the business partners are allowed to cultivate, harvest or sell durian trees and fruits on approximately 2,750 acres or 50% of the concession land. RCL will provide management services to these partners and in turn collect management fees from these partners.

In 9M2019, RCL generated revenue of RM11.351 million (approximately US\$2.745 million) through the provision of management services to the partners and from the logging of timber on the concession land. RCL will continue to fulfill its obligations in the next twelve months and will further look for other business partners to cultivate the land separately.

Management Services Business

The Group's wholly-owned subsidiary Mirach HP Management Pte. Ltd. ("MHPM") provide 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.



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Oil and Gas Business

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

A New Subsidiary

The Group established a wholly-owned subsidiary in Hong Kong on 3 June 2019 which will provide trading activities in the future.

**On behalf of the Board of Directors
Chan Shut Li, William
Chairman of the Board**

12 November 2019