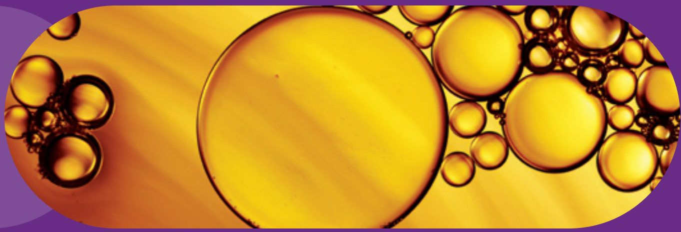

GENERATING A SUSTAINABLE BUSINESS

MIRACH ENERGY

Annual Report 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chan Shut Li, William
Chairman and Chief Executive Officer

Chu Ming
Member, Executive Director

Richard Tan Kheng Swee
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

Lim Jun Xiong, Steven
Member, Independent Director

Richard Tan Kheng Swee
Member, Lead Independent Director

REMUNERATION COMMITTEE

Richard Tan Kheng Swee
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

Richard Tan Kheng Swee
Member, Lead Independent Director

Chan Shut Li, William
Member, Chairman and Chief Executive Officer

COMPANY SECRETARIES

Lin Moi Heyang (ACIS)
Lee Bee Fong (ACIS)

REGISTERED OFFICE

96 Robinson Road,
#17-01 SIF Building,
Singapore 068899
Tel: (65) 6536 8033
Fax: (65) 6536 1882

PRINCIPAL PLACE OF BUSINESS

3901 Cosco Tower, 183 Queens Road Central,
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 068898

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)

BANKERS

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

CIMB Bank Berhad
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

CORPORATE PROFILE

Mirach Energy Limited ("Mirach" or the "Company" or "Group") having been an upstream oil and gas entity with past experiences amassed over a decade through energy investment holdings, exploration & production, technical oilfield services and solutions as well as related consultancy, will continue to expand its interests throughout Asia in both emerging and developed markets.

The business value preposition of the Company is however not just limited to its own; but includes working strategically with relevant partners to harness the best out of their respective specializations to maximize each and every commercial deal made. Presently besides holding oil and gas fields in Indonesia and Cambodia, the Group remains constantly on the lookout for any business synergies that might enhance shareholders' value, notwithstanding the current macroeconomic situation.

OUR BUSINESS

Exploration and Production ("E&P")

Mirach Energy holds interests in one exploration oil block and two production oil blocks. Management's strategy is to balance the risks in its asset portfolio, by investing in production oil fields to generate income and cash flow, and developing exploration interests for asset upside potential.

Oilfield Services

Mirach Energy recognizes the demand in enhancing oil recovery rate in Asia and provides EOR and related oilfield services through an integrated approach to achieve oil recovery efficiently. The Group has resourcefully harnessed a team of geoscientists and engineers who have much experience in managing exploration and production projects.

OUR INTERESTS IN ASIA

Cambodia

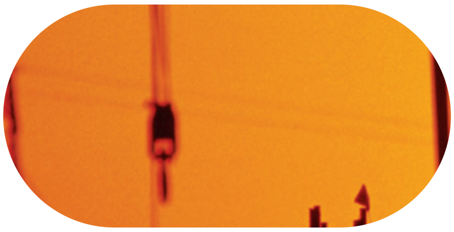
The Group owns a 48% interest in the associate company, CPHL (Cambodia) Co., Ltd ("CPHLC"), which holds the Cambodia offshore oilfield Block D Production Sharing Contract ("PSC"). Block D covers 5507 sq km in shallow water area, and Mirach Energy is the operator. It was estimated that the mean number of oil initially in place (OIIP) is 1,751 million barrels.

Kampung Minyak, South Sumatra, Indonesia (KM Oil Field)

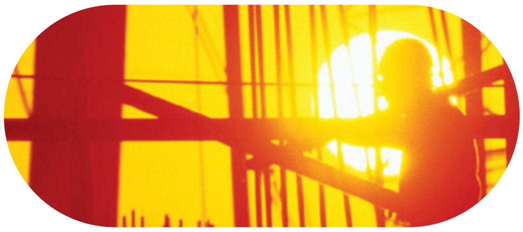
The Kampung Minyak Oil Block is a mature oil field located in onshore South Sumatra, Indonesia and covers an area of approximately 45 square kilometres. The Group is working with Pertamina EP under Joint Operations Contract ("KSO") to re-activate and enhance production in the area. The contract period is 15 years, and expires in 2026.

In 2013, the Company acquired 10% interest in Gunung Indah Lestari Limited which holds 100% shares of a KSO operatorship in another marginal oil field, the Sungai Taham – Batu Keras – Suban Jeriji Block ("ST-BK-SJ" Field). ST-BK-SJ has a production tenure of 15 years starting from February 2013.

CHAIRMAN'S STATEMENT



The Group is definitely actively looking for further investments in other arenas to diversify its business scope, so as to ensure that it can weather a possibly prolonged low average oil price.



DEAR FELLOW SHAREHOLDERS,

Kampung Minyak Oil Field ("KM") Operations

KM Field was on track in our operational plans. Nevertheless, FY2015 was the year that we re-visited our strategies in an environment of sustained low oil prices and swiftly shelved plans to drill new wells, in view of the sustained low price environment. Having stabilized the operations at the KM Field, the focus was on the reopening old wells and well activation or servicing.

For the year ended 31 December 2015, some 38 old wells had been reopened and these included 7 wells meant for Pilot Water Flood program. As the KM oil field were operated on a minimum costs basis, any spike in oil prices would be able to push KM field towards a better cash flow position based on the current costs structures, and on the back of the large amount of cost recoverable from Pertamina arising from previous drillings. Our team worked hard to negotiate and came to an agreement with the authorities on the expenditures and commitment schedule, which will allow our team to work on lower capital expenditure in 2016.

Meanwhile, the Group remains determined to consolidate the KM Field operations so as to contain its operational costs and to enhance its production capacity, given the current low oil price environment. This is also in preparation for the opportune time for an effective and efficient "take-off" when oil prices resume to an acceptable level.

Cambodia Block D

In June last year, the Company signed a cooperation agreement with PST Service Corporation and Chengdu Western Union Petro Engineering Technology, subsidiaries of Landocean Energy Services Company, to implement an integrated solution for the drilling of the first exploratory well in Cambodia. However, the progress had stalled as we await decisions from the Ministry in Cambodia. We had received an Approval for a Final Extension of the Exploration Period of Block D, Cambodia. Notwithstanding, as noted in the final results announcement, CPHL Cambodia had been in the midst of finalizing the details on the exploration drilling project and drilling rigs commissioning arrangements with various partners, pending the Ministry of Minerals and Mines' final decision in approving our proposed financial arrangement. The Management remains interested and are continually in discussions with third parties to work together so as to advance the rights and obligations associated with this Petroleum Agreement.

However, with little visibility on the progress in the negotiations, and in view of various other factors, Management had regretfully decided to take the conservative and painful decision to make a full provision on the Group's investments in CPHL Cambodia, and the amount due from associate.

CORPORATE ACTIVITIES

The Group recorded total revenue of US$2.1 million in FY2015, compared to a total revenue of US$1.7 million in FY2014. Despite the higher revenue, it was not enough to cover the loss that resulted from the higher costs incurred and lower price of crude oil. The ICP (Indonesian Crude Price) selling price for crude oil in FY2015 ranged between USD34 to USD59 per barrel of oil.

While the Company was set to strengthen its equity structure and team to grow its petroleum asset portfolio given its positive cash balance with zero gearing, the continuous prolong slide in oil prices did not support such plans.

Management had shelved plans as the risk of capital for oil fields development has certainly increased. With new sources of oil supply coming into the market, it would take time for the balance of supply and demand to happen, and for oil prices to stabilize at a higher level.

Meanwhile, we have been discussing with our alliances on bringing optimum costs oilfield services to our customers and partner in so as to open up new markets in Asia.

More importantly, we are still sourcing for new but commercially viable assets in this lower price environment, so as to grow the Company further. In addition, the Group is definitely actively looking for further investments in other arenas to diversify its business scope, so as to ensure that it can weather a possibly prolonged low average oil price.

On the corporate front, the Company in May 2015 completed its share consolidation exercise in order to ensure compliance for the new minimum trade price rule from the Singapore Exchange. Unfortunately, we noted that shareholders were not receptive to the consolidation exercise. Despite the effort that the Company put in the difficult environment, the Singapore Exchange had in December 2015 included the Company in the watch-list pursuant to SGX Listing Rule 1311, based on low market capitalization and three year net loss criteria. This was regretful but the Company is determined to remove itself from the list in accordance to SGX requirements.

STATUS REPORT FOR THE USE OF PROCEEDS FROM PLACEMENT AND CONVERTIBLE LOANS ISSUE IN 2013

The following table is the status report for the use of proceeds from drawdown of Loans Issue passed by resolutions on 9 October 2013. The company has raised a total of US$37.46 million from the placement and the loans issue in by the end of December 2014.

	USD' million
Net proceeds from drawdown of loans and placement	37.46
Less use of proceeds:	
Repayment of senior bonds due April 2014	17.44
Investment in 10% stake in Gunung Indah Lestari Limited	3.00
Loan to associate Company Gunung Indah Lestari	0.92
Exploration, drilling and testing activities at KM Field	5.23
Working Capital	6.13
Temporary loan to CPHL Cambodia Limited	1.45
Balance from net proceeds	**3.29**

ACKNOWLEDGEMENT

Last but not least, I would like to thank Mirach employees for their dedication and hard work in assisting to steer the operations, and I hope that they will continue to do so in the years to come.

William Chan

Executive Chairman and Chief Executive Officer

1st of April 2016

FINANCIAL HIGHLIGHTS

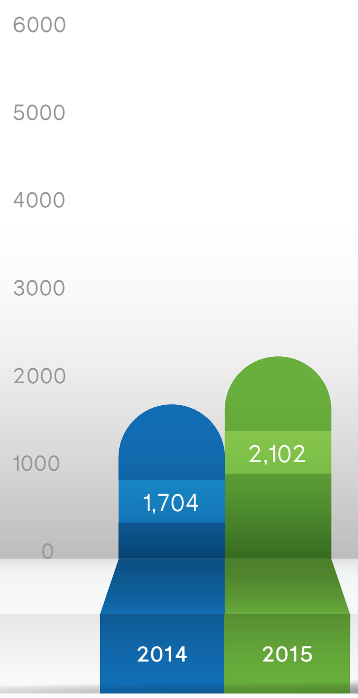
GROUP INCOME STATEMENT (USD '000)	2014	2015
Revenue	1,704	**2,102**
Loss After Tax	(5,019)	**(32,190)**
EBITDA	(3,522)	**(30,445)**

GROUP BALANCE SHEET (USD '000)	2014	2015
Property, Plant and Equipment	217	**467**
Oil and Gas Properties	8,113	**7,263**
Intangible Assets	8,003	**7,310**
Amount Due from Associates	20,777	**943**
Investment in Associates	5,547	**2,708**
Pledged Fixed Deposit	2,501	**2,501**
Cash & Cash Equivalents	12,627	**3,522**
Other Current Assets	1,479	**1,581**
Total Assets	59,264	**26,295**
Shareholder's Equity	50,627	**17,526**
Non-Controlling Interests	(341)	**(504)**
Current Liabilities	8,497	**8,725**
Provision for Decommissioning (non-current)	481	**539**
Deferred Tax Liabilities	_	**9**
Total Liabilities	8,978	**9,273**
Total Equity & Liabilities	59,264	**26,295**

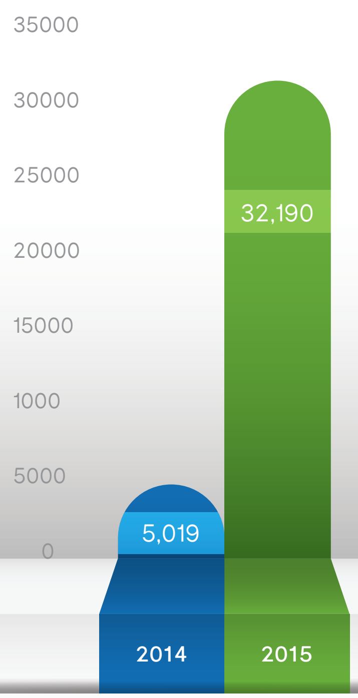
PER SHARE DATA (USD CENTS)	2014	2015
Loss Per Share	(4.45)	**(26.91)**
Net Asset Value	42.54	**14.73**
Net Cash Holding	10.61	**2.96**

FINANCIAL RATIO	2014	2015
Current Ratio (times)	1.79	**0.69**
Gross Gearing (%)	Net Cash	**13**

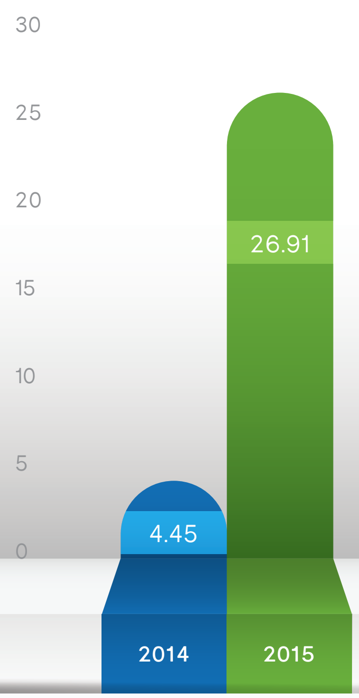
REVENUE
(USD '000)



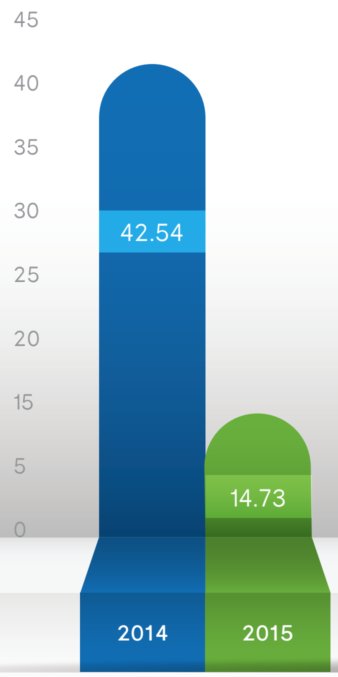
NET LOSS
(USD '000)



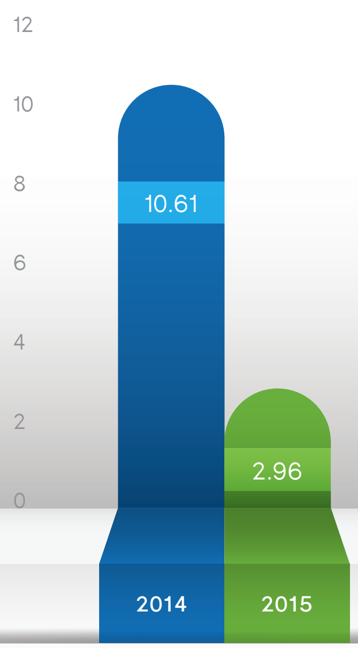
LOSS PER SHARE
(USD cents)



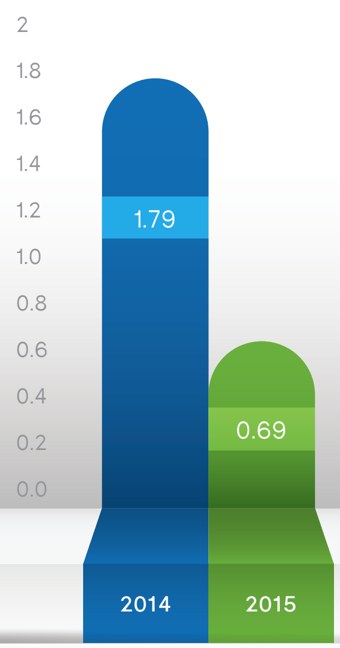
NET ASSET VALUE PER SHARE
(USD cents)



NET CASH HOLDING PER SHARE
(USD cents)



CURRENT RATIO
(times)



OPERATIONS REVIEW

Notwithstanding the reduction in 12-months average annual Indonesia Crude Price (ICP) from US$93.08 to US$46.80 per barrel (by 50%), the total cost recovery and entitlement revenue increase by 22% from US$0.72 million in FY2014 to US$0.88 million in FY2015. These improvements were also in part a result of higher gross lifting due to better well servicing.

GROUP INCOME REVIEW

REVENUE	FY2015	FY2014	+/(-) Change %
(USD'000)			
Oilfield Services	1,043	967	8
Exploration and Production (E&P)	1,059	737	44
Total Revenue	**2,102**	**1,704**	**23**

Total revenue for the Group reported at US$2.10 million for the financial year ended 31 December 2015.

Since April 2015, all prior NSO shortfall at Kampung Minyak Oil Field ("KM Field") had been fully repaid, and these had led to an increase in the incremental oil which saw a correspondingly higher E&P revenue for FY2015.

Notwithstanding the reduction in 12-months average annual Indonesia Crude Price (ICP) from US$93.08 to US$46.80 per barrel (by 50%), the total cost recovery and entitlement revenue increase by 22% from US$0.72 million in FY2014 to US$0.88 million in FY2015. These improvements were also in part a result of higher gross lifting due to better well servicing.

The increase in revenue on oilfield services was mainly contributed by a subsidiary which performed oilfield technical services.

COST AND EARNING ANALYSIS

Other income relates mainly to interest income which increased by US$0.02 million or 26% for FY2015 as compared to FY2014, was derived from cash pledged as well as fixed deposit placements.

Production expenses surged by US$2.90 million or 267% for FY2015 in comparison with FY2014, mainly as a result of re-activation of old wells as well as hydro-slotting projects. These huge expenses are mainly due to commitments pursuant to our contractual obligations.

The higher staff cost by US$0.33 million or 15% for FY2015 as compared to FY2014 was due to new headcounts onboard KM Field and higher costs at its corporate office due to new headcount through its increased activities.

Alongside with higher production, there was an increase in the depreciation of oil and gas properties. As such, depreciation and amortisation increased by US$0.27 million or 18% for FY2015 in comparison with FY2014.

Other expenses increased by US$0.40 million or 29% mainly due to a slide from an exchange gain of US$0.55 million to an exchange loss of US$0.1 million as well as a write-off of VAT for US$0.12 million and some changes in other costs such as office rental. There was also a provision for doubtful debt under other expenses in FY2014 for US$0.32 million not seen this year.

The finance costs represented the accretion of asset restoration obligations for 10 new wells annually of which their costs are discounted back to present value. Even though there is a 12% increase in FY2015 versus FY2014, the value of US$0.006 million is insignificant and due to accretion of the asset retirement obligations.

The share of losses on associates reported at US$0.48 million for FY2015. They are contributed by CPHLC in its initial seismic and drilling studies phase and Gunung Indah Lestari Limited, which principally engages in exploration and production activities for Oil and Gas.

CASH FLOW & LIQUIDITY

(USD'000)	FY2015	FY2014
Cash used in operating activities	(5,663)	(4,551)
Cash used in investing activities	(451)	(2,027)
Cash (used in)/generated from financing activities	(2,413)	12,434
Net (decrease)/increase in cash and cash equivalents	(8,527)	5,856
Effect of exchange rate changes on cash and cash equivalents	(578)	(131)
Cash and cash equivalents at beginning of period	12,627	6,902
Cash and cash equivalents at end of period	3,522	12,627

Due to the material uncertainties surrounding its continuing negotiation with the Cambodian authorities, the Group made a full provision on its investment and receivables due from its associate – CPHL (Cambodia) Company Limited ("CPHLC") amounting to US$2.36 million and US$21.43 million respectively.

As a result of all the above, the net loss attributable to equity holders of the Company was approximately US$32.03 million for FY2015 as compared to the net loss of US$4.94 million for FY2014.

FINANCIAL POSITION AND LIQUIDITY

For the current assets of the Group as at 31 December 2015, they decreased by US$9.16 million as compared to 31 December 2014 mainly contributed from decrease in cash and short-term deposits by US$9.11 million. As for the liabilities of the Group as at 31 December 2015, there were no major variances for current liabilities other than accruals on some operational expenses as well as tax liabilities arising from the oil production income. In regards to non-current liabilities, there are some additional provisions for decommissioning of wells by about US$0.06 million in comparison with 31 December 2014.

As at 31 December 2015, the non-current assets for the Group decreased by US$23.81 million in comparison with 31 December 2014. The material reduction is mainly due to the impairment of investment in CPHLC and amount due from the latter of US$2.36 million and US$21.43 million respectively. The other decreases on investments in associate of US$0.48 million for FY2015 relates to share of losses in the associates for the financial year. Whilst the net depreciation of oil and gas properties and amortisation of intangible assets at US$0.85 million and US$0.69 million respectively, there was also a net addition for property, plant and equipment at US$0.25 million under the fixed assets.

In general, the current ratio as at 31 December 2015 is 0.69 times as compared to 1.79 times for the same period last year. The lower ratio is mainly a result of the reduction in cash and short-term deposits under the current assets as a proportion of the current liabilities, which did not vary much from 31 December 2014.

As a summary, the cash and cash equivalent position (inclusive of exchange effects) saw a net decrease of US$9.11 million for FY2015. These were mainly the result of an absence of financing activities in 2015, the operating results and the changes in working capital for the reporting period.

Cash flow used in investing activities did not witness any additions of US$1.84 million in oil and gas properties for FY2015, as in the previous year; but there were additions mainly from motor vehicle and oilfield equipment.

Cash flow used in financing activities in FY2015 was arose mainly from increase in amounts owing by CPHLC for advances from and technical service fees charged by the Group.

The net cash outflow of approximately US$5.66 million in operating activities was mainly due to the net loss and working capital changes. Working capital changes include US$0.10 million decrease in trade, other receivables, prepayments and inventories. In addition, trade and other payables saw an increase by US$0.47 million.

In addition to the reported cash and cash equivalents as at FY2015 and FY2014, there is a pledged fixed deposit of US$2.50 million that has been placed to secure a bank guarantee for our firm commitment with Pertamina EP under a KSO for KM Oil Field.

OPERATIONS REVIEW

SUSTAINABILITY

Besides corporate governance which will be spelt out under a separate section, the other material sustainability initiatives of the Group is to safeguard the environment and uphold social responsibility so as to ensure accountability and confidence for the organization now and into the future.

ENVIRONMENT, HEALTH, SAFETY AND SECURITY (EHSS)

The Group has a EHSS policy and conducts weekly meetings to review the Group's activities that may impact EHSS. A weekly report will be circulated to the CEO/Chairman for his review. HSSE inspections are conducted on a regular basis to ensure the EHSS policy is complied. The Group also complies with the regulatory requirements of the countries it operates in. For instance, the Ministry of Environment in Cambodia had approved the Initial Environment Social Impact Assessment Report which allows our associate company CPHL Cambodia to commence its activities after extension is finalized. The Group also makes a provision for decommissioning of wells amounting to US$539,000 (2014: US$481,000) in 2015.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group firmly uphold fair employment practices and values each employee in the organization. The Group is committed in developing each employee to its full potential by providing equality of opportunities and promoting a healthy, positive and cohesive environment. The Group strives to also contribute in each country it is in. For instance, its associate, CPHL Cambodia sets up a training fund of US$150,000 each year for the education and training of Cambodian nationals (who are not employees of the Company) in fields related to petroleum resources development. In Cambodia, our associate company frequently support the Red Cross association's work locally by supporting some of their events and contributing to their funds, albeit in a small way. With more resources in future, the Group hopes to embark on some volunteer work or even donations to do our part for the society.

BOARD OF DIRECTORS

MR. CHAN SHUT LI, WILLIAM

Executive Chairman and Chief Executive Officer

Mr. Chan is the Chairman and Chief Executive Officer of Mirach Energy. He 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 largely responsible for the development of the Group's business operations, where he is engaged in business development activities and their subsequent implementation. Mr. Chan is also the Chairman of CPHL (Cambodia) Co. Ltd. He holds a Master's 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 full member of the Society of Registered Financial Planners of Hong Kong. Mr. Chan joined the Board on 18 June 2003 and is an Executive Director of the Company.

MR. CHU MING

Executive Director

Mr. Chu Ming is the Executive Director of the Company and is mainly responsible to developing oilfield services business in the Group. He has immense working experience in the oil and gas industry. Prior to joining Mirach Energy, he served as the Director of Business Development and New Ventures at COSL (China Oilfield Services Limited) for 10 years, handling international business and various technologies like HSE programs to complement COSL's overall capabilities. He also facilitated recent technology development in the area of Shale Gas and Coal Bed Methane with Laramie Energy LLC in the United States of America. Before COSL, Mr. Chu spent 26 years at various departments of Baker Hughes Corporation. He worked at Baker Hughes as a Business Development Manager based in Hong Kong since 1987, and a Manager of the trading division of Hughes Tool Company based in Hong Kong since 1984. Mr. Chu started his career at the Administrative Marketing Services arm in 1977 and was stationed in London. Academically, Mr. Chu was sponsored as a commercial trainee with George Wimpey Co. Ltd in London, United Kingdom, under the higher National Diploma (HND) in Business Studies. He holds a HND (B.A.) in Business Studies and attended Trisham College (previously known as Kettering Technical College).

MS. LIU MEI LING, RHODA

Independent Director

Ms. Rhoda Liu has more than two decades of experience in accounting, auditing and financial advisory services in Hong Kong and Canada. She was appointed to the Board in 2007 and last re-elected as a director on 24 April 2012. She is also an independent director and acts as chairman of audit committee and a member of remuneration committee and nomination committee of Modern Beauty Salon Holdings Limited, a company listed on the Stock Exchange of Hong Kong Limited. Currently, she serves as a Senior Partner at Liu and Wong, CPA, where she is involved in planning, supervision and business advisory services. She had worked for Coopers & Lybrand (HK) and Ernst & Young (Canada) for several years, then worked for two local CPA firms in HK since 1992, and was promoted to partner in 1996. She holds a Bachelor of Arts Degree in Commercial Study from University of Western Ontario, Canada, where she majors in Economic and Finance, and a Master Degree in Business Administration from McMaster University, Canada. She also holds the Professional Degree in China Law Program with Tsing Hwa University in China in 2008. She is a member of the Canadian Institute of Chartered Accountants, a fellow practicing member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), a fellow member of the Hong Kong Taxation Institute and a fellow member of the Hong Kong Institute of Directors. She was awarded the "Outstanding Accountant Ambassador 2003" by the HKICPA and Certificate of Commendation from Hong Kong Home Affair Bureau in 2008.

BOARD OF DIRECTORS

MR. LIM JUN XIONG, STEVEN

Independent Director

Mr. Lim started his career as an accountant in PricewaterhouseCoopers and has more than 25 years of experience in the wealth management industry. He joined the Board as an independent director in 2009. He holds a Bachelor Degree in Commerce from the University of Newcastle, Australia, majoring in Accounting and Finance. He is a fellow member of two renowned accounting bodies, namely the Institute of Singapore Chartered Accountants and CPA Australia ("CPAA") and was a Director of CPAA's Board as well as the President of its Singapore Division. In addition, he 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.

MR. RICHARD TAN KHENG SWEE

Lead Independent Director

Mr. Richard Tan Kheng Swee was appointed our Independent Director on 1 July 2013. He has more than 11 years of experience in legal practice as a corporate lawyer and is currently the managing director of LegalNexus LLC, a Singapore law firm. His practice includes advising and representing companies in a wide range of commercial transactions such as asset acquisitions, initial public offerings and other fund raising exercises, mergers and acquisitions, corporate advisory and compliance involving both listed and private companies. Prior to Mr. Tan's current appointment, he previously practised in a mid-sized Singapore Law Practice as well as a mid-sized law firm in Victoria, Australia, where he advised on a range of matters in relation to corporate advisory, mergers and acquisitions, cross-border refinancing and intellectual property. Mr. Tan currently serves as an Independent Director of Dapai International Holdings Co., Limited, Hu An Cable Holdings Ltd. and Jumbo Group Limited, which are companies listed on the SGX-ST. Mr. Tan obtained a Bachelor of Laws (Honours) from the National University of Singapore in 2003, and a Bachelor of Science (Honours) from the University of Melbourne, Australia, in 2000. He is an Advocate & Solicitor of the Supreme Court of Singapore, and a Barrister & Solicitor of the Supreme Court of Victoria, Australia.

MR. ARTHUR TAN

Chief Financial Officer

Arthur is a Chartered Certified Accountant (FCCA) and a member of Institute of Singapore Chartered Accountants (ISCA). He heads the finance team in Mirach Energy and is responsible for statutory financial reporting, finance compliance issues and controls in the Group. His previous experience include being the Deputy Group CFO of Pinnacle Enterprise Pte. Ltd., where he led a team and took charge of the areas of accounting, controlling, treasury, investment as well as internal audit function. Prior to that, Arthur was the CFO of the Asia Pacific Region for BCD Travel, and headed the Finance and Human Resources team. His other previous experiences included being the Financial Controller for Scanstruck Engineering Pte. Ltd. and early accounting works in See Hup Seng Limited and Raffles International Limited. Arthur graduated with a Bachelor of Science 2nd Class Honors in Applied Accounting with Oxford Brookes University, awarded in conjunction with ACCA and a Diploma in Accountancy from Ngee Ann Polytechnic in Singapore.

MR. KHOLID ALATAS

General Manager, Prisma Kampung Minyak Limited

Kholid joined Prisma Kampung Minyak Limited in November 2014 as the General Manager to oversee the KSO (Joint Operations Agreement) operations in Indonesia, with the goal to further enhance the Company's oil and gas asset portfolio. Kholid has a wealth of experience in managing production and geophysical operations in both new and mature oil field, as well as in enhanced oil recovery (EOR) fields, in both onshore and offshore projects. His extensive experience working with KSOs and PSCs (Production Sharing Contracts) in Indonesia has won him several awards including "The Best Operations Performance, Safety and Environment" award from Indonesian Ministries, governors and BPMIGAS. Before joining Prisma Kampung Minyak Limited, Kholid worked as the General Manager at PT Benua Asia Energy and held key positions at ASAMERA, Gulf Resources, Pearl Energy and Salamander Energy, holding positions of an operation geophysicist, production and operations manager, HSE Manager and as a vice president of operations.

DR. WANG JUE

Head of Exploration and Production and CEO of CPHL Cambodia

Dr. Wang is a veteran in the oil and gas industry and has won various awards in China for her contributions and achievements in both technical and managerial roles. She worked in various departments in Sinopec and was the head of a 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"). She was also engaged as a senior technical consultant at Core Laboratories, KJP. 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.

DR. LI YOUQING

General Manager, PT Prima Petrolium Service, Indonesia

Dr. Li is the General Manager for PT Prima Petrolium Service in Indonesia. His role is mainly to develop oilfield services business in Indonesia. He has over 16 years of technical and management experience in oilfield exploration and development projects. Dr. Li worked previously at Baker Hughes as a Technical Service Engineer and at CNOOC as a Technical Manager. Dr. Li has been awarded many professional certificates, including the Senior Engineer Certificate of Offshore Engineering, Occupational Health Certificate, B.O.S.S. & H.U.E.T. (Boat Operation Safety Survival, Helicopter Underwater Escape Training) Certificates, long-term Safety and Survival of Offshore Operations Certificates issued by Devon Energy Co., ConocoPhillips, JHN and Agip. Dr. Li has a Ph.D in Engineering from the Huazhong University of Science and Technology.

MS. MAGGIE LOW

Director of Corporate Planning and Human Resource

In January 2015, Maggie was appointed Human Resource Director of Mirach Group of Companies, in addition to her previous roles as the Investment Director and Corporate Planning Director. She joined the Mirach Group since 2006. Maggie graduated from the Nanyang Technological University in Singapore at the School of Accountancy and Business, and majored in Marketing. After graduation, she joined Hoare Govett Asia as a equity research assistant and subsequently a research analyst, then focusing on researching on initial public offers and small capital companies. She then moved on to become an equity dealer at BT Brokerages Private Limited, and subsequently move back to the more insightful equity research work. Maggie was regional analyst for formerly Yuanta Securities Private Limited in Singapore for close to five years. She was an Investor Relations Director at a listing aspirant company, before joining Mirach Energy Limited.

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 four 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 strategic formulation.

Matters which are specifically reserved to the Board for decisions 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 recommendations. 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 25.

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, 2 of whom are executive directors 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 interest 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 Rhoda Liu Mei Ling has served on the Board beyond nine years from the date of her first appointment effective from 1 April 2007. The Board has subjected her independence to rigorous review. The Board, taking into account the views of the Nominating Committee, considers her to be able to exercise independent and objective judgement and there are no relationships or circumstances which affect her judgment and ability to discharge her duties and responsibilities as an independent director.

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 Richard Tan Kheng Swee, 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 Richard Tan Kheng Swee	(Lead Independent Director)

In 2015 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 25.

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 hold.

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.

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. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The 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 Richard Tan Kheng Swee	(Chairman and Lead Independent Director)
Mr Lim Jun Xiong, Steven	(Independent Director)
Ms Liu Mei Ling, Rhoda	(Independent Director)

The principal responsibilities of 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 aspect 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 2015 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 25 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 has not granted options and performance shares to senior executives and Independent Directors of the Group under the Mirach ESOS Scheme and Mirach PSP in financial year 2015. 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 2015 is as follows:

	2014	2015
$500,000 and above	–	–
$250,000 to below $500,000	–	–
Below $250,000	5	5
Total	5	5

Name	Remuneration Band S$	Salary %	Bonus %	Fringe Benefits %	Directors' Fees %	Total %
Chan Shut Li, William	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
Chu Ming	Below S$250,000	100		–	–	100
Richard Tan Kheng Swee	Below S$250,000	–		–	100	100

The Company has 5 Key Management Personnel (who are not directors) within its organisation structure and the Remuneration of the 5 Key Management Personnel is as follows:

Name	Remuneration Band S$	Salary %	Bonus %	Fringe Benefits %	Directors' Fees %	Total %
Tan Kuan Thim (Chen Guanshen)	Below S$250,000	100		–	–	100
Wang Jue	Below S$250,000	100		–	–	100
Kholid Alatas	Below S$250,000	100		–	–	100
Low Chiew Leng, Maggie	Below S$250,000	100		–	–	100
Li Youqing	Below S$250,000	100		–	–	100

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

(C) ACCOUNTABILITY AN 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.

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 Chief Financial Officer 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 Chief Financial Officer 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.

The Company regularly reviews and improves its business and operational activities and has engaged an Enterprise Risk Management Consultant to review and identify areas of significant business risks and take measures to control and mitigate these risks.

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 3 members, all of whom, including the Chairman 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 Lim Jun Xiong, Steven	(Independent Director)
Mr Richard Tan Kheng Swee	(Lead 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$110,000 (2014: approximately US$88,000) and approximately US$71,000 (2014: approximately US$58,000) were paid/payable to the independent auditors of the Company and other auditors respectively. 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 (2014: NIL).

The Group appointed the same auditors for its overseas subsidiaries and/or significant associated companies. The Board and the Audit Committee have reviewed the appointment of auditors from the same global audit firm for its subsidiaries and/or significant associated companies and were satisfied that 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 2015 the Audit Committee had 4 meetings. The Executive Chairman, Chief Financial Officer and Director of Corporate Planning & Human Resources were invited to attend the meetings.

In the course of financial year 2015 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 report 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 auditor 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.

In view of the Company's strategy to increase in scale and complexity of operations, the Board had engaged an external party to conduct an internal audit for the Company during the financial year ended 31 December 2015. The outsourced internal auditors reviewed the Group's internal controls risk management and compliance systems. Thereafter report findings and recommendations were made to the Board and Audit Committee. The independent auditor was another system of alert that the board had used.

The Company had also engaged an external party to conduct an Enterprise Risk Management report. Based on the internal controls identified in the Enterprise Risk Management report, enhancement in the finance team and engagement with the Company's independent auditors, assurance from Management, our Board with the concurrence of our Audit Committee is of the opinion that our Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology risks, which our Group considers relevant and material to its current business scope and environment was adequate as at 31 December 2015. However, our Board is also aware that such a system can only provide reasonable, but not absolute assurance that our Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. Our Board also notes that no system of internal controls and risk management can provide a complete assurance against human error, poor judgement in decision making, losses, fraud and other irregularities.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14:
Companies should treat all shareholders fairly and equitably, and should recognize, 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 Chief Financial Officer, 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.

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 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 FY2015

	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	-	-	-
Non-Executive Director												
Chu Ming*	M	4	4	M	4	1	M	1	1	M	1	1
Independent Directors ('ID')												
Tan Kheng Swee, Richard **(Lead ID)	M	4	4	M	4	3	M	1	1	C	1	1
Lim Jun Xiong, Steven	M	4	4	M	4	4	C	1	1	M	1	1
Liu Mei Ling, Rhoda	M	4	4	C	4	4	M	1	1	M	1	1

Denotes:
C – Chairman
M – Member

* Mr Chu Ming was re-designated as Executive Director and ceased as a member of the Remuneration Committee and Nominating Committee with effect from 16 March 2015.

** Mr Richard Tan Kheng Swee was appointed as a member of the Audit Committee in place of Mr Chu Ming with effect from 16 March 2015.

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 2015.

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 2015.

STATEMENT BY DIRECTORS

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 2015.

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 2015 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
Richard Tan Kheng Swee
Chu Ming

In accordance with Article 91 of the Company's Articles of Association, Liu Mei Ling, Rhoda and Chu Ming retire and, being eligible, offer themselves for re-election.

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 the financial year**	**At the beginning of financial year or date of appointment**	**At the end of the financial year**
Ordinary shares of the Company				
Chan Shut Li, William	185,696,732	18,569,673	–	–
Liu Mei Ling, Rhoda	200,000	20,000	–	–
Richard Tan Kheng Swee	–	2,000	20,000	–

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

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 Energy Scheme")
2. Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme")
3. 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:

Richard Tan Kheng Swee (Chairman)
Lim Jun Xiong, Steven
Liu Mei Ling, Rhoda

The share options and share plan, except for the Mirach Energy Scheme which expired on 27 April 2014, 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 Energy Scheme was approved on 27 April 2004 and expired on 27 April 2014. All share options had been fully exercised or forfeited in the previous financial year.

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.

During the financial year:

- No options were granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- No shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

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;
- 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, 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.

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 internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors
- Reviewed effectiveness of the Group and Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- 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 four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, 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 reappointment as auditor.

On behalf of the Board of Directors:

Chan Shut Li, William
Director

Liu Mei Ling, Rhoda
Director

1 April 2016

INDEPENDENT AUDITOR'S REPORT
to the members of Mirach Energy Limited

Report on the financial statements

We have audited the accompanying 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 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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 corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

1 April 2016

	Note	2015	2014
		US$'000	US$'000
Revenue	4	2,102	1,704
Other income		108	86
Production expenses		(3,991)	(1,086)
Staff cost		(2,497)	(2,172)
Depreciation and amortisation		(1,734)	(1,464)
Other expense		(1,793)	(1,393)
Impairment loss on investment in associate	13	(2,360)	–
Allowance for amount due from associate	15	(21,427)	–
Finance costs	5	(58)	(52)
Share of loss of associates	13	(479)	(575)
Loss before income tax	6	(32,129)	(4,952)
Income tax	7	(61)	(67)
Total loss for the financial year		(32,190)	(5,019)
Loss for the year attributable to:			
Equity holders of the company		(32,027)	(4,937)
Non-controlling interests		(163)	(82)
		(32,190)	(5,019)
Losses per share (US$ cents per share)			
Basic	8	(26.91)	(4.45)
Diluted	8	(26.91)	(4.45)

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 2015

	Note	2015	2014
		US$'000	US$'000
Loss for the financial year		(32,190)	(5,019)
Other comprehensive income:			
Item that will not be reclassified to income statement			
Currency translation arising from presentation currency		(1,507)	(1,099)
Item that may be reclassified subsequently to income statement			
Currency translation arising from translation of financial statements of foreign subsidiaries		433	2
Other comprehensive income for the year, net of tax		(1,074)	(1,097)
Total comprehensive income for the year		(33,264)	(6,116)
Total comprehensive loss attributable to:			
Equity holders of the company		(33,101)	(6,034)
Non-controlling interests		(163)	(82)
		(33,264)	(6,116)

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

	Note	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
Non-current assets					
Oil and gas properties	9	7,263	8,113	–	–
Property, plant and equipment	10	467	217	68	101
Intangible assets	11	7,310	8,003	–	–
Investment in subsidiaries	12	–	–	17	5,764
Investment in associates	13	2,708	5,547	–	7,486
Amounts due from subsidiaries	14	–	–	30,353	25,048
Amounts due from associates	15	–	19,674	–	6,427
Pledged fixed deposit	17	2,501	2,501	–	–
		20,249	44,055	30,438	44,826
Current assets					
Inventories		43	–	–	–
Trade and other receivables	16	1,403	1,260	144	172
Prepayment		135	219	12	13
Amounts due from subsidiaries	14	–	–	3,919	4,639
Amounts due from associates	15	943	1,103	–	–
Cash and short-term deposits	18	3,522	12,627	1,718	10,410
		6,046	15,209	5,793	15,234
Current liabilities					
Trade and other payables	19	7,356	7,360	2,156	2,303
Accrued operating expenses		1,183	1,070	110	119
Amounts due to subsidiaries	14	–	–	1,983	2,774
Income tax payable		186	67	–	–
		8,725	8,497	4,249	5,196
Net current (liabilities)/assets		(2,679)	6,712	1,544	10,038
Non-current liabilities					
Provision for decommissioning	20	539	481	–	–
Deferred tax liabilities		9	–	–	–
		548	481	–	–
Net assets		17,022	50,286	31,982	54,864
Equity attributable to owners of the Company					
Share capital	21	81,249	81,249	81,249	81,249
Accumulated losses		(61,881)	(29,854)	(46,901)	(25,597)
Other reserves	22	(1,842)	(768)	(2,366)	(788)
		17,526	50,627	31,982	54,864
Non-controlling interests		(504)	(341)	–	–
Total equity and liabilities		17,022	50,286	31,982	54,864

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

	Attributable to owners of the Company						
	Share capital	Merger reserve (Note 22a)	Equity and share options reserve (Note 22b)	Foreign currency translation reserve (Note 22c)	Accumulated losses	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015							
Group							
At 1 January 2015	81,249	763	467	(1,998)	(29,854)	(341)	50,286
Loss for the year	–	–	–	–	(32,027)	(163)	(32,190)
Other comprehensive income							
Currency translation arising from: Presentation currency	–	–	–	(1,507)	–	–	(1,507)
Translation of financial statements of foreign subsidiaries	–	–	–	433	–	–	433
Other comprehensive income for the year, net of tax	–	–	–	(1,074)	–	–	(1,074)
Total comprehensive income for the year	–	–	–	(1,074)	(32,027)	(163)	(33,264)
At 31 December 2015	81,249	763	467	(3,072)	(61,881)	(504)	17,022

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

	Attributable to owners of the Company						
	Share capital	Merger reserve (Note 22a)	Equity and share options reserve (Note 22b)	Foreign currency translation reserve (Note 22c)	Accumulated losses	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2014							
Group							
At 1 January 2014	66,406	763	467	(901)	(23,917)	(259)	42,559
Loss for the year	–	–	–	–	(4,937)	(82)	(5,019)
Other comprehensive income							
Currency translation arising from: Presentation currency	–	–	–	(1,099)	–	–	(1,099)
Translation of financial statements of foreign subsidiaries	–	–	–	2	–	–	2
Other comprehensive income for the year, net of tax	–	–	–	(1,097)	–	–	(1,097)
Total comprehensive income for the year	–	–	–	(1,097)	(4,937)	(82)	(6,116)
Contributions by and distributions to owners							
Issuance of new shares from the conversion of Convertible Loan (Note 23)	14,272	–	–	–	–	–	14,272
Share issuance expenses	(429)	–	–	–	–	–	(429)
Interest on Convertible Loan (Note 23)	1,000	–	–	–	(1,000)	–	–
Total contributions by and distributions to owners	14,843	–	–	–	(1,000)	–	13,843
At 31 December 2014	81,249	763	467	(1,998)	(29,854)	(341)	50,286

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 2015

	Share capital	Equity and share options reserve (Note 22b)	Foreign currency translation reserve (Note 22c)	Accumulated losses	Total equity
	U$'000	U$'000	US$'000	US$'000	U$'000
2015					
Company					
At 1 January 2015	81,249	467	(1,255)	(25,597)	54,864
Loss for the year	–	–	–	(21,304)	(21,304)
Other comprehensive income					
Currency translation from presentation currency	–	–	(1,578)	–	(1,578)
Total comprehensive income for the year	–	–	(1,578)	(21,304)	(22,882)
At 31 December 2015	81,249	467	(2,833)	(46,901)	31,982
2014					
At 1 January 2014	66,406	467	(156)	(23,251)	43,466
Loss for the year	–	–	–	(1,346)	(1,346)
Other comprehensive income					
Currency translation from presentation currency	–	–	(1,099)	–	(1,099)
Total comprehensive income for the year	–	–	(1,099)	(1,346)	(2,445)
Contributions by and distributions to owners					
Issuance of new shares from the conversion of Convertible Loan (Note 23)	14,272	–	–	–	14,272
Share issuance expenses	(429)	–	–	–	(429)
Interest on Convertible Loan (Note 23)	1,000	–	–	(1,000)	-
Total contributions by and distributions to owners	14,843	–	–	(1,000)	13,843
At 31 December 2014	81,249	467	(1,255)	(25,597)	54,864

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

	Note	2015	2014
		US$'000	US$'000
Operating activities			
Loss before tax		(32,129)	(4,952)
Adjustments for:			
- Depreciation of property, plant and equipment	10	113	73
- Depreciation of oil and gas properties	9	928	698
- Amortisation of intangible assets	11	693	693
- Finance costs	5	58	52
- Interest income		(108)	(86)
- Allowance for doubtful debt	16	–	320
- Share of results of associates		479	575
- Repayment of non-shareable penalty		–	(40)
- Repayment of non-shareable oil liability	19	(183)	(578)
- Impairment loss on investment in associate	13	2,360	–
- Allowance for amount due from associate	15	21,427	–
- Unrealised exchange loss		225	–
- Provision for decommissioning	20	–	41
Operating cash flows before changes in working capital		(6,137)	(3,204)
Changes in working capital			
Increase in inventories		(43)	–
Increase in trade and other receivables		(59)	(950)
Increase/(decrease) in trade and other payables		468	(483)
Cash flows from operations		(5,771)	(4,637)
Interest received		108	86
Net cash flows used in operating activities		(5,663)	(4,551)
Investing activities			
Purchase of property, plant and equipment	10	(374)	(160)
Proceeds from disposal of property, plant and equipment		1	–
Usage of spare parts	9	(78)	(27)
Additions to oil and gas properties	9	–	(1,840)
Net cash flows used in investing activities		(451)	(2,027)
Financing activities			
Increase in amounts due from associates		(2,413)	(1,409)
Proceeds from Convertible Loan	26	–	13,843
Net cash flow (used in)/generated from financing activities		(2,413)	12,434
Net (decrease)/increase in cash and cash equivalents		(8,527)	5,856
Effect of exchange rate changes on cash and cash equivalents		(578)	(131)
Cash and cash equivalents at beginning of the financial year		12,627	6,902
Cash and cash equivalents at end of the financial year	18	3,522	12,627

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

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 12 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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$) and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109, 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 FRS 115 and FRS 109 is described below.

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective (continued)*

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 *Basis of consolidation and business combinations*

(a) 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 profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (continued)

2.4 *Basis of consolidation and business combinations (continued)*

(b) Business combination

Business combinations are accounted for by applying the acquisition method. Identified assets acquired and liabilities assumed in business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which costs are incurred and the services received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling Interest in the acquire (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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 will be comparable to other oil and gas companies since most of the companies in this industry present their results and financial position in US$.

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.

(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 profit or loss. 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 profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (continued)

2.6 *Foreign currency (continued)*

(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 profit or loss 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 profit or loss.

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$1.4159 = US$1.00 and S$1.3242 = US$1.00, the rate quoted by http:///www.x-rates.com at the close of business on 31 December 2015 and 2014 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 2015 and 2014 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.

(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.

2. Summary of significant accounting policies (continued)

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

(ii) *Depreciation/amortisation (continued)*

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

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period 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 *Oil exploration, evaluation and development expenditure*

Oil exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised within intangible assets.

Licence costs paid in connection with a right to explore in an existing exploration are capitalised and amortised over the term of the permit.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs is written off through profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is completed and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Geological and geographical costs are recognised in the consolidated income statement as incurred.

2. Summary of significant accounting policies (continued)

2.9 *Other intangible assets*

Other intangible assets relate to concessionary rights arising from an operations cooperation agreement ("KSO") for an oilfield 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. Instead, the related expenditure is recognised in the consolidated income statement in the period in which the expenditure is incurred.

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 is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify 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 derecognised.

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 profit or loss.

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 profit or loss.

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 separate financial statements, 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 is accounted as 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 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 profit or loss 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 the associate and its carrying value and recognises the amount in profit or loss.

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 financial instrument. The Group determines the classification of its financial assets at initial recognition.

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.

The Group has not designated any financial asset upon initial recognition at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets. Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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 is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.13 *Financial instruments (continued)*

(a) Financial assets (continued)

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(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 profit or loss when the liabilities are derecognised, 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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.14 *Impairment of financial assets (continued)*

Financial assets carried at amortised cost (continued)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.15 *Cash and short-term deposits*

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and short-term deposits 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 short-term deposits, 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 or 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.

2.17 *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.

2. Summary of significant accounting policies (continued)

2.17 *Provisions (continued)*

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 statement of profit or loss 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 statement of profit or loss 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.

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 recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.19 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction of production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and the borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. Summary of significant accounting policies (continued)

2.20 *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. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. 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 profit or loss, 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 profit or loss 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 profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

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.

2.21 *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.

2.22 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Oilfield services

Revenue from fixed-price consulting agreement is recognised over the contract period based upon output basis.

2. Summary of significant accounting policies (continued)

2.22 *Revenue (continued)*

(b) 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.

(c) Interest income

Interest income is recognised using the effective interest method.

2.23 *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.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, 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, 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.

2. Summary of significant accounting policies (continued)

2.23 *Taxes (continued)*

(b) Deferred tax (continued)

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 profit or loss is recognised outside profit or loss. 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.

2.24 *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.

2.25 *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.

2.26 *Segment reporting*

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 are organised into oilfield services and oil exploration and oilfield development segments.

2. Summary of significant accounting policies (continued)

2.27 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); and

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, 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 *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in US$ for most entities of the Group.

Management had concluded that the Company's functional currency is S$ as S$ is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company.

3. Significant accounting judgments and estimates (continued)

3.1 *Judgments made in applying accounting policies (continued)*

(b) Hydrocarbon reserves and resource estimates

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties. The Group estimates its prospective reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements . Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The average oil price assumption used in the estimation of prospective reserves is US$70/bbl (2014: US$91/bbl). The future oil prices for 2016 to 2023 (2014: 2015 to 2022) are between US$42/bbl to US$82/bbl (2014: US$64/bbl to US$94/bbl) and are forecasted based on data obtained from an external pricing data provider for Brent crude oil adjusted for price differential, and extrapolated beyond that for forecasted inflation of 2% (2014: 2%) per annum. The future cash flows are discounted to their present value using a pre-tax discount rate of 15% (2014: 15%). The carrying amount of oil and gas development and production assets at 31 December 2015 is shown in Note 9.

The Group estimates and reports hydrocarbon reserves in line with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework. As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of exploration and evaluation assets; oil and gas properties which may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the Units-of-Production (UOP) method, or where the useful life of the related assets change
- Provisions for decommissioning may require revision where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities
- The recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

(c) Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, either from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economical viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

3. Significant accounting judgments and estimates (continued)

3.1 *Judgments made in applying accounting policies (continued)*

(d) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable the taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has $3,455,000 (2014: $3,150,000) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax asset on the tax losses carried forward. Further details on taxes are disclosed on Note 7.

(e) Recoverability of investment in and amount due from an associate, CPHL (Cambodia) Co., Ltd

As the Cambodian authorities have revoked the extension of CPHL (Cambodia) Co., Ltd's exploration rights since the terms of the extension were not met, the Group concluded that there are material uncertainties surrounding the Cambodian authorities' pending approval on CPHL (Cambodia) Co., Ltd's proposal to embark on the exploration phase on Block D, and had determined that it was appropriate to impair its investment in, and receivables due from CPHL (Cambodia) Co., Ltd amounting to US$2,360,000 (2014: Nil) and US$21,427,000 (2014: Nil) at the Group respectively.

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) Recoverability of oil and gas assets

The Group assesses each asset or cash-generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) at each reporting period to determine any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amounts is made, which is considered to be the higher of fair value less costs to sell and value in use. These assessment require the use of estimates and assumptions, such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGU.

3. Significant accounting judgments and estimates (continued)

3.2 *Key sources of estimation uncertainty (continued)*

(a) Recoverability of oil and gas assets (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for oil and gas assets is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets. The carrying amounts of oil and gas properties are disclosed in Note 9.

(b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16.

(c) Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required. The carrying amount for the provision for decommissioning costs is disclosed in Note 20.

(d) Units-of-production (UOP) depreciation of oil and gas assets

Oil and gas properties are depreciated using the UOP method over total proved developed and undeveloped hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves. The carrying amount of oil and gas development and production assets at 31 December 2015 is shown in Note 9.

4. Revenue

	Group	
	2015	2014
	US$'000	US$'000
Rendering of oilfield services	1,043	967
Sale of crude oil	1,059	737
	2,102	1,704

5. Finance costs

	Group	
	2015	2014
	US$'000	US$'000
Decommissioning discount adjustment (Note 20)	58	52
	58	52

6. Loss before income tax

The following items have been included in arriving at loss before tax:

	Group	
	2015	2014
	US$'000	US$'000
Audit fees:		
- Auditors of the Company	110	88
- Other auditors	71	58
Depreciation of oil and gas properties (Note 9)	928	698
Depreciation of property, plant and equipment (Note 10)	113	73
Amortisation of intangible assets (Note 11)	693	693
Employee benefits (Note 24)	2,497	2,172
Allowance for doubtful debts	–	320
Operating lease expense (Note 26)	491	348
Legal and other professional fees	304	472
Fees paid to a company in which a director was a member	6	15
Foreign exchange loss/(gain), net	145	(548)

7. Income tax

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	2014
	US$'000	US$'000
Consolidated income statement:		
Current income tax:		
- Current income taxation	61	67
Income tax expense recognised in consolidated income statement	61	67

7. Income tax (continued)

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015	2014
	US$'000	US$'000
Loss before taxation	32,129	4,952
Tax at the domestic rates applicable to profits in countries where the Group operates	(3,645)	(257)
Adjustments:		
Non-deductible expenses	3,399	104
Income not subject to taxation	(23)	(112)
Deferred tax assets not recognised	330	332
Income tax expense recognised in consolidated income statement	61	67

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $3,455,000 (2014: $3,150,000) that 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. The tax losses have no expiry date.

8. Losses per share

Basic losses per share are calculated by dividing 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 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.

The following tables reflect the loss and share data used in the computation of basic and diluted losses per share for the years ended 31 December:

	Group	
	2015	2014
	US$'000	US$'000
Loss, net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share	32,027	4,937
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic and diluted losses per share computation	119,012	110,855

8. Losses per share (continued)

The weighted average number of shares for calculation of losses per share has been restated for comparative purposes following the share consolidation. Please refer to Note 21 for details.

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	
	2015	2014
	US$'000	US$'000
Cost:		
At 1 January	9,206	7,339
Additions	–	1,840
Usage of spare parts	78	27
At 31 December	9,284	9,206
Accumulated depreciation:		
At 1 January	1,093	395
Charge for the financial year	928	698
At 31 December	2,021	1,093
Net carrying amount:		
At 31 December	7,263	8,113

The cash outflow for additions to oil and gas properties was US$Nil (2014: US$1,840,000).

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 2014	25	190	26	73	314
Additions	7	111	–	42	160
At 31 December 2014 and 1 January 2015	32	301	26	115	474
Additions	2	3	162	207	374
Disposals	(2)	–	–	–	(2)
At 31 December 2015	32	304	188	322	846
Accumulated depreciation:					
At 1 January 2014	20	139	13	12	184
Depreciation charge for the financial year	3	34	6	30	73

10. Property, plant and equipment (continued)

	Computer equipment	Furniture, fittings and office equipment	Motor vehicle	Oilfield equipment	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
At 31 December 2014 and 1 January 2015	23	173	19	42	257
Depreciation charge for the financial year	6	45	21	41	113
Disposals	(1)	–	–	–	(1)
Exchange realignment	1	9	–	–	10
At 31 December 2015	29	227	40	83	379
Net carrying amount:					
At 31 December 2014	9	128	7	73	217
At 31 December 2015	3	77	148	239	467

Cash outflow for the purchase of property, plant and equipment was US$374,000 (2014: US$160,000).

	Computer equipment	Furniture, fittings and office equipment	Total
	US$'000	US$'000	US$'000
Company			
Cost:			
At 1 January 2014	26	89	115
Additions	4	96	100
At 31 December 2014 and 1 January 2015	30	185	215
Additions	–	4	4
At 31 December 2015	30	189	219
Accumulated depreciation:			
At 1 January 2014	20	79	99
Depreciation charge for the financial year	3	12	15
At 31 December 2014 and 1 January 2015	23	91	114
Depreciation charge for the financial year	6	31	37
At 31 December 2015	29	122	151
Net carrying amount:			
At 31 December 2014	7	94	101
At 31 December 2015	1	67	68

11. Intangible assets

	Unproved concessionary rights
	US$'000
Group	
Cost:	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	10,400
Accumulated amortisation:	
At 1 January 2014	1,704
Amortisation charge during the financial year	693
At 31 December 2014 and 1 January 2015	2,397
Amortisation charge during the financial year	693
At 31 December 2015	3,090
Net carrying amount:	
At 31 December 2014	8,003
At 31 December 2015	7,310

	Group	
	2015	2014
	US$'000	US$'000
Amount to be amortised:		
- Not later than one year	693	693
- Later than one year but not later than five years	2,772	2,772
- Later than five years	3,845	4,538

Unproved concessionary rights relate to the operations cooperation agreement ("KSO") for an oilfield in Indonesia, which has 15 years useful life from the date of signing of the KSO.

12. Investment in subsidiaries

	Company	
	2015	2014
	US$'000	US$'000
Unquoted shares, at cost	5,764	5,756
Additions	-	8
Impairment	(5,747)	-
Unquoted shares, at cost	17	5,764

As of 31 December 2015, the Company impaired its investment in a subsidiary - Petroservice Engineering Inc., which provided oilfield services to the Group's associate - CPHL (Cambodia) Co., Ltd. As discussed in Note 3.1(e), as the Cambodian authorities have revoked the extension of CPHL (Cambodia) Co., Ltd's exploration rights since the terms of the extension were not met, receivables from CPHL (Cambodia) Co., Ltd in this subsidiary was deemed uncollectable.

12. Investment in subsidiaries (continued)

The Company has the following investment in subsidiaries:

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2015	2014
			%	%
Held by the Company:				
Acrux Procurement (Singapore) Pte. Ltd.[1]	Singapore	Procuring oil and related products and distributing goods	100	100
Petroservice Engineering Inc. [4]	British Virgin Islands	Provision of technical oilfield and advisory services	100	100
CPHL (HK) Limited [2]	Hong Kong	Investment holding	100	100
UniTEQ Energy Services Pte. Ltd.[1]	Singapore	Service activities incidental to oil and gas extraction (excluding surveying)	100	100
Held by subsidiaries:				
Beijing Petroservice Engineering Inc.[4]	Republic of China	Provision of technical oilfield and enhanced oil recovery services	100	100
East Energy Group Inc.[4]	British Virgin Islands	Investment holding	100	100
East Energy Inc. Ltd.[2]	Hong Kong	Investment holding	100	100
Prisma Kemuning Mandiri Limited [4]	British Virgin Islands	Investment holding	95	95
Prisma Kampung Minyak Limited [4]	British Virgin Islands	Investment holding	97.5	97.5
PT Prima Petrolium Service [3] (Previously known as PT Kampung Minyak Energy)	Indonesia	Oil production services	100	92.6
BUT KSO PT Pertamina EP-Prisma Kampung Minyak Ltd [3]	Indonesia	Oil production	97.5	97.5

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of Ernst & Young Global in the respective countries.

(3) Not required to be audited by law in its country of incorporation. These entities were audited by member firms of Ernst & Young Global for group reporting purposes.

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

13. Investment in associates

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

	Group		Company	
	2015	2014	2015	2014
	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
Share of post-acquisition reserves	(5,126)	(4,695)	–	–
Unquoted equity share, net	2,360	2,791	7,486	7,486
Less: Impairment	(2,360)	–	(7,486)	–
Unquoted equity share, net	–	2,791	–	7,486

As discussed in Note 3.1(e), as of 31 December 2015, the Group impaired its investment in associates amounting to US$2,360,000 (2014: Nil).

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Gunung Indah Lestari Limited				
Investment in associate, at cost at beginning	3,000	3,000	–	–
Share of post-acquisition reserves	(292)	(244)	–	–
Unquoted equity share, net	2,708	2,756	–	–
Total investment in associates	2,708	5,547	–	7,486

Name	Principal place of business	Principal activities	Proportion (%)of ownership interest	
			2015	2014
			%	%
Held through Company:				
CPHL (Cambodia) Co., Ltd (1)	Kingdom of Cambodia	Oil and gas exploration and production	48	48
Held through subsidiary:				
Gunung Indah Lestari Limited (2)	Indonesia	Oil and gas exploration and production	10	10

(1) Audited by member firm of Ernst & Young Global in Cambodia.

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

13. Investment in associates (continued)

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

	CPHL (Cambodia) Co., Ltd	
	2015	2014
	US$'000	US$'000
Summarised statement of financial position		
Current assets	1,503	100
Non-current assets	20,409	19,232
Total assets	21,912	19,332
Current and total liabilities	31,052	27,500
Summarised statement of comprehensive loss		
Total comprehensive loss	899	838
Group's proportion of ownership interest	48%	48%
Group's share of associate's loss for the year	431	402

	Gunung Indah Lestari Limited	
	2015	2014
	US$'000	US$'000
Summarised statement of financial position		
Current and total assets	3,449	3,789
Current and total liabilities	6,930	6,793
Summarised statement of comprehensive loss		
Total comprehensive loss	477	1,733
Group's proportion of ownership interest	10%	10%
Group's share of associate's loss for the year	48	173

14. Amounts due from/(to) subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and to be settled in cash on demand except for a non-current portion of US$30,353,000 (2014: US$25,048,000) which is not expected to be repaid within the next 12 months.

The amounts due to subsidiaries are unsecured, non-interesting bearing and to be settled in cash on demand.

15. Amounts due from associates

Amounts due from associates - current of US$943,000 (2014: US$1,103,000) are unsecured, non-interest bearing, to be settled in cash and are expected repayable on demand within the next 12 months

Receivables that are impaired

As discussed in Note 3.1(e), as of 31 December 2015, the Group provided US$21,427,000 (2014: Nil) for the amounts due from an associate - CPHL (Cambodia) Co., Ltd.

16. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade and other receivables (current):				
Trade receivables	102	173	–	–
Other receivables	210	97	144	172
Deposits	164	156	–	–
Amount due from tax authority	927	834	–	–
	1,403	1,260	144	172
Amounts due from subsidiaries (Note 14)	–	–	3,919	4,639
Amounts due from associates (Note 15)	943	1,103	–	–
	2,346	2,363	4,063	4,811
Other receivables (non-current):				
Amounts due from a subsidiary (Note 14)	–	–	30,353	25,048
Amounts due from associates (Note 15)	–	19,674	–	6,427
	–	19,674	30,353	31,475
Total trade and other receivables (current and non-current)	2,346	22,037	34,416	36,286
Add: Pledged fixed deposit (Note 17)	2,501	2,501	–	–
Cash and short-term deposits (Note 18)	3,522	12,627	1,718	10,410
Total loans and receivables	8,369	37,165	36,134	46,696

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group does not have trade receivables that are past due at the end of the reporting period but not impaired. All trade receivables are not secured by any collateral or credit enhancements.

Receivables that are impaired

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Except for the amounts due from an associate as disclosed in Note 15, the Group does not have trade receivables that are impaired at the end of the reporting period.

The Group and the Company does not provide an allowance for the year ended 31 December 2015 (31 December 2014: US$320,000).

17. Pledged fixed deposit

The fixed deposit held by a subsidiary was pledged to bank for a bank guarantee to PT Pertamina EP from PT Kampung Minyak Energy, for the oil exploration rights acquired, as part of the requirement of the operations cooperation agreement ("KSO") signed in July 2011. The pledged fixed deposit is classified as non-current.

The pledged fixed deposit bears an average interest rate of 2.75% (31 December 2014: 2.82%) per annum.

18. Cash and short-term deposits

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	2,816	7,341	1,012	5,124
Short-term deposits	706	5,286	706	5,286
Cash and short-term deposits	3,522	12,627	1,718	10,410

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group and the Company, and earn interests at around 1% (31 December 2014: 1%) per annum.

19. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade and other payables:				
Trade payables	4,327	4,483	–	–
Other payables	1,396	948	523	557
Non-shareable oil liability	–	183	–	–
Amount due to a related party	1,633	1,746	1,633	1,746
	7,356	7,360	2,156	2,303
Amounts due to subsidiaries (Note 14)	–	–	1,983	2,774
Total trade and other payables	7,356	7,360	4,139	5,077
Add: Accrued operating expenses	1,183	1,070	110	119
Less: Non-shareable oil liability	–	(183)	–	–
Total financial liabilities carried at amortised cost	8,539	8,247	4,249	5,196

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

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

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

Non-shareable oil liability arises when the Group does not achieve incremental oil under the KSO with Pertamina EP for the financial year. During the financial year, the Group repaid US$183,000 (31 December 2014: US$578,000) of the shortfall with its production.

20. Provision for decommissioning

	Group	
	2015	2014
	US$'000	US$'000
At 1 January	481	388
Arose during the financial year	-	41
Accretion of decommissioning provision	58	52
At 31 December	539	481

The Group makes full provision for the future cost of decommissioning oil production facilities and pipelines on a discounted basis on the installation of those facilities.

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 discount rate used in the calculation on the provision as at 31 December 2015 was 12.0% (31 December 2014: 12.0%).

21. Share capital

	Group and Company	
	No. of shares '000	US$'000
Issued and fully paid ordinary shares:		
At 1 January 2015	1,190,122	81,249
Share consolidation resulted in every 10 shares into 1 share	(1,071,110)	–
At 31 December 2015	119,012	81,249
Issued and fully paid ordinary shares:		
At 1 January 2014	1,035,050	66,406
Issuance of new shares		
Convertible Loan (Note 23)	144,927	14,272
Interest on Convertible Loan (Note 23)	10,145	1,000
Share issuance expenses	–	(429)
At 31 December 2014	1,190,122	81,249

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.

Share issue expenses represent direct costs attributed to the issuance of Convertible Loan to new ordinary shares amounting US$429,000 in 2014.

21. Share capital (continued)

On 3 March 2015, the Board of Directors announced the proposed consolidation of every ten existing ordinary shares in the capital of the Company (including treasury shares) held by shareholders in the capital of the Company ("Proposed Share Consolidation") into one ordinary share. The Proposed Share Consolidation is expected to rationalise the share capital of the Company. The Proposed Share Consolidation is subject to both the approval from Singapore Exchange Securities Trading Limited ("SGX-ST") and the approval from shareholders at an Extraordinary General Meeting.

The Proposed Share Consolidation was completed on 13 May 2015.

Share options

During the financial year, the Company has two share option arrangements known as Mirach Energy Scheme and Mirach ESOS Scheme respectively.

The Mirach Energy Scheme was approved on 27 April 2004 under which options to subscribe for the Company's ordinary shares have been granted to selected employees and directors of the Company, its subsidiaries and associates (Note 24). The Mirach Energy Scheme expired on 27 April 2014.

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. No share option was granted during the financial year ended 31 December 2015 (2014: Nil).

Performance shares

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.

During the financial year, the Company did not grant any award nor issue any shares under Mirach PSP (2014: Nil).

22. 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 financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. Convertible Loan

On 9 October 2013, the Company entered into a Convertible Loan ("Convertible Loan") Agreement ("Agreement") with its shareholders, with an aggregate principal up to S$36,000,000 (US$28,420,000) with a flat interest of 7% per annum. The Convertible Loan is to be provided in 6 tranches of S$6,000,000 (US$4,740,000) for each tranche. Under the Agreement, the lenders have the option to convert the Convertible Loan and interest into fully-paid ordinary shares of the Company at the conversion price of S$0.1242. The aggregate minimum loan ("Minimum Loan") of S$18,000,000 (US$14,210,000) is made available to the Company for a period of one year from the date of the Agreement. The further upsize loan ("Upsize Loan") is made available to the Company from the date the Minimum Loan has been drawn down in full and up to a period of 24 months from the date of the first tranche drawdown of the Minimum Loan.

In 2014, the Company drew down the last tranche of the Minimum Loan and first two tranches of the Upsize Loan amounting to S$6,000,000 (US$4,728,000) and S$12,000,000 (US$9,544,000) respectively, with the amounts being converted into ordinary shares as at 31 December 2014. Interest accrued was S$1,265,000 (US$1,000,000).

In 2013, the Company drew down the first two tranches of the Minimum Loan amounting to S$12,000,000 (US$9,572,000), with the amount being converted into ordinary shares as at 31 December 2013. Interest accrued was S$840,000 (US$670,000).

As a result of the Proposed Share Consolidation (Note 21), the conversion price of the Convertible Loan on the remaining principle of S$6,000,000 not yet drawn down as at 31 December 2014 was adjusted from S$0.1242 to S$1.242.

24. Employee benefits

	Group	
	2015	2014
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonus	2,237	1,742
Central Provident Fund contributions	52	27
Other short-term benefits	208	403
	2,497	2,172

Employee share option plan

Under the Mirach Energy Employee Share Option Scheme ("Mirach Energy Scheme"), share options are granted to selected employees, executive and non-executive directors of the Company, its subsidiaries and associates, who are not controlling shareholders or their associates. The exercise price of the options is set at a discount of no more than 20% to the average of the last dealt prices for a share, as determined by reference to the daily official list published by the SGX-ST for a period of five consecutive market days immediately prior to the relevant date of grant of the option. The contractual life of the options is five years.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement of these awards.

As of to-date, all previous share options had been exercised or forfeited.

25. Related party transactions

(a) Sales and purchases 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 parties during the financial year.

	Group	
	2015	2014
	US$'000	US$'000
Service fees rendered to an associate	960	960
Management fee from an associate	11	5
Interest income from an associate	20	20

(b) Compensation of key management personnel

	Group	
	2015	2014
	US$'000	US$'000
Short-term employee benefits	1,171	711
Central Provident Fund contributions	42	18
	1,213	729
Comprise amounts paid to:		
Directors of the Company	540	342
Other key management personnel	673	387
	1,213	729

26. Commitments

a) 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 three 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 2015 amounted to US$491,000 (2014: US$348,000).

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

	Group	
	2015	2014
	US$'000	US$'000
Not later than one year	325	437
Later than one year but not later than five years	148	482
	473	919

26. Commitments (continued)

b) Capital commitment

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2015	2014
	US$'000	US$'000
Purchase of motor vehicle (Not later than one year)	–	148
Drilling services (Not later than one year)	–	661
Capital commitments in relation to the work program project by subsidiary, Prisma Kampung Minyak Limited (1):		
- Not later than one year	9,610	3,475
- More than one year but not later than five years	–	6,240
Share of capital commitments in relation to the work program project by an associate, CPHL (Cambodia) Co., Ltd (2):		
- Not later than one year	–	1,344
- More than one year but not later than five years	–	4,032
	9,610	15,900

Notes:

(1) Work program project represents the required technical assessment and operational costs associated with the drilling process in oilfield of Indonesia to be carried out by Prisma Kampung Minyak Limited, a subsidiary of the Group, during the exploration period between 15 July 2011 to 14 June 2014 and subsequently extended till 14 July 2016 in accordance with the clauses under the KSO. The above commitment was based on the original work plans with Pertamina EP. The Group has been in discussions with Pertamina EP in fulfilling the work plans and progress has been favourable. The Management is confident that there should be no additional capital outlay essentially to fund these requirements.

(2) Work program project represents the required technical assessment and operational costs associated with the drilling process in oilfield of Cambodia to be carried out by CPHL (Cambodia) Co., Ltd, an associate of the Group which has 48% equity interest, during the exploration period till 2014. As discussed in Note 3.1(e), there are material uncertainties surrounding the Cambodian authorities' approval on CPHL (Cambodia) Co., Ltd's proposal to embark on the exploration phase on Block D.

27. 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.

27. Fair value of assets and liabilities (continued)

(b) Assets and liabilities not carried at fair value but for which fair value is disclosed

Trade and other receivables, trade and other payables, accrued operating expenses 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.

Pledged fixed deposit

The carrying amount of pledged fixed deposit closely approximates its fair value as the interest rate of this financial asset approximates its market rate on or at the end of the reporting period.

(c) Assets and liabilities not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

Amounts due from subsidiaries and associates (non-current)

The non-current amounts due from subsidiaries and associates have no fixed terms of repayment. Accordingly, the fair values cannot be measured reliably as the timing of the future cash flows cannot be determined.

28. 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, pledged fixed deposit, cash and short-term deposits. For other financial assets (including cash and short-term deposits), 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 with the result that the Group's exposure to bad debts is not significant.

28. Financial risk management objectives and policies (continued)

(a) *Credit risk (continued)*

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.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

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
- a nominal amount of US$2,501,000 (2014: US$2,501,000) relating to fixed deposit held by a subsidiary pledged to bank for bank guarantee to PT Pertamina for the oil exploration rights acquired (Note 17)

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16.

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% (2014: 99%) of the Group's trade receivables was due from 1 major customer (2014: 1), who is in the oil and gas industry located in Indonesia.
- 40% (2014: 94%) of the Group's trade and other receivables were due from related parties while almost all of the Company'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. Pledged fixed deposit, cash and short-term deposits 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 16 (Trade and other receivables).

28. Financial risk management objectives and policies (continued)

(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 share placements. The Group assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. Access to sources of funding is sufficiently available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Group			
	1 year or less	1 to 5 years	More than 5 years	Total
	US$'000	US$'000	US$'000	US$'000
2015				
Financial assets:				
Amount due from associates	943	–	–	943
Pledged fixed deposit	–	–	2,501	2,501
Trade and other receivables	1,403	–	–	1,403
Cash and short-term deposits	3,522	–	–	3,522
Total undiscounted financial assets	5,868	–	2,501	8,369
Financial liabilities:				
Trade and other payables less non-shareable oil liability	7,356	–	–	7,356
Accrued operating expenses	1,183	–	–	1,183
Total undiscounted financial liabilities	8,539	–	–	8,539
Net undiscounted financial assets/(liabilities)	(2,671)	–	2,501	(170)

28. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

	Group			
	1 year or less	1 to 5 years	More than 5 years	Total
	US$'000	US$'000	US$'000	US$'000
2014				
Financial assets:				
Amount due from associates	1,103	–	19,674	20,777
Pledged fixed deposit	–	–	2,501	2,501
Trade and other receivables	1,260	–	–	1,260
Cash and short-term deposits	12,627	–	–	12,627
Total undiscounted financial assets	14,990	–	22,175	37,165
Financial liabilities:				
Trade and other payables less non-shareable oil liability	7,177	–	–	7,177
Accrued operating expenses	1,070	–	–	1,070
Total undiscounted financial liabilities	8,247	–	–	8,247
Net undiscounted financial assets	6,743	–	22,175	28,918

	Company			
	1 year or less	1 to 5 years	More than 5 years	Total
	US$'000	US$'000	US$'000	US$'000
2015				
Financial assets:				
Trade and other receivables	144	–	–	144
Amounts due from subsidiaries	3,919	–	30,353	34,272
Cash and short-term deposits	1,718	–	–	1,718
Total undiscounted financial assets	5,781	–	30,353	36,134
Financial liabilities:				
Trade and other payables	2,156	–	–	2,156
Accrued operating expenses	110	–	–	110
Amounts due to subsidiaries	1,983	–	–	1,983
Total undiscounted financial liabilities	4,249	–	–	4,249
Net undiscounted financial assets	1,532	–	30,353	31,885

28. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

	Company			
	1 year or less	1 to 5 years	More than 5 years	Total
	US$'000	US$'000	US$'000	US$'000
2014				
Financial assets:				
Amount due from an associate	–	–	6,427	6,427
Trade and other receivables	172	–	–	172
Amounts due from subsidiaries	4,639	–	25,048	29,687
Cash and short-term deposits	10,410	–	–	10,410
Total undiscounted financial assets	15,221	–	31,475	46,696
Financial liabilities:				
Trade and other payables	2,303	–	–	2,303
Accrued operating expenses	119	–	–	119
Amounts due to subsidiaries	2,774	–	–	2,774
Total undiscounted financial liabilities	5,196	–	–	5,196
Net undiscounted financial assets	10,025	–	31,475	41,500

The maximum amount of the financial guarantee contracts allocated to the earliest period, which is within the next financial year, in which the guarantee could be called is US$2,501,000 (31 December 2014: US$2,501,000).

(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 US$, Singapore Dollar (S$), Indonesia Rupiah (IDR) and Hong Kong Dollar (HKD$). The foreign currencies in which these transactions are denominated are mainly in US$ and IDR. 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 HKD$7.8 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 short-term deposits 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.

28. Financial risk management objectives and policies (continued)

(c) *Foreign currency risk (continued)*

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, and S$ exchange rates against US$, with all other variables held constant.

		Group	
		2015	2014
		US$'000	US$'000
		Loss before tax	Loss before tax
US$ / RMB	- strengthened 4% (2014: 4%)	(8)	(7)
	- weakened 4% (2014: 4%)	8	7
US$ / IDR	- strengthened 4% (2014: 4%)	(22)	(9)
	- weakened 4% (2014: 4%)	22	9
US$ / S$	- strengthened 4% (2014: 4%)	(68)	(167)
	- weakened 4% (2014: 4%)	68	167

29. Capital management

Capital includes debts and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, accrued operating expenses less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

	Group	
	2015	2014
	US$'000	US$'000
Trade and other payables (Note 19)	7,356	7,360
Accrued operating expenses	1,183	1,070
Less:		
Pledged fixed deposit (Note 17)	(2,501)	(2,501)
Cash and short-term deposits (Note 18)	(3,522)	(12,627)
Net debt/(cash)	2,516	(6,698)
Equity attributable to the owners of the Company, representing total capital	17,526	50,627
Capital and net cash	20,042	43,929
Gearing ratio	13%	Net cash

30. Segment information

For management purposes, the Group is organised into business units based on their products and services and has two 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.

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.

There are inter-segment transactions.

30. Segment information (continued)

	Oilfield services		Oil exploration and oilfield development		Adjustments		Note	Total	
	2015	2014	2015	2014	2015	2014		2015	2014
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Revenue:									
External customers	1,043	967	1,059	737	–	–		2,102	1,704
Inter-company	337	44	–	–	(337)	(44)	A	–	–
Total revenue	1,380	1,011	1,059	737	(337)	(44)		2,102	1,704
Segments results									
Interest income	65	–	4	–	39	86		108	86
Finance costs	–	–	(58)	–	–	(52)		(58)	(52)
Depreciation and amortisation	(28)	(1)	(1,666)	(1,449)	(40)	(14)		(1,734)	(1,464)
Share of loss of associates	–	–	(479)	(575)	–	–		(479)	(575)
Allowance for doubtful debt	–	–	–	–	–	(320)		–	(320)
Other non-cash income/ (expenses)	–	–	183	537	–	–	B	183	537
Segment (loss)/profit	(172)	(382)	(5,126)	(3,465)	(26,892)	(1,172)	C	(32,190)	(5,019)
Investment in associates	–	–	2,708	5,547	–	–		2,708	5,547
Additions to non-current assets	2	14	450	2,013	–	–	D	452	2,027
Segment assets	3,010	443	17,390	47,953	5,895	10,868	E	26,295	59,264
Segment liabilities	1,045	321	5,889	6,222	2,339	2,435	F	9,273	8,978

30. Segment information (continued)

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

A Inter-company revenue is eliminated on consolidation.

B Other non-cash expenses consist of repayment of non-shareable oil liability and provision for decommissioning as presented in the respective notes to the financial statements.

C The following are added to/(deducted from) segment income statement to arrive at "Loss before tax" presented in the consolidated income statement:

	2015	2014
	US$'000	US$'000
Interest income	(39)	(86)
Finance costs	–	52
Depreciation and amortisation	40	14
Allowance for doubtful debts	–	320
Impairment loss on investment in associate	2,360	–
Allowance for amount due from associate	21,427	–
Unallocated corporate expenses	3,104	872
	26,892	1,172

D Additions to non-current assets consist of additions to property, plant and equipment, oil and gas properties and intangible assets.

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

	2015	2014
	US$'000	US$'000
Property, plant and equipment	165	101
Cash and short-term deposits	1,960	10,572
Others	3,770	195
	5,895	10,868

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

	2015	2014
	US$'000	US$'000
Other payables	2,178	2,308
Accrued operating expenses	161	127
	2,339	2,435

30. 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	
	2015	2014
	US$'000	US$'000
Indonesia	1,131	737
Cambodia	971	965
Singapore	–	2
	2,102	1,704

	Non-current assets	
	2015	2014
	US$'000	US$'000
Singapore	225	114
Indonesia	17,316	18,720
	17,541	18,834

Non-current assets information presented above consist of property, plant and equipment, oil and gas properties, intangible assets, exploration and evaluation assets and pledged fixed deposit.

Information about major customers

Revenue from an associated company in the oilfield services segment accounted for 93% (2014: 100%) of the Group's sales in that segment.

Revenue from one major customer in the oil exploration and oilfield development segment accounted for 100% (2014: 100%) of the Group's sales in that segment.

31. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 1 April 2016.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2016

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
36,161	13	0.31	578	0.00
100 - 1,000	1,054	24.95	735,880	0.62
1,001 - 10,000	2,177	51.53	10,174,500	8.55
10,001 - 1,000,000	966	22.86	46,190,698	38.81
1,000,001 and above	15	0.35	61,910,582	52.02
	4,225	100	119,012,238	100

TWENTY LARGEST SHAREHOLDERS

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	MAYBANK KIM ENG SECURITIES PTE LTD	20,702,290	17.40
2	SEE HOY CHAN INVESTMENT LIMITED	18,080,000	15.19
3	OCBC SECURITIES PRIVATE LTD	4,869,991	4.09
4	CITIBANK NOMINEES SINGAPORE PTE LTD	3,451,770	2.90
5	PHILLIP SECURITIES PTE LTD	1,889,200	1.59
6	DBS NOMINEES PTE LTD	1,548,900	1.30
7	GOH HOON LEONG	1,500,000	1.26
8	SIM SEOW HUA	1,355,900	1.14
9	UOB KAY HIAN PTE LTD	1,325,133	1.11
10	LIM YI SHENN	1,296,068	1.09
11	KOH YEW CHOO	1,241,400	1.04
12	TAN HEE NAM	1,230,000	1.03
13	DBS VICKERS SECURITIES (S) PTE LTD	1,198,000	1.01
14	RAFFLES NOMINEES (PTE) LTD	1,121,930	0.94
15	HSBC (SINGAPORE) NOMINEES PTE LTD	1,100,000	0.92
16	KUM HUN KAI PTE LTD	780,000	0.66
17	CIMB SECURITIES (SINGAPORE) PTE LTD	752,154	0.63
18	RHB SECURITIES SINGAPORE PTE LTD	735,400	0.62
19	OCBC NOMINEES SINGAPORE PTE LTD	612,870	0.51
20	TAN TIEN SENG	550,000	0.46
	Total	**65,341,006**	**54.89**

SUBSTANTIAL SHAREHOLDERS

Name	Number of Shares	Direct Interests (%)	Number of Shares	Deemed Interests (%)
Chan Shut Li, William	18,569,673	15.60	–	–
See Hoy Chan Investment Limited	18,080,000	15.19	–	–

FREE FLOAT

Based on information available to the Company, as at 14 March 2016, approximately 69.19% 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.

DIRECTORS' INTERESTS

According to the register of directors shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares, debentures, warrants and share options of the Company or its related corporation, except as follows:

	Direct Interest		Deemed Interest	
Name	Holdings beginning of the year	Holdings end of year	Holdings beginning of the year	Holdings end of year
Chan Shut Li, William	185,696,732	18,569,673	–	–
Liu Mei Ling, Rhoda	200,000	20,000	–	–
Richard Tan Kheng Swee	–	2,000	2,000	0

There were no changes of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558, Espanade Room 3&4 on Thursday, 28 April 2016 at 10:00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of US$115,823.65 for the financial year ended 31 December 2015 (2014: US$145,000/-). **(Resolution 2)**

3. To re-elect Ms Rhoda Liu Mei Ling retiring pursuant to Article 91 of the Company's Constitution. **(Resolution 3)**
(See Explanatory Note 1)

4. To re-elect Mr Chu Ming retiring pursuant to Article 91 of the Company's Constitution. **(Resolution 4)**
(See Explanatory Note 1)

5. 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:-

6. **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 2) **(Resolution 6)**

7. **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 3) **(Resolution 7)**

8. **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)**

9. **Grant of Share Award to Mr Chan Shut Li, William**

"That subject to and contingent upon the passing of Resolution 8, the proposed grant of a share award to Mr Chan Shut Li, William, a Controlling Shareholder of the Company, in accordance with the provisions of the Share Performance Plan on the following terms:

(i) Proposed date of grant: 1 May 2016

(ii) Number of shares which are subject of the share award to be granted: 1,500,000 shares

(iii) Vesting period of the share award: 30 April 2019

(See Explanatory Note 5) **(Resolution 9)**

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary

12 April 2016

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. 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. Ms Rhoda Liu Mei Ling has served on the Board beyond nine years from the date of her first appointment on 1 April 2007. The Board has subjected her independence to rigorous review. The Board, taking into account the views of the Nominating Committee, considers her to be able to continue exercise independent and objective judgement and there are no relationships or circumstances which affect her judgment and ability to discharge her duties and responsibilities as an independent director of the Company.

   Ms Liu will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee respectively.

   Key information on the retiring directors can be found on pages 11 to 12 of the Annual Report.

2. 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.

3. 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.

4. 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.

5. The granting of awards including scheme to our Executives are part of the Remuneration Committee's plan to design packages that are to be competitive and drive behaviour towards achieving long-term strategic goals such as returning the company to growth and profitability. When making decisions we are mindful of the wider economic conditions as well as the need to adapt to our market and competitive environment. We also consider the total amount spent on executive pay in relation to the dividends and profit for the financial year. This can be seen from the non-recommendation of an increment for the Executive for cash compensation but instead one towards a performance driven package.

   To incentivise and encourage the key management of the Company to help strategise and steer the Company out of the SGX Financial Watch-List and towards profitability. The Board has proposed the following milestones for the granting of shares award:-

   1) Performance shares to be awarded in 3 years' time (i.e. April 2019);

   2) Company must be out of the SGX Financial Watchlist;

   3) Company must be profitable; and

   4) The Awardees must still be in the employ of the Company.

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 Number ____________________

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 Thursday, 28 April 2016 at Carlton Hotel Singapore, 76 Bras Basah Road Singapore 189558, Esplanade Rooms 3 & 4 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.	To receive and consider the Audited Financial Statements for the financial year ended 31 December 2015 and the Report of Auditors thereon.		
2.	To approve the Directors' fees of US$115,823.65 for the financial year ended 31 December 2015.		
3.	To re-elect Ms Rhoda Liu Mei Ling pursuant to Article 91 of the Company's Constitution.		
4.	To re-elect Mr Chu Ming pursuant to Article 91 of the Company's Constitution.		
5.	To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
7.	To authorise Directors to grant options and to issue shares under Mirach Energy Employee Share Option Scheme.		
8.	To authorise Directors to issue shares under Mirach Energy Performance Share Plan.		
9.	To grant Share Award to Mr Chan Shut Li, William.		

Dated this __________ day of ____________________ 2016

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. 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.

First fold

AFFIX
STAMP

TRICOR EVATTHOUSE CORPORATE SERVICES
(A division of Tricor Singapore Pte Ltd)

The Company Secretary
MIRACH ENERGY LIMITED
80 Robinson Road
#02-00
Singapore 068898

Second fold

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 Constitution 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.

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

MIRACH ENERGY

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