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

MATERIAL DIFFERENCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the "Board") of Mirach Energy Limited (the “Company”) and together with its subsidiaries (the “Group”) refers to the unaudited full year results announcement for the financial year ended 31 December 2019 released on 28 February 2020 (the “Unaudited Announcement”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that there were certain material differences between the audited financial statements for the year ended 31 December 2019 (“Audited Financial Statements”) and the Unaudited Announcement following the finalisation of the audit. Details and clarifications of the differences are set out as follows:

	Audited US$’000	**Unaudited US$’000**	**Difference US$’000**	**Notes**
Consolidated Statement of Comprehensive Income (Extract)				
(Group)				
Subcontractor cost	-	(156)	(156)	1
Consultancy fees	-	(58)	(58)	1
Cost of sales	(213)	-	213	1
Other operating income	4,033	66	3,967	2
Expected credit loss on trade and other receivables	(184)	-	184	3
Impairment loss on investment in an associate	(193)	-	193	4
Other operating expenses	(1,034)	(1,253)	(219)	5
Share of profit/(loss) of associates	300	(22)	322	6
Consolidated Statement of Financial Position (Extract)				
(Group)				
<u>Non-current assets</u>				
Deferred tax assets	42	-	42	7
Investment in associates	1,526	1,394	132	8
Trade receivables	733	-	733	9

	Audited US$'000	Unaudited US$'000	Difference US$'000	Notes
Current assets				
Trade and other receivables	4,897	5,654	(757)	9
Current liabilities				
Trade and other payables	4,253	7,217	(2,964)	10
Amounts due to an associate	-	43	(43)	10 (iv)
Provision for reinstatement cost	-	22	(22)	10 (ii)
Non-current liabilities				
Other payables	2,014	2,932	(918)	10 (iii)
Deferred tax liabilities	17	11	6	7
Equity attributable to owners of the Company				
Accumulated losses	(83,859)	(87,886)	4,027	11
Statement of Financial Position (Extract)				
(Company)				
Current assets				
Trade and other receivables	58	549	(491)	12 (ii)
Amounts due from subsidiaries	8,713	9,858	(1,145)	12
Current liabilities				
Trade and other payables	152	130	22	10 (ii)
Provision for reinstatement cost	-	22	(22)	10 (ii)
Equity attributable to owners of the Company				
Other reserves	59	82	(23)	13
Consolidated Statement of Cash Flows (Extract)				
(Group)				
Profit before income tax	4,698	657	4,041	11
Share of (profit)/loss of associates	(300)	22	(322)	6
Expected credit loss on trade and other receivables	184	-	184	3
Significant financing component	77	-	77	14
Impairment loss on investment in an associate	193	-	193	4
Gain arising from reversal of liabilities	(60)	(10)	(50)	15
Adjustment to payables and provisions in relation to the oil and gas business	(3,957)	-	(3,957)	2
Unrealised exchange loss/(gain)	148	131	17	13

	Audited US$'000	Unaudited US$'000	Difference US$'000	Notes
Changes in working capital				
Trade receivables and other receivables and prepayments	(3,289)	(3,038)	(251)	3, 14
Trade payables and other payables	308	239	69	10 (i)

Notes

1. The variance was due to the combination of subcontractor cost and consultancy fees to present as one single cost of sales figure. The net variance is immaterial.

2. The variance was mainly due to an adjustment to payables and provisions in relation to the KSO contract for Prisma Kampung Minyak Limited.

3. The variance was a revision in the finalisation of expected credit loss on trade and other receivables. Please also note that there was an amount of US$223k that was included in the "other expenses" line item in the unaudited consolidated statement of comprehensive income but it is now presented as a separate line item in the annual report. This same amount was also presented in the "increase in trade and other receivables and prepayment" line item in the unaudited consolidated statement of cash flow but it is now presented as a separate line item in the annual report.

4. The variance was due to the finalisation of the assessment for impairment loss on investment in an associate.

5. The variance was mainly due to the presentation of the expected credit loss on trade and other receivables now being presented as a separate line item in the annual report.

6. The variance was mainly due to:
   (i) the recognition of share of profit from an associate, Hu Bei ZeGang Supply-Chain Limited, of US$294k.
   (ii) a revision in the share of profit from an associate, Gunung Indah Lestari Limited, which increased by US$28k.

7. The variance was due to updates made to the tax computation of a subsidiary in Malaysia, RCL Kelstar Sdn. Bhd., after taking in adjustments to its accounts mainly for the provision of expected credit loss and significant financial component.

8. The variance was mainly due to:
   (i) the recognition of share of profit from an associate, Hu Bei ZeGang Supply-Chain Limited, of US$294k.
   (ii) an update in the share of profit from an associate, Gunung Indah Lestari Limited, which increased by US$28k.
   (iii) the recognition of impairment loss on Gunung Indah Lestari Limited of US$193k.

9. The variance was mainly due to a reclassification of balance from current trade receivables to non-current trade receivables.

10. The variance was mainly due to:
    (i) adjustments to other payables in relation to the construction project and agriculture project in Malaysia.
    (ii) inclusion of the provision for reinstatement cost as part of the trade and other payables amount in the annual report.
    (iii) an adjustment to payables and provisions in relation to the KSO contract for Prisma Kampung Minyak Limited.
    (iv) a reclassification from amounts due an associate to trade and other payables.

11. The variance was mainly due to the variances as explained in Notes 1 to 6.

12. The variance was mainly due to:
    (i) the recognition of expected credit loss on amounts due from subsidiaries of US$1,668k.
    (ii) a reclassification of balance from other receivables to amounts due from subsidiaries.

13. The variance was mainly due to foreign currency translation on balances denominated in foreign currencies.

14. This amount was also presented in the "increase in trade and other receivables and prepayment" line item in the unaudited consolidated statement of cash flow but it is now presented as a separate line item in the annual report.

15. The variance was mainly due to a write back of a payable amounting to US$50k.

By Order of the Board
Mr Chan Shut Li, William
Executive Chairman
30 August 2020