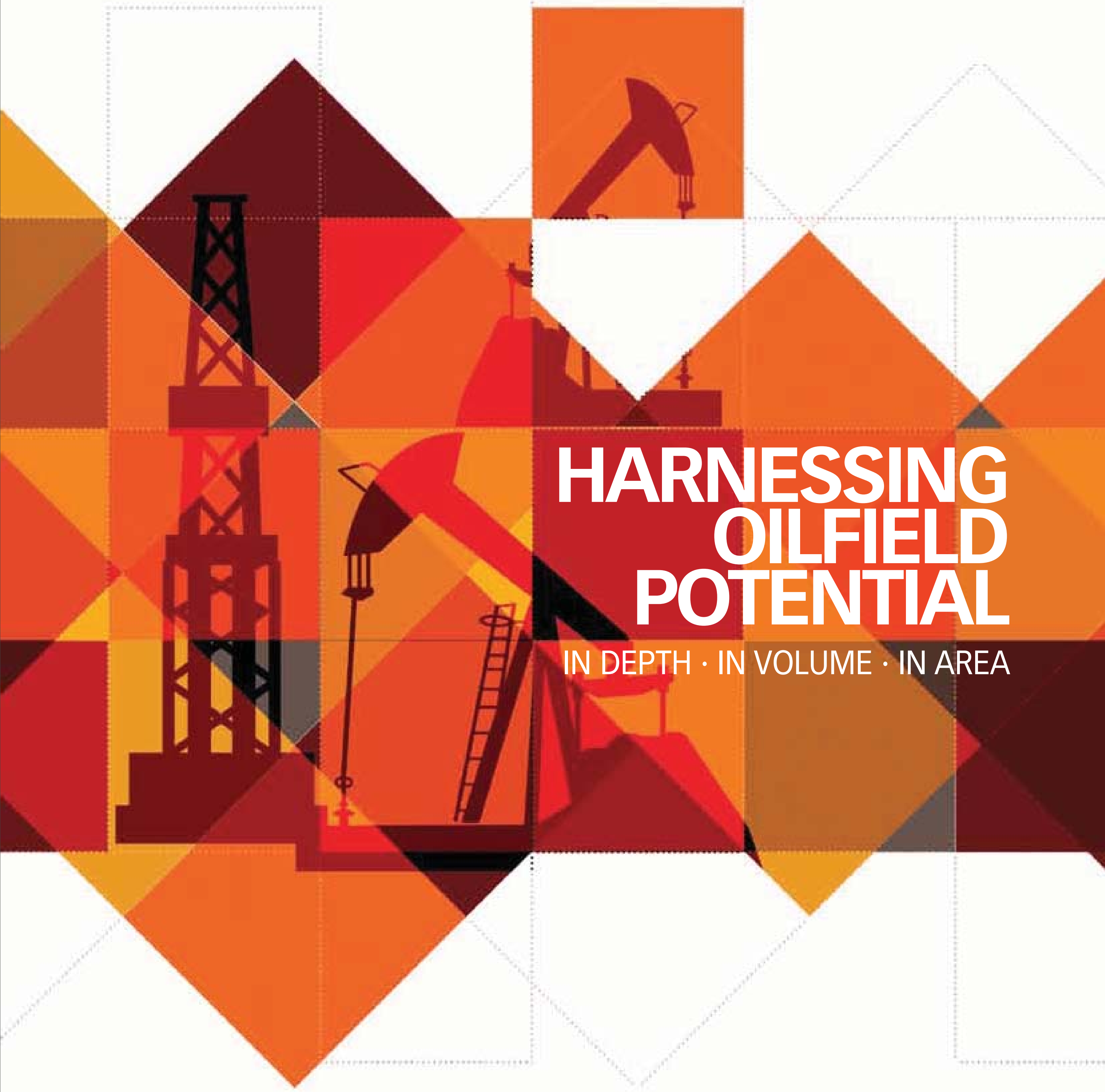


HARNESSING OILFIELD POTENTIAL

IN DEPTH · IN VOLUME · IN AREA

Mirach Energy

ANNUAL REPORT 2013

CONTENTS

01 .... Corporate Information
02 .... Corporate Profile
04 .... Chairman's Statement
06 .... Financial Highlights
08 .... Operations Review
10 .... Board Of Directors And Officers
12 .... Exploration And Production Team (E&P Team)
13 .... Corporate Governance Report
24 .... Financial Contents
76 .... Statistics of Shareholdings
79 .... Notice of Annual General Meeting
Proxy Form

CORPORATE INFORMATION

Board of Directors
Chan Shut Li, William
Chairman and CEO
Tan Kheng Swee, Richard
Member, Lead Independent Director
Liu Mei Ling, Rhoda
Member, Independent Director
Lim Jun Xiong, Steven
Member, Independent Director
Chu Ming
Member, Independent Director

Audit Committee
Liu Mei Ling, Rhoda
Chairman, Independent Director
Lim Jun Xiong, Steven
Member, Independent Director
Chu Ming
Member, Independent Director

Remuneration Committee
Tan Kheng Swee, Richard
Chairman, Independent Director
Chu Ming
Member, 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
Tan Kheng Swee, Richard
Member, Independent Director
Chu Ming
Member, Independent Director
Chan Shut Li, William
Member, Chairman & CEO

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
3902 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

Auditors
RT LLP (formerly known as LTC LLP)
Chartered Accountants
1 Raffles Place, #17-02 One Raffles Place,
Singapore 048616

Partner-in-charge
Ravinthran Arumugam
(appointed since financial year ended
31 December 2013)

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

CORPORATE PROFILE

Mirach Energy is an energy exploration and production company with oil and gas interests in Asia. The Group operates on petroleum assets in Cambodia and South Sumatra of Indonesia. Complementary to its core exploration and production business, the Mirach Energy Group of companies also provides effective technical oilfield services and solutions, including enhanced oil recovery ("EOR") techniques and consultancy.

With a decade of experiences working on marginal oil fields and exploratory fields in Asia, including past experiences in China, Indonesia and Cambodia, the Group also provides consultancy and related services to partners and other companies who are keen to explore or invests in the upstream oil and gas fields in Asia.

OUR BUSINESS

Exploration And Production ("E&P")

The Group holds interests in one exploration oil block and two production oil blocks. Management 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 recognises the demand in enhancing oil recovery rate in Asia and provides EOR and related oilfield services through an integrated approach to achieve higher oil recovery efficiently. The Group has resourcefully harnessed a team of geoscientists and engineers who are experienced in managing exploration and production projects.

OUR ASSET LOCATIONS

Cambodia

The Group owns a 48% interests in the associated company CPHL (Cambodia) Co., Ltd ("CPHLC"), which holds the Cambodia offshore oilfield Block D Production Sharing Contract ("PSC") that grants 7 years of exploration and 30 years of production rights. Block D covers 5507 sq km in shallow water area, and Mirach Energy is the operator.

Kampung Minyak, South Sumatra, Indonesia

The Kampung Minyak Oil Block is a mature oil field located in onshore South Sumatra, Indonesia and covers an area of approximately 45 sq km. The Group is working with Pertamina EP under a 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 a 10% interests in a Company, PT Gunung Indah Lestari, who holds 100% of a Joint Operations Contract in another marginal oil field, the Sungai Taham – Batu Keras – Suban Jeriji Block ("ST-BK-SJ" Field). ST-BK-SJ has production tenure of 15 years commencing from February 2013.

CHAIRMAN'S STATEMENT

Given our experience on marginal oil fields and green fields in Asia, the Company is able to provide technical consultancy and services to companies keen to explore or invests in upstream oil and gas fields in Asia.

DEAR FELLOW SHAREHOLDERS,

Mirach Energy is pleased to note that we have been listed on the Singapore Exchange main board for a decade, experiencing various global financial storms, as well as facing numerous challenges while growing our business. We are one of the few Asian companies listed on the Singapore Stock Exchange focused on upstream business of the exploration and production ("E&P) of oil and gas.

Today, with our experience in the E&P industry in Asia, the Company has gained strong knowledge of the industry in the region. We are now approaching the cost recovery phase with incremental oil produced in Indonesia, and are actively participating in the developing petroleum industry in Cambodia, albeit the changes in the Cambodian petroleum authorities that happen early this year.

Given our experience on marginal oil fields and green fields in Asia, the Company is able to provide technical consultancy and services to companies keen to explore or invests in upstream oil and gas fields in Asia. As a rapidly developing region, Asia has its dose of challenges and opportunities, and we have to continue to tread carefully while growing our business.

CORPORATE DEVELOPMENTS

In financial year 2013, much of the Company's efforts was focused on the operations at Kampung Minyak Oil Field (KM field), and working on environmental assessment of the offshore oilfield in Cambodia. We have also acquired a 10% stake in PT Gunung Indah Lestari which holds the operator rights of ST-BK-SJ field located next to KM Field.

During the second half of 2013, the Company issued 152 million placement shares and granted S$36 million of convertible loans that are fully convertible into shares, of which S$18 million of bonds were drawn down. The proceeds from the placement and the first tranche of draw down of the convertible loans were mainly used to redeem fully the senior bonds that were to be due in April 2014.

Kampung Minyak Oil Field

At the KM field, 6 new wells were drilled by end of March 2014, bringing the total number of new wells drilled at KM to 9. Out of these new wells drilled, 4 wells, are still pending for further perforations and completion. The field is currently producing at a range of 85 bopd to 220 bopd. The total incremental oil production reached 10,741 barrels as at 28 February 2014. The production wells KM601, KM610, KM606, KM607 and KM611 are maintaining at a stable aggregate production rate and accounted for approximately 75% of total daily production.

As at 28 March 2014, we had reactivated 17 old wells that was stopped previously with an average aggregate daily production of 35 barrels of oil per day. The KM126 reached 45 barrels of oil per day during the first week after reactivity work and is now producing at a stabilized rate of 10 barrels of oil per day.

With the promising test results at S8 (Sudan-8) pay zone at KM607, Prisma Kampung Minyak (PKM) has been granted the drilling and operation budget from Pertamina for another



five deeper wells to test deeper pay zones at Sudan-8 to Sudan-12. All designed depth for the five new drillings are over 900 meters. However, with a conservative investing plan, PKM management planned to drill two deeper wells to check the production rates and to gain better geological knowledge of deeper zones. The drilling is scheduled to start in 2Q2014.

Cambodia Block D

On 20 March 2014, we had a meeting with the new Minister of Mine and Energy, and the General Department of Petroleum to discuss the progress of Block D and to apply for extension of the exploration period of Block D. The application for the extension has been delayed due to the reconstitution of Ministries within the Cambodian Government. During the meeting, the GDP has agreed to the extension and the Company is now processing the application for extension documents with GDP.

CORPORATE RESULTS REVIEW FOR FY2013

The Group recorded an almost two times increase in revenue to USD5.1 million, due from oil field technical services provision from Indonesia and Cambodia. As a result, the Group was able to record an operating profit of US$0.33 million versus an operating loss of US$4.1 million in FY2012. However, as a result of an exceptional loss of US$4.6 million attributable to the interests accrued to the senior bonds, the Group recorded a pretax loss of US$4.4 million. We provide more details of our operations in the following operations review section.

Prospects for FY2014

This year, the Company will continue to develop the Kampung Minyak Field to increase the incremental oil production with the EOR program conducting. We will be drilling another five deeper wells to target the deeper payzones. In Cambodia, we are awaiting the extension permit for exploration, before we can re-submit our drilling plans to the new petroleum authorities. We are also in the midst of looking at other potential petroleum assets for developments, and hope to make a new acquisition within this year to enhance our investment portfolio and increase the revenue resources of the Group.

STATUS REPORT FOR THE USE OF PROCEEDS FROM RIGHTS 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$23.6 million from the placement and the loans issue in the second half of the 2013.

As at 31 December 2013	
Net proceeds from drawdown of loans and placement	US$ 23.62 Million
Less use of proceeds:	
Repayment of senior bonds due April 2014	US$ 17.44 Million
Investment in 10% stake in GKM	US$ 3 .0 Million
Working Capital	US$ 0.94 Million
Balance as at 31 December 2013	US$ 2.24 Million

Acknowledgement

We are always mindful of the support that we receive from all our fellow shareholders, stakeholders and our staff in growing the Company, and hereby express my sincere appreciation. I would like to also thank Mr. Xing Heping and Mr. Wang Jiemin who had contributed to our Company in the past years. In addition, we have the pleasure to add two new independent directors, Mr. Ming Chu and Mr. Richard Tan to our Board, and believe that this will boosts our Board strengths in terms of corporate governance and business development initiatives.

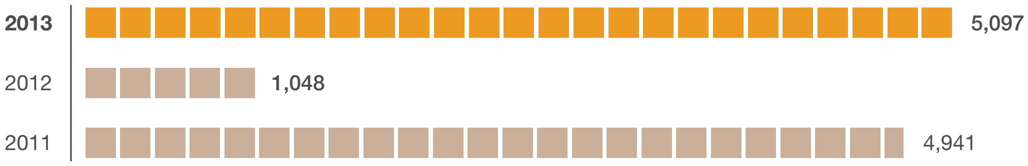
William Chan

Executive Chairman and Chief Executive Officer
1 April 2014

FINANCIAL HIGHLIGHTS

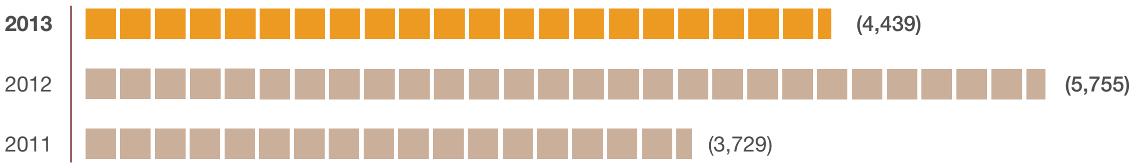
Group Income Statement (USD '000)	2011	2012	2013
Revenue	4,941	1,048	5,097
Gross Profit	1,434	980	5,097
Profit / (loss) from Operations	(2,765)	(4,103)	326
Loss Before Tax	(3,636)	(5,755)	(4,439)
Loss After Tax	(3,729)	(5,755)	(4,439)
Group Balance Sheet (USD '000)	**2011**	**2012**	**2013**
Fixed Assets	273	169	130
Intangible Assets	10,082	9,389	8,696
Other Non-Current Assets	1,809	915	8,702
Deferred Tax Asset	0	-	-
Investments in Associates	5,740	5,506	5,269
Investment in a Joint Venture	0	-	-
Cash & Cash Equivalents	10,971	5,550	6,902
Other Current Assets	18,421	20,439	22,781
Total Assets	47,358	42,302	52,480
Shareholder's Equity	31,619	26,228	46,234
Non-Controlling Interests	(529)	(161)	(223)
Non-Current Liabilities	11,946	12,498	0
Current Liabilities	4,322	3,737	6,469
Total Liabilites	16,268	16,235	6,469
Total Equity & Liabilities	47,358	42,302	52,480
Per Share Data (USD cents)	**2011**	**2012**	**2013**
Loss Per Share	(0.43)	(0.73)	(0.49)
Net Asset Value	4.12	3.40	4.45
Net Cash Holding	1.43	0.72	0.67
Financial Ratio (%)	**2011**	**2012**	**2013**
Gross Profit Margin	29.0	93.5	100.0
Operating Margin	-	-	-
Return on Average Assets	-	-	-
Return on Average Shareholder's Equity	-	-	-

REVENUE (USD '000)

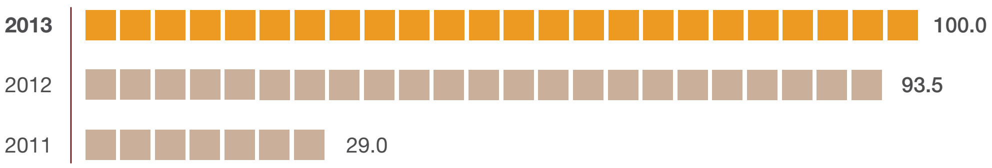


GROSS PROFIT (USD '000)

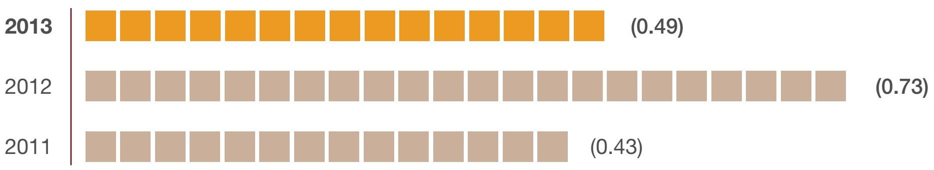
NET LOSS (USD '000)



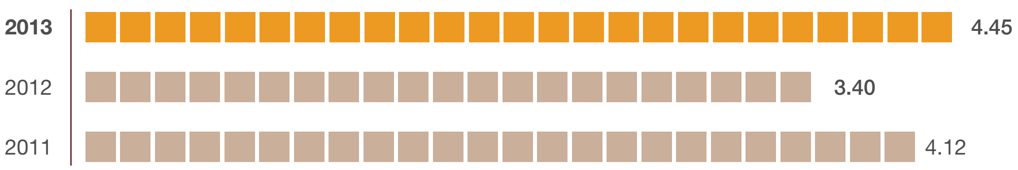
GROSS PROFIT MARGIN (%)



LOSS PER SHARE (USD cents)



NET ASSET VALUE (USD cents)



OPERATIONS REVIEW

For the financial year ended 31 December 2013 ("FY2013"), Revenue of USD5.1 million was derived from the Group's continuing operations compared to that of USD1.05 million in the financial year ended 31 December 2012 ("FY2012"). The main revenue of USD4.0 million was derived from providing the investment advisory services to the Group's partner in their oil field acquisition in Indonesia. The rest part of revenue, approximately USD1.1 million, is generated from the provision of technical oilfield services to associate company, CPHL (Cambodia) Company Limited ("CPHLC"), and the sales of oilfield inventories.

COST AND EARNING ANALYSIS

There was gross profit of continuing operation of USD5.1 million in FY2013, which is an enormous surge at Group level, compared to gross profit of USD980, 000 in FY2012.

The other income of USD0.21 million in FY2013 was attributed to the forfeited deposit of USD0.16 million from the termination of private placement and a net gain of USD0.05 million on the disposal of a subsidiary.

Selling and distribution expenses decreased dramatically from USD0.21 million in FY2012 to USD0.01million in FY2013.

Administrative expenses decreased slightly from USD3.27 million in FY2012 to USD3.19 million in FY2013.

Other operating expenses were USD1.78 million in FY2013, compared to USD1.70 million in FY2012. During FY2013, other operating expenses mainly comprise USD1.48 million related to oil production and exploitation expenses.

There is an exceptional item of USD4.6 million in FY2013, which is comprised by financial cost of USD0.6 million and a one-off financial expense of USD4.0 million, both incurred upon the early redemption of the principle amount of S$16.9 million pursuant to the 3-year Senior Convertible Bonds ("the Bonds"), which was issued in 2011.

Before deducting the exceptional item USD4.6 million, the Group would have a profit before income tax of USD0.16 million approximately in FY2013. Nevertheless, Group's loss before income tax is approximately USD4.4 million, compared to that of USD5.2 million in FY2012.

FINANCIAL POSITION AND LIQUIDITY

Cash Flow and Liquidity

USD million	FY2013	FY2012
Cash generated from / (used in) operating activities	1.95	(4.23)
Cash used in investing activities	(7.84)	(0.92)
Cash generated from / (used in) financing activities	7.24	(0.41)
Net Increase / (decrease) in cash and cash equivalents	1.35	(5.55)
Cash and cash equivalents at end of year	**6.90**	**5.55**

The Group generated cash inflow from operating activities of USD1.95 million in FY2013 compared to cash outflow of USD4.23 million in FY2012 in continuing operation. The increased cash inflow incurred majorly from the income of USD4.0 million for providing the investment advisory service to the Project Global Investment Limited.

Cash used in investing activities dramatically increased from USD0.92 million in FY2012 to USD7.84 million in FY2013, which contribute to the new acquisition cost of USD3.0

million and approximately USD4.84 million for the payment of exploration and evaluation carried out at Kampung Minyak oilfield in Indonesia.

The Group holds a cash inflow of USD7.24 million through financing activities in FY2013, compared to a cash outflow of USD0.41 million through financing activities in FY2012. The successful funds raising activities in FY2013 includes the placement of 152 million shares, the call option exercised of 10 million shares and the employee share options excised of 3 million shares, as well as two tranches draw down of the Convertible Loan. The cash used in financial activities to pay off the principle and early redeem financial costs of the Senior Convertible Bonds issued in 2011.

Cash Generated From/ (Used in) Financing Activities in FY2013

Currency	USD'000
Cash generated from financing activities	
Placement	14,048
Call option exercised	937
Employee share options exercised	331
Draw down of Convertible loan	9,565
Cash used in financing activities	
Early redeem one-off payment	(4,598)
Principle repayment of the Bonds	(13,041)
Net cash generated from financing activities	7,242

Amount due from the associate company CPHL (Cambodia) Company Limited ("CPHLC") increased from USD17.12 million in FY2012 to USD18.51 million in FY2013. The increase was due to the loan of USD0.43 million covering CPHLC's running operation and the technical service income of USD0.96 million due from the CPHLC in FY2013.

Available-for-sale financial assets of non-current assets of USD3.0 million in FY2013, results from the acquisition of 10% interest in Gunung Indah Lestari Limited.

Non-current intangible asset decreased slightly from USD9.39 million in FY2012 to USD8.70 million in FY2013, which was attributed to the amortization cost.

The non-current asset of oil and gas properties is accountable of USD5.59 million in FY2013 including the capitalized value of USD4.77 million related to the exploration and evaluation expenditure incurred in FY2013 and transferring the remain value of USD0.92 of exploration and evaluation expenditure capitalized in previous year, and less the current year depreciation of USD0.1 million.

The carrying value of investment in an associate was decreased by USD0.24 million from USD5.51 million at end of FY2012 to USD5.27 million in FY2013, which is due to the share of loss of CPHLC attributed to the Company.

The trade and other payables in current liabilities increased from USD3.69 million in FY2012 to USD6.47 million in FY2013. The difference was mainly due to an increase of USD3.21 million in payable of drilling and exploration and a decrease of USD0.43 million in trade and other payable in FY2013.

The net asset value of the Group increased by USD19.94 million from USD26.07 million in FY2012 to USD46.01 million in FY2013, resulting from the successful fund raising activities in FY2013.

BOARD OF DIRECTORS AND OFFICERS

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 company 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 he was last re-elected as a director on 29 April 2013.

Mr. Lim Jun Xiong, Steven

Independent Director

Mr. Lim started his career as an accountant in PricewaterhouseCoopers and has more than 25 years experience in the wealth management industry. He joined the Board as an independent director in 2009 and last re-elected as a director on 29 April 2013. 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.

Ms. Liu Mei Ling, Rhoda

Independent Director

Ms. Liu has more than 20 years 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, a fellow member of the Hong Kong Institute of Directors, and a council member of the Society of Chinese Accountants and Auditors. 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 AND OFFICERS

Mr. Tan Khong Swee, Richard

Independent Director

Mr Richard Tan joined the Board as an independent director on 1 July 2013 and is currently a Partner at RHTLaw Taylor Wessing LLP, Singapore. 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. Mr Tan previously practised in a mid-sized Singapore law firm as well as in a mid-size Australian law firm in the State of Victoria, where he advised on a range of matters in relation to corporate advisory, mergers and acquisitions, cross-border refinancing and intellectual property. Mr Tan was awarded the Bachelor of Laws (Honours) from the National University of Singapore and the Bachelor of Science (Honours) from the University of Melbourne, Australia.

Mr. Chu Ming

Independent Director

Mr. Chu Ming was appointed as the Independent Director of the Company on 17 May 2013 and has immense working experience in the oil and gas industry. Prior to joining Mirach Energy, he serves 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 department of Baker Hughes Corporation. He worked at Baker and Huges 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).

Dr. Hu Xiaoying, Helen

Chief Financial Officer

Dr. Helen Hu is the Chief Financial Officer. She has experience in finance, administrative and accounting work in the energy, technology transformation and chemical engineering industries. Before joining Mirach Energy, Dr. Hu was engaged as the Finance Manager of Shine Technology UK Limited and a Project and Financial Manager of Beijing Ceres International Trading Limited. She also held positions as the Project Coordinator at the Business School of the University of Birmingham and as a Representative at the University of York in China. Prior to that, Ms Hu was the Accounting Manager of a start-up company Applied Spectroscopy Research, York. Dr. Hu holds Bachelor's degrees in Mechanical Engineering from Beijing University of Technology and Economics and Management from Nanjing University of Technology in China. Before she was sponsored by European research fund for her further education in UK, she was employed by the Chinese Academy Sciences. In UK, Dr.Hu completed a Master degree in Economics and Finance at the University of York and obtained her PhD in Economics.

EXPLORATION AND PRODUCTION TEAM (E&P TEAM)

Dr. Wang Jue

Head of E&P and CEO of CPHL Cambodia

Dr. Wang has more than 25 years of experience in the oil and gas industry and has won various awards for her contributions and achievements in both technical and managerial roles. She worked in various departments in Sinopec and was the head of the 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.

Mr. Yu Guozhu, Frank

Director, Oil and Gas Planning

Mr. Yu is responsible for the appraisal, development and management of oil and gas concessions opportunities. He has over 12 years of experience in the upstream exploration and production area working in various technical and business positions. Prior to joining Mirach, Mr. Yu was the technical director at Core Laboratories and Geokinetics Inc. He has certificates in Financial Economics, Enterprise Management Consultancy, Senior Programmer, as well as a professional qualification in securities and futures. Mr. Yu has a Master's degree in Petroleum Exploration from the China University of Geosciences.

Mr. Xie Chenghua

Representative of Indonesian Office

Mr. Xie is the representative for the Group's Indonesian business. He has over 12 years of extensive programme management and operational experience in the upstream oil and gas business, including appraisals and negotiations for new acquisitions in petroleum assets, EOR business and E&P risks service contracts. Mr. Xie previously worked at the Research Institute of Petroleum Exploration and Development ("RIPED") of PetroChina. Mr. Xie holds a Bachelor's degree in Petroleum Engineering from the China Petroleum University and a Master of Business Administration (MBA) from ESC-Pau Business School in France.

Dr. Li Youqing

General Manager, Kampung Minyak Field, Indonesia

Dr. Li is the General Manager for the Kampung Minyak project 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 & Technology.

Dr. Wang Wenming

Chief Geologist, Kampung Minyak Field, Indonesia

Dr. Wang is the Chief Geologist for the Kampung Minyak field. Dr. Wang is an accomplished geologist with approximately 18 years of experience and was engaged at the largest oilfield in China, the Daqing Oilfield. At the Daqing oilfield, he took charge of well pattern design and drilling operations of over 1,200 appraisal and development wells and achieved a 98 per cent. success rate. He was also awarded the Technical Innovation and Outstanding Contribution award by PetroChina. Dr. Wang holds a Bachelor's degree in Petroleum Geology from the Northeast Petroleum University, a Master's degree in Structural Geology from Peking University and a Ph.D in Palaeontology and Stratigraphy from Jilin University.

CORPORATE GOVERNANCE REPORT

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;

9. ensuring accurate, adequate and timely reporting to, and communication with shareholders; and

10. consider sustainability issues, e.g. environmental and social factors, as part of itsstrategic formulation.

Matters which are specifically reserved to the full Board for decision 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.

CORPORATE GOVERNANCE REPORT

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 recommendation. 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 Articles of Association allow 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 23.

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, 1 of whom is an executive director and 4 are independent directors, making up more than half of the Board, in accordance with the Code. Together, the directors bring about wide-ranging business and financial experiences relevant to the direction of 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 in the Board because of the presence of independent directors of the calibre necessary to carry sufficient weight in 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 investment of minority shareholders is fairly reflected through Board representation.

The duties and responsibilities of the executive director is set out in his service agreement. 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, there was no independent director who has served for more than nine years from the date of his or her appointment.

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 represents 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 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 one executive director and the rest are independent directors, the Remuneration Committee comprises all independent directors. As such, the Board believes that there are adequate safeguards against an uneven concentration of power and authority in a single individual.

CORPORATE GOVERNANCE REPORT

In accordance to the Code, the Board has appointed Independent Director, Mr Tan Kheng Swee, Richard, as the Lead Independent Director of the Company.

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 4 members, a 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 Tan Kheng Swee, Richard	(Independent Director)
Mr Chu Ming	(Independent Director)

In 2013 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 23.

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 companies 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 Articles of Association, 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 NC will make recommendation to the Board on the maximum number of listed company board representations which any director may hold in due course.

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.

CORPORATE GOVERNANCE REPORT

The Company will also put in place a process to assess the performance of individual Director as well as the Board Committees.

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 Memorandum and Articles of Association, 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 prepare 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.

REMUNERATION COMMITTEE

The Remuneration Committee comprises 4 members, all of whom are independent. The members of the Remuneration Committee are:-

Mr Tan Kheng Swee, Richard	(Chairman and Independent Director)
Mr Lim Jun Xiong, Steven	(Independent Director)
Ms Liu Mei Ling, Rhoda	(Independent Director)
Mr Chu Ming	(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 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 2013 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 23 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 RC 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 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.

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 of 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.

CORPORATE GOVERNANCE REPORT

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 to 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 takes 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 6 months' notice to the other.

(f) Mirach Energy Employee Share Option Scheme

The RC also administers the Company's share-based remuneration incentive plans; namely, the Mirach Energy Employee Share Option Scheme (the "Scheme"), which will expire on 27 April 2014. In addition, the Share Options have been fully exercised and no outstanding as at 31 December 2013.

The Group has granted options to senior executives and Independent Directors of the Group under the Scheme. Matters relating to the Scheme are administered by the Remuneration Committee. The information of the participants is shown on page 26.

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 RC 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 2013 is as follows:

	2012	2013
$500,000 and above	–	–
$250,000 to below $500,000	–	–
Below $250,000	5	5
Total	5	5

CORPORATE GOVERNANCE REPORT

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
Tan Kheng Swee, Richard*	Below S$250,000	–	–	–	100	100
Xing Heping**	Below S$250,000	–	–	–	100	100
Wang Jiemin**	Below S$250,000	–	–	–	100	100

* Messrs Chu Ming and Richard Tan Kheng Swee were appointed as Directors with effect from 17 May 2013 and 1 July 2013 respectively.

** Messrs Xing Heping and Wang Jiemin resigned as Directors with effect from 1 May 2013 and 1 August 2013 respectively.

The Company has only 4 Key Management Personnel (who are not directors) within its organisation structure and the Remuneration of the 4 Key Management Personnel is as follows:

Name	Remuneration Band	Salary %	Bonus %	Fringe Benefits %	Directors' Fees %	Total %
Hu Xiaoying, Helen	Below S$250,000	100	–	–	–	100
Li Youqing	Below S$250,000	100	–	–	–	100
Low Chiew Leng, Maggie	Below S$250,000	100	–	–	–	100
Wang Jue	Below S$250,000	100	–	–	–	100

The Company does not have any employee who is an immediate family member of a Director or the Chief Executive Officer of the Company.

(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 the Company have adequate resources to continue in operational existence for the foreseeable future.

CORPORATE GOVERNANCE REPORT

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, is satisfied that there are adequate internal control, 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 is looking into engaging 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 ("AC") 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 Chu Ming	(Independent Director)

The Audit Committee has recommended the nomination of Messrs RT 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 the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their recommendation.

The aggregate amount of fees paid/payable to the independent auditors for the audit of FY2013 amounted to USD 169,000, non-audit fees of USD2,500 relating to professional tax services rendered were paid/payable to an affiliated company of our Company's independent auditors, RT LLP (formerly known as LTC LLP), during FY2013.

The Group has appointed different auditors for its overseas subsidiaries and/or significant associated companies. The Board and the Audit Committee have reviewed the appointment of different auditors for its subsidiaries and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of 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 2013 the Audit Committee had 4 meetings. The Executive Chairman and the Chief Financial Officer were invited to attend the meetings.

In the course of financial year 2013, the AC 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 internal and 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 will be adopting 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 to be adopted will provide procedures to validate concerns and for investigation to be carried out independently. The Whistle-Blowing Policy will be circulated to all employees once implemented.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC 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 scale of operations and in order to be more cost effective, the Board believes that the existing system of internal controls is adequate and the Group has no separate internal audit function during the financial year ended 31 December 2013. The Company's finance department and the independent auditor review the Group's internal controls risk management and compliance systems and report findings and makes recommendations to the Board and Audit Committee.

To ensure adequacy of the internal audit function, the Management together with the Board and Audit Committee reviewed the Audit Memorandum to the Audit Committee for the financial year ended 31 December 2013 prepared by the independent auditor. The Board and the Audit Committee are satisfied with the adequacy of the current internal audit function and will continue to assess its effectiveness regularly. The Company is consistently improving and adopts recommendations which are highlighted by the independent auditor to safeguard the Company's internal controls.

CORPORATE GOVERNANCE REPORT

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 AGM. The Company's Articles of Association allows a shareholder to appoint up to two proxies to attend and vote on behalf of a shareholder at the AGM. Shareholders who hold shares through nominees such as CPF and custodian banks are also allowed to the AGM as observer.

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.

The Group participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance. Such engagements provide invaluable insights to the Board and management on investors' views and also help the Group to identify areas of improvement for investor communication.

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 director and, where appropriate, the Chairman of the Audit, Nominating and Remuneration Committees, and external auditors 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.

CORPORATE GOVERNANCE REPORT

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'S COMMITTEES MEETINGS HELD IN FY2013

	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 Directors ('ED')												
Chan Shut Li William	C	5	5	–	–	–	M	1	1	–	–	–
Non-Executive Director												
Wang Jiemin***	M	5	3	–	–	–	–	–	–	–	–	–
Independent Directors												
Liu Mei Ling, Rhoda	M	5	5	C	4	4	M	1	1	M	1	1
Xing Heping***	M	5	1	M	4	1	M	1	1	C	1	1
Lim Jun Xiong, Steven	M	5	5	M	4	4	C	1	1	M	1	1
Chu Ming**	M	5	3	M	4	2	M	1	N/A	M	1	N/A
Tan Kheng Swee, Richard**	M	5	2	–	–	–	–	–	–	–	–	–

Denotes:

C – Chairman
M – Member

* Number of Meetings held /attended during the financial year from 1 January 2013 to 31 December 2013 or during the period the person was a director

** Messrs Chu Ming and Richard Tan Kheng Swee were appointed as Directors with effect from 17 May 2013 and 1 July 2013 respectively.

*** Messrs Xing Heping and Wang Jiemin resigned as Directors with effect from 1 May 2013 and 1 August 2013 respectively.

MATERIAL CONTRACTS

Save for the service agreement entered into between the Executive Director 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 2013.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC 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 2013.

FINANCIAL CONTENTS

25 Directors' Report
28 Statement by Directors
29 Independent Auditor's Report
30 Consolidated Statement of Comprehensive Income
31 Statements of Financial Position
32 Consolidated Statement of Changes in Equity
33 Consolidated Statement of Cash Flows
35 Notes to the Financial Statements
76 Statistics of Shareholdings
78 Notice of Annual General Meeting
Proxy Form

DIRECTORS' REPORT

The directors present their report to the members of the Company, together with the audited financial statements of the Group for the financial year ended 31 December 2013 and the statement of financial position of the Company as at 31 December 2013.

Directors

The directors of the Company in office at the date of this report are as follows:

Chan Shut Li, William	
Liu Mei Ling, Rhoda	
Lim Jun Xiong, Steven	
Tan Kheng Swee, Richard	(Appointed on 1 July 2013)
Chu Ming	(Appointed on 17 May 2013)

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	
Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**
The Company		
Ordinary shares fully paid		
Chan Shut Li, William	185,696,732	185,696,732
Liu Mei Ling, Rhoda	–	200,000
Share Options		
Liu Mei Ling, Rhoda	500,000	–

There were no changes of the above–mentioned interests in the Company between the end of the financial year and 21 January 2014.

By virtue of Section 7 of the Singapore Companies Act Cap. 50, Chan Shut Li, William is deemed to have an interest in the shares of the Company's subsidiaries.

Arrangements to enable directors to acquire shares and debentures

Except as disclosed under the "Share options" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' contractual benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 30 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

Share options

Mirach Energy Employee Share Option Scheme

The Mirach Energy Employee Share Option Scheme (the "Mirach Energy Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 27 April 2004. The Mirach Energy Scheme is administered by the Company's Remuneration Committee comprising three directors, namely, Liu Mei Ling, Rhoda, Lim Jun Xiong, Steven, and Chu Ming.

Other information regarding the Mirach Energy Scheme is as follows:

(i) *Participants*

Under the rules of the Mirach Energy Scheme, executive and non–executive directors and employees of the Group, who are not controlling shareholders or their associates (as defined in the SGX Listing Manual), are eligible to participate in the Mirach Energy Scheme.

(ii) *Scheme Administration*

The Mirach Energy Scheme shall be administered by a committee comprising Directors (the "Scheme Committee"), with the powers to determine, inter alia, the following:

(a) persons to be granted options;

(b) number of options to be offered; and

(c) recommendations for modifications to the Mirach Energy Scheme.

(iii) *Scheme Size*

The aggregate number of shares over which the Scheme Committee may grant options on any date, when aggregated with the number of shares issued and issuable in respect of all options granted under the Mirach Energy Scheme and any other share option schemes of the Company, shall not exceed 15 percent of the issued shares of the Company on the day preceding the date of the relevant grant.

The number of shares comprised in any options to be offered to a participant in the Mirach Energy Scheme shall be determined at the absolute discretion of the Scheme Committee, who shall take into account criteria such as rank, past performance, years of service and potential for future developments of that participant.

(iv) *Options, Exercise Period and Exercise Price*

The options that are granted under the Mirach Energy Scheme may have exercise prices that are at the Scheme Committee's discretion:

(a) Set at a discount to a price (the "Market Price") equal to the average of the last dealt prices for the shares on the SGX–ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option of a Share (subject to a maximum discount of 20 percent) in which event, such options may be exercised after the second anniversary from the date of grant of the option; or

(b) Fixed at the Market Price ("Market Price Option"). Market Price Options may be exercised after the first anniversary of the date of grant of that option. Options granted under the Mirach Energy Scheme will have a life span of five years.

(v) *Duration of the Mirach Energy Scheme*

The Mirach Energy Scheme shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

DIRECTORS' REPORT

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

As at 31 December 2013, there is no outstanding option under the Mirach Energy Scheme. This has been disclosed in the Directors' interests section.

Call Option

On 24 March 2011, the Company entered into a Call Option Agreement with Sino Capital Holdings Limited ("SCHL"), where by the Company granted the Call Option to SCHL to acquire 10,000,000 option new shares at an issue price of SGD0.12 for each option share on 27 April 2011. This Call Option has a life span of five years.

On 10 July 2013, the Call Option was exercised; the Company allotted and issued a total of 10,000,000 new ordinary shares of the Company at an issue price of SGD0.12 per new share, pursuant to the Call Option Agreement granted by the Company on 27 April 2011.

Except as disclosed above, at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. The functions performed are detailed in the Corporate Governance Statement set out in the Annual Report of the Company.

Independent Auditor

The appointed auditor RT LLP (formerly known as LTC LLP) has express its willingness to accept re-appointment and the re-appointment will be tabled in the forthcoming AGM.

On behalf of the directors

Chan Shut Li, William
Director

Liu Mei Ling, Rhoda
Director

Singapore, 1 April 2014

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) The statement of financial position of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

Chan Shut Li, William
Director

Liu Mei Ling, Rhoda
Director

Singapore, 1 April 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Mirach Energy Limited
For the financial year ended 31 December 2013

Report on the Financial Statements

We have audited the accompanying financial statements of Mirach Energy Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, for the financial 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 (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 profit and loss accounts and balance sheets 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 judgement, 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 statement of financial position 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 state of affairs of the Group and of the Company as at 31 December 2013, and of the results, changes in equity and cash flows of the Group for the financial 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 have been properly kept in accordance with the provisions of the Act.

RT LLP
Public Accountants and
Chartered Accountants

Singapore, 1 April 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	Group 2013 USD'000	Group 2012 USD'000
Continuing Operations			
Revenue	3	5,097	1,048
Cost of sales		–	(68)
Gross profit		**5,097**	**980**
Other income	4a	208	89
Selling and distribution expenses		(14)	(205)
Administrative expenses		(3,187)	(3,271)
Other operating expenses		(1,778)	(1,696)
Profit / (loss) from operating activities		**326**	**(4,103)**
Finance income		70	128
Finance costs		(600)	(962)
Interest expense on early redemption of convertible bonds	26	(3,998)	–
Net finance costs	4d	**(4,528)**	**(834)**
Share of loss of an associate	5	(237)	(234)
Loss before income tax	4	**(4,439)**	**(5,171)**
Income tax	6	–	–
Loss from continuing operations for the year		**(4,439)**	**(5,171)**
Discontinued operations			
Loss from discontinued operations, net of tax	7	–	(584)
Total loss for the financial year		**(4,439)**	**(5,755)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Reclassification of currency translation reserves on disposal of subsidiaries		(702)	68
Foreign currency translation differences arising from consolidation		707	61
Other comprehensive income, net of tax		**5**	**129**
Total comprehensive loss for the year		**(4,434)**	**(5,626)**
Loss attributable to:			
Equity holders of the Company		(4,377)	(5,593)
Non-controlling interests		(62)	(162)
		(4,439)	**(5,755)**
Total comprehensive loss attributable to:			
Equity holders of the Company		(4,372)	(5,464)
Non-controlling interests		(62)	(162)
		(4,434)	**(5,626)**
Loss per share:			
From continuing operations (USD cents):			
-Basic and diluted	8	(0.49)	(0.65)
From discontinued operations (USD cents):			
-Basic and diluted	8	–	(0.08)

The accounting policies and explanatory note form an integral part of the consolidated financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group 2013	Group 2012	Company 2013	Company 2012
		USD'000	USD'000	USD'000	USD'000
Current assets					
Cash and cash equivalents	9a	6,902	5,550	5,715	592
Pledged fixed deposit	9b	2,501	2,501	–	–
Trade and other receivables	10	1,590	818	458	467
Amounts due from an associate	11	18,512	17,120	6,221	5,786
Amounts due from subsidiaries (non-trade)	12a	–	–	4,130	17,058
Inventories	13	178	334	–	–
		29,683	26,323	16,524	23,903
Assets of disposal group classified as held for sale	14	–	–	–	11,034
		29,683	**26,323**	**16,524**	**34,937**
Non–current assets					
Property, plant and equipment	15	130	169	16	26
Intangible assets	16	8,696	9,389	–	–
Exploration and evaluation assets	17	–	915	–	–
Oil and gas properties	18	5,587	–	–	–
Other receivables and prepayments	19	115	–	–	–
Available-for-sale financial assets	21	3,000	–	–	–
Amount due from a subsidiary	12a	–	–	19,526	–
Investment in subsidiaries	22	–	–	5,756	5,748
Investment in associate	5	5,269	5,506	7,486	7,486
		22,797	**15,979**	**32,784**	**13,260**
Total assets		**52,480**	**42,302**	**49,308**	**48,197**
Equity attributable to equity holders of the Company					
Share capital	23	65,736	40,855	65,736	40,855
Reserves	24	(19,502)	(14,627)	(22,270)	(19,936)
		46,234	26,228	43,466	20,919
Non-controlling interests		(223)	(161)	–	–
Total equity		**46,011**	**26,067**	**43,466**	**20,919**
Current liabilities					
Trade and other payables	25	6,469	3,691	2,465	2,673
Amounts due to subsidiaries (non-trade)	12b	–	–	3,377	30
		6,469	3,691	5,842	2,703
Liabilities of disposal group classified as held for sale	14	–	46	–	12,077
		6,469	**3,737**	**5,842**	**14,780**
Non-current liabilities					
Convertible bonds	26	–	12,498	–	12,498
		–	12,498	–	12,498
Total liabilities		**6,469**	**16,235**	**5,842**	**27,278**
Total equity and liabilities		**52,480**	**42,302**	**49,308**	**48,197**

The accounting policies and explanatory note form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

	Share capital	Merger reserve	Statutory /equity reserves	Capital reserve	Share options reserve	Foreign exchange reserve	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group										
At 1 January 2012	40,855	763	1,341	969	50	(1,056)	(11,303)	31,619	(529)	31,090
Option expense recognised	–	–	–	–	73	–	–	73	–	73
Disposal of subsidiaries	–	–	–	–	–	–	–	–	530	530
Total comprehensive income / (loss) for the year	–	–	–	–	–	129	(5,593)	(5,464)	(162)	(5,626)
At 31 December 2012	**40,855**	**763**	**1,341**	**969**	**123**	**(927)**	**(16,896)**	**26,228**	**(161)**	**26,067**
At 1 January 2013	**40,855**	**763**	**1,341**	**969**	**123**	**(927)**	**(16,896)**	**26,228**	**(161)**	**26,067**
Issuance of shares arising from placement (Note 23)	14,928	–	–	–		–	–	14,928	–	14,928
Issuance of shares arising from the exercise of call options (Note 23)	937	–	–	–	(164)	–	164	937	–	937
Issuance of shares pursuant to Employee Share Option Scheme (Note 23)	331	–	–	–	–	–	–	331	–	331
Issuance of shares arising from the conversion of convertible loans (Note 23)	9,572	–	–	–	–	–	–	9,572	–	9,572
Share issue expense (Note 23)	(887)	–	–	–	–	–	–	(887)	–	(887)
Early redemption of convertible bonds [Note 24(iii)]	–	–	–	(969)	–	–	425	(544)	–	(544)
Disposal of a subsidiary [Note 24(i)]	–	–	(874)	–	–	–	874	–	–	–
Option expense recognised (Note 28)	–	–	–	–	41	–	–	41	–	41
Total comprehensive income / (loss) for the year	–	–	–	–	–	5	(4,377)	(4,372)	(62)	(4,434)
At 31 December 2013	**65,736**	**763**	**467**	**–**	**–**	**(922)**	**(19,810)**	**46,234**	**(223)**	**46,011**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	2013	2012
	USD'000	USD'000
Cash flows from operating activities		
Loss before income tax from continuing operations	(4,439)	(5,171)
Loss before income tax from discontinued operations	–	(584)
	(4,439)	(5,755)
Adjustments for:		
Interest expenses	4,598	962
Interest income	(70)	(128)
Depreciation of property, plant and equipment (Note 15)	72	95
Depreciation of oil and gas properties (Note 18)	95	–
Option expense recognised (Note 28)	41	73
(Gain) / loss on disposal of a subsidiary / subsidiaries	(45)	275
Loss on disposal of available-for-sale financial assets	–	589
Loss on disposal of property, plant and equipment (Note 15)	42	–
Amortisation of intangible assets (Note 16)	693	693
Reversal of write-off of inventories (Note 13)	2	–
Share of loss of an associate (Note 5)	237	234
Operating cash flows before working capital changes	**1,226**	**(2,962)**
Changes in operating assets and liabilities:		
Inventories	154	(332)
Trade and other receivables and prepayments	(887)	128
Amount due from an associate	(1,391)	(2,001)
Trade and other payables	2,778	817
Cash generated from / (used in) operations	1,880	(4,350)
Interest received	70	128
Interest paid	–	(5)
Cash flows generated from / (used in) operating activities	**1,950**	**(4,227)**
Cash flows from investing activities		
Purchase of available-for-sale financial asset (Note 21)	(3,000)	–
Purchase of property, plant and equipment	(74)	(7)
Net proceeds from disposal of a subsidiary / subsidiaries	1	4
Payment for exploration and evaluation assets	(4,767)	(915)
Cash flows used in investing activities	**(7,840)**	**(918)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	2013	2012
	USD'000	USD'000
Cash flows from financing activities		
Proceeds from new placement (Note 23)	14,048	–
Proceeds from the exercise of call options (Note 23)	937	–
Proceeds from the exercise of employee shares options (Note 23)	331	–
Proceeds from the issuance of convertible loan (Note 23)	9,565	–
Payment of convertible bonds interests (Note 26)	(600)	(405)
One-off interest payment for early redemption of convertible bond (Note 26)	(3,998)	–
Principal payment for the early redemption of convertible bond (Note 26)	(13,041)	–
Cash flows generated from / (used in) financing activities	**7,242**	**(405)**
Net increase / (decrease) in cash and cash equivalents	1,352	(5,550)
Cash and cash equivalents at beginning of the year	5,550	10,971
Effects of exchange rate changes on balances held in foreign currencies	–	129
Cash and cash equivalents at end of the year	**6,902**	**5,550**

The aggregate cash inflows arising from disposals of subsidiaries are as follows:

	2013	2012
	USD'000	USD'000
Net identifiable assets disposed:		
Cash and cash equivalents	–	22
Property, plant and equipment	–	16
Inventories	–	88
Trade receivables	–	186
Other receivables and prepayments	–	1,225
Trade payable	(1)	(525)
Other payables	(43)	(1,220)
Net identifiable liabilities disposed	(44)	(208)
Non-controlling interests	–	530
Release of exchange translation reserve	–	54
	(44)	376
Gain / (loss) on disposals of subsidiaries	45	(275)
Total consideration	1	101
Total cash proceeds from disposals	1	101
Less: Consideration receivable	–	(75)
Less: Cash and cash equivalents in subsidiary disposed	–	(22)
Net cash inflow on disposal	1	4

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

1 General information

Mirach Energy Limited (the "Company") is incorporated and domiciled in Singapore and is a public limited company listed on the Singapore Exchange Securities Trading Limited. Its registered office is at #17-01 SIF Building, 96 Robinson Road, Singapore 068899.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiaries are those relating to provision of oilfield services, oil and gas exploration and production, and procuring oil and related products and distributing goods.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

2 Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

(a) Basis of accounting

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are expressed in United States Dollars ("USD"), which is the Company's functional currency, and rounded to the nearest thousand unless otherwise stated. They have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of adjustments or complexity or areas where assumption and estimates are significant to the financial statements, are disclosed in note 36.

(b) Going concern assumption

The financial statements of the Group are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

During the financial year ended 31 December 2013 ("FY2013"), the Group has recorded a net cash inflow from operating activities of approximately USD1,950,000 (FY2012: outflow USD4,227,000) and a loss attributable to equity holders of the Company of approximately USD4,377,000 (FY2012: USD5,593,000). Prior to deducting a one off interest expense on early redemption of convertible bonds and payment of interest (Note 26) the Group achieved profit of USD326,000 from operating activities stated in consolidated statement & comprehensive income in FY2013.

The continuation of the Group as a going concern is dependent upon its ability to generate sufficient cash from operating activities. Notwithstanding the net comprehensive loss of USD 4.4 million, the directors are of the opinion that the Group has adequate resources to continue in operation for the foreseeable future and accordingly, they continue to adopt the going concern assumption in preparing the financial statements on the following bases:

(i) As at 31 December 2013, the Group has net current assets of approximately USD23,214,000 including cash and cash equivalents of approximately USD6, 902,000.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (cont'd)

(b) Going concern assumption (Cont'd)

(ii) On 9 October 2013, the Company entered an Agreement for the Convertible Loan ("Loan"), which is a fully convertible to equity at redemption. The aggregate principal of the Loan is up to SGD36 million, with a flat interest at 7%. The Loan is provided in 6 tranches and SGD6 million for each tranche of drawdown. Under the terms of the Loan agreement, lenders have an option to convert both principal and interest into fully-paid ordinary shares of the Company at a conversion price of SGD0.1242. As at the end of FY2013, the first two tranches were converted to new ordinary shares with net proceeds of approximately SGD11.99 million. On 14 March 2014, the Company drew down the third tranche amounting to SGD6 million, being equivalent to approximately USD4.74 million.

The directors are of the opinion that the going concern assumptions in the preparation of the financial statements of the Group are appropriate.

(c) Adoption of new and revised Singapore Financial Reporting Standards ("FRS")

During the financial year, the Group and the Company adopted the new or revised or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

Amendment to FRS 1 Presentation of Items of Other Comprehensive Income

The Group has also adopted the amendment to FRS 1 Presentation of Items of Other Comprehensive Income on 1 January 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

Amendment to FRS 107 Disclosure-Offsetting Financial Assets and Financial Liabilities

This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Group. The Group has incorporated the additional required disclosures into the financial statements.

FRS 113 Fair Value Measurement

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Group. The Group has incorporated the additional disclosures required by FRS 113 into the financial statements.

The adoption of these new or amended FRS and INT FRS did not result in substantial change to the Group's and Company's accounting policies that had no material effect on the amounts reported for the current or prior financial years.

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies

(a) Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Rendering of service – Oilfield services

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

ii) Crude oil production income

Revenue associated with the sale of crude oil is recognised when the significant risks and rewards of ownership have been transferred, which is when title passes from the operator to the purchaser. However, under operations cooperation agreement ("KSO contract"), the share of operator of oil production is directly purchased by its partner, PT Pertamina EP in Indonesia. Therefore, the risk of revenue of sale is mitigated for any consideration. Under KSO Contracts, the operator is entitled to share of the crude 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 in which is up to 80% of the incremental oil production. Profit oil is distributed between the host government and contract parties in accordance with their respective equity interests.

(iii) Interest income

Interest income on bank deposits is recognised in profit or loss as it accrues using the effective interest method.

(b) Finance expense

Finance expense comprises interest expense on borrowings which is recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(c) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Income taxes (cont'd)

A deferred income tax asset is recognised to the extent it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

(d) Group accounting

(i) Subsidiaries

(a) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gain on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Disposals of subsidiaries or business

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is revalued at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Group accounting (cont'd)

(i) Subsidiaries (cont'd)

(c) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(ii) Associates

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

(a) Acquisition

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(b) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associates are adjusted against the carrying amount of the investment. When the Group's share of losses in associates equals or exceeds its interest in the associates, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associates.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Dilution gains and losses arising from investments in associates are recognised in profit or loss.

(c) Disposals

Investments in associates are derecognised when the Group losses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between carrying amount of the retained investment at that date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilution in investments in associates in which significant influence is retained are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Property, plant and equipment

(i) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Depreciation

Depreciation on property, plant and equipment is recognised in profit or loss on a straight-line basis over their estimated useful lives as follows:

	Useful lives
Computer equipment	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 to 10 years
Oil production equipment	4 years
Oil and gas properties	5 years

The residual values, estimated useful lives and depreciation method in respect of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

(f) Oil and gas properties

(i) Exploration and evaluation assets

The Company applies successful efforts method of accounting for oil and gas exploration and evaluation expenditures, having regard to the requirements of FRS 106, Exploration for and Evaluation of Mineral Resources.

Under the successful efforts method of accounting, all exploration and appraisal costs, including geological and geophysical cost, cost of drilling exploratory wells and other costs in relation to evaluating the technical feasibility and commercial viability of extracting oil and gas are initially capitalised in field or specific exploration area as appropriate. If it is determined that commercial viability of oil and gas production has not been achieved, these costs are charged to expense.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Oil and gas properties (cont'd)

(i) Exploration and evaluation assets (cont'd)

No depreciation is charged during exploration and evaluation phase.

Exploration and evaluation expenditures are reclassified to oil and gas properties when the technical feasibility and commercial viability of extracting oil and gas resources can be demonstrated. Exploration and evaluation expenditure shall be assessed for impairment, and any impairment loss recognised, before reclassification.

(ii) Oil and gas properties

The costs of oil and gas properties are accounted separately and include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest can be demonstrated, as well as all development drilling and other subsurface expenditures.

The Company has no ownership interest in the producing assets or in the oil and gas reserves, but rather has the right to operate the assets and receive an incremental share of crude oil production and/or revenue from the sale of oil and gas in accordance with KSO contract.

Oil and gas properties are depreciated using the straight-line method over the estimated useful lives of 5 years. The estimated useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Oil and gas properties are tested for impairment whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the oil and gas properties' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the oil and gas properties' fair value less costs to sell and their values in use.

(g) Intangible assets

Unproved concessionary rights

Unproved concessionary rights are stated at cost less accumulated amortisation and impairment losses, if any.

Costs of unproved concessionary rights, including the concession rights and costs related to entering into operations cooperation agreement ("KSO") for an oilfield in Indonesia, which have 15 years useful live from the date of signing of the KSO.

The unproved concessionary rights are amortised in profit or loss on a straight-line basis over their estimated useful lives of 15 years, from the date they are available for use.

In the evaluation for impairment of 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.

(h) Investment in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investment in subsidiaries and associate, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Impairment of non-financial assets

Intangible assets other than goodwill on acquisitions, property, plant and equipment, oil and gas properties, investments in subsidiaries, and associate are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at a revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

(j) Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

(i) Classification

The Group classifies its financial assets in the following categories: (i) loans and receivables and (ii) available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluate this designation at every reporting date. The designation of financial assets at fair value through profit or loss is irrevocable.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" amounts due from an associate, amount due from subsidiaries, on the statement of financial position, except for non-current interest free receivable from a subsidiary which have been accounted for in accordance with note 12a.

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

(i) Classification (cont'd)

Financial assets, available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in the category or not classified in any of the other financial assets categories. They are included in non-current assets unless the investment mature or management intends to dispose of it within 12 months after the reporting date. The Group's available-for-sale financial assets include the equity investments in Gunung Indah Lestari Limited.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised and derecognised on trade-dates – the dates on which the Group commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(iii) Initial measurement

Loans and receivables and available-for-sale financial assets are initially recognised at fair value plus transaction costs.

(iv) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets which are unquoted equity investments are subsequently carried at cost, less allowance for impairment as its fair value cannot be reliably measured.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payment is established.

(k) Impairment of financial assets

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables and financial assets, available-for-sale

Significant financial difficulties of the debtor on investee, probability that the debtor or investee will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(k) Impairment of financial assets (cont'd)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of business, if longer. If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(m) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with change in their fair value.

Convertible Loan is classified as equity finance and lenders have an option to convert the Loan into fully-paid ordinary shares of the Company. The total proceeds from convertible bonds issued are allocated to equity component, which is presented on the statement of financial position.

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability components. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of the derivative financial instruments.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(n) Fair value estimation of current financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(o) Leases

Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(P) Inventories

Inventories represent the hardware, spare parts and consumables of the Group, and are stated at lower of cost and net realisable value. Cost is determined using the weighted average method. Costs comprise purchase costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

(s) Employee benefits

The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

(ii) Short-term benefits

Short–term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(s) Employee benefits (cont'd)

(ii) Short-term benefits (cont'd)

A provision is recognised for the amount expected to be paid under short–term cash bonus or profit–sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account when new ordinary shares are issued, or to the "treasury shares" account when treasury shares are re-issued to the employees.

(t) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in USD, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

2 Basis of preparation and summary of significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (cont'd)

(t) Currency translation (cont'd)

(iii) Translation of Group entities' financial statements (cont'd)

2. Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

3. All resulting currency translation differences are recognised in the currency translation reserve.

(u) Cash and cash equivalent

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and cash at banks excluding any pledged deposits.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(w) Disposal groups classified as held for sales and discontinued operations

Disposal groups are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and:

(i) represents a separate major line of business or geographical area of operations: or

(ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale.

3 Revenue

An analysis of the Group's revenue for the year is as follows:

	Group	
	2013	2012
	USD'000	USD'000
Oilfield services	5,097	1,048

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

4 Loss before income tax

Loss before income tax from continuing operations is arrived at after charging /(crediting):

		Group	
		2013	2012
		USD'000	USD'000
(a)	**Other income**		
	Net foreign exchange gains	–	(88)
	Gain on partial disposal of subsidiary	–	(1)
	Gain on disposal of subsidiary	(45)	–
	Forfeited deposit income*	(163)	–
		(208)	(89)

* The subscriber of the Subscription Agreement in respect of the Proposed Placement and the Proposed Call Option Grant deposited approximately USD163,000 as an advance payment in relation to the Agreement. Due to the market conditions, the Company and the subscriber have decided to terminate the Subscription Agreement and the Company forfeited the deposit.

		Group	
		2013	2012
		USD'000	USD'000
(b)	**Staff costs**		
	Wages and salaries (including directors' remunerations)	1,392	1,299
	Contributions to defined contribution plans	15	16
		1,407	1,315
(c)	**Other items**		
	Cost of inventories sold	–	68
	Auditors' remuneration	169	161
	Depreciation of property, plant and equipment	72	95
	Depreciation of oil and gas properties	95	–
	Amortisation of intangible assets	693	693
	Operating lease charges in respect of office premises	290	416
	Loss on disposal of available-for-sale financial assets	–	589
	Loss on disposal of subsidiaries	–	275
	Loss on disposal of property, plant, and equipment	42	–
	Net foreign exchange losses	263	–
(d)	**Net finance cost**		
	Finance income:	(70)	(128)
	Finance costs:		
	(i) Interest charges	–	5
	(ii) Interest expense on convertible bonds (note 26)	600	957
	(iii) One-off interest payment for early redeemed convertible bonds (note 26)	3,998	–
		4,528	834

Finance income comprises mainly interest income recognised from bank deposits and finance costs comprise mainly interest charges from bank and interest expense on convertible bonds. There is an exceptional item comprising the sum of interest expenses of USD600,000 and one-off interest expense payment of USD3,998,000, totalling USD4,598,000 incurred upon the early redemption of the principal amount of SGD16,900,000 pursuant to the 3-year Senior Convertible Bonds, which was issued in 2011. The Company redeemed the Bonds on 26 July 2013 after deducting all interest which had been paid by the Company (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

5 Associate

	Group		Company	
	2013	2012	2013	2012
	USD'000	USD'000	USD'000	USD'000
Investment in associate, at cost	7,486	7,486	7,486	7,486
Share of post-acquisition reserves	(2,217)	(1,980)	–	–
Unquoted equity share, net	5,269	5,506	7,486	7,486

Details of the associate are as follows:

Name of associate	Principal activities	Country of incorporation/ business	Effective equity held by the Group	
			2013	2012
			%	%
CPHL (Cambodia) Co., Ltd* ("CPHLC")	Oil and gas exploration and production	Kingdom of Cambodia	48	48

* Audited by KPMG Cambodia Ltd., Cambodia.

In accordance with the requirements of Rule 716, the Audit Committee and the Board of Directors of the Company confirmed that they were satisfied that the appointment of different auditors for its associate would not compromise the standard and effectiveness of the audit of the Company.

Summarised financial information in respect of the Group's associate is set out below:

	Group	
	2013	2012
	USD'000	USD'000
Total assets	20,172	18,125
Total liabilities	(23,153)	(20,611)
Net liabilities	(2,981)	(2,486)
Group's share of associate's net liabilities	(1,431)	(1,193)
Unproved concessionary rights	8,261	8,261
Deferred tax liabilities on unproved concessionary rights	(2,478)	(2,478)
Loss for the year	(494)	(478)
Group's share of associate's loss for the year	(237)	(234)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

6 Income tax expense

	Group	
	2013	2012
	USD'000	USD'000
Current income tax	–	–
Deferred income tax (note 20)	–	–
Reconciliation of effective tax rate		
Loss before income tax		
Loss from continuing operation	(4,439)	(5,171)
Loss from discontinued operations	–	(584)
Notional tax on loss before income tax, calculated at the rates applicable to profits in the countries concerned	(959)	(1,115)
Non-deductible expenses	1,268	718
Non-taxable revenue	(750)	(125)
Deferred tax assets not recognised	441	522
	–	–

7 Discontinued operations

On 30 June 2012, the Company entered into a conditional sale and purchase agreement ("Agreement") with PT Gerbang Tumbuh Mandiri ("Purchaser") to dispose of its 80% equity interest in Evermate Capital Resources Limited ("Evermate") and Unison Capital Resources Limited ("Unison") for a cash consideration of USD100,000. Pursuant to the Agreement, the disposal was deemed to take place on 30 April 2012 when the Company passed the control of Evermate and Unison to the Purchaser.

Upon signing the Agreement, the Company's effective equity interests in PT Evermate Capital Resources Indonesia ("ECRI") has been disposed of through the disposal of Evermate and Unison, of which Evermate and Unison are holding 80% and 20% equity shares in ECRI respectively. The principal activities of ECRI are coal mining and trading. Accordingly, these operations were presented as discontinued operations since 30 April 2012.

The results of the discontinued operations included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out in the statement of cash flows. The results from the discontinued operations have been presented to include those operation classified as discontinued in FY2012.

8 Loss per share

The calculation of the basic per share from continuing operations and discontinued operations attributable to owners of the Company is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

8 Loss per share (Cont'd)

	Continuing operations		Discontinued operations		Total	
	2013	2012	2013	2012	2013	2012
Loss attributable to equity holders of the Company (USD'000)	4,377	5,009	–	584	4,377	5,593
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	893,833	766,668	–	766,668	893,833	766,668
Basic loss per share (USD cents)	0.49	0.65	–	0.08	0.49	0.73

No diluted loss per share has been presented as the exercise of call option and employee share option and the conversion of convertible loans would result in an anti-dilutive effect.

9 (a) Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	USD'000	USD'000	USD'000	USD'000
Cash at bank and in hand	6,902	5,550	5,715	592

(b) Pledged fixed deposit

The Group's bank deposit at 31 December 2013 has an average maturity of 1 month (2012: 1 month) with the weighted average effective interest rate of 2.37% (2012: 2.37%) per annum. This deposit was pledged for a bank guarantee of approximately USD2,501,000 to PT Pertamina EP from PT Kampung Minyak Energy, a subsidiary of the Group, for the oil exploration rights acquired during the year, according to the requirement of operations cooperation agreement ("KSO") signed in July 2011. The bank guarantee expire in July 2014. Upon the expiry of the bank guarantee, a new bank guarantee shall be issued on behalf of Prisma Kampung Minyak Limited, a subsidiary of the Group and an immediate holding company of PT Kampung Minyak Energy, and BUT Prisma Kampung Minyak.

10 Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	USD'000	USD'000	USD'000	USD'000
Trade receivables	–	100	–	–
Other receivables	487	683	446	455
Amount due from outside party	756	–	–	–
Amount due from tax authority	316	–	–	–
Prepayments	31	35	12	12
	1,590	818	458	467

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

11 Amount due from an associate

	Group		Company	
	2013	2012	2013	2012
	USD'000	USD'000	USD'000	USD'000
Non-trade	9,999	9,982	6,221	5,786
Trade	8,513	7,138	–	–
	18,512	17,120	6,221	5,786

The amount due from an associate is unsecured, interest-free and repayable on demand.

The credit risk is mitigated by continuity of the Cambodia Block D project and based on the valuation report from valuer on the resources of the project. Management is of the view that there is no recoverability issue because the recoverable value is higher than the carrying value of the underlying asset.

12 (a) Amounts due from subsidiaries (non-trade)

	Company	
	2013	2012
	USD'000	USD'000
Current		
Amounts due from subsidiaries		
– non-trade	4,130	17,058

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

	Company	
	2013	2012
Non-current		
Amounts due from a subsidiary		
– non-trade	19,526	–

The non-trade amounts due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment. The amounts is classified as non-current as they are not expected to be repaid within twelve months from the reporting date. This is considered to be part of the Company's net investment in the subsidiary.

12 (b) Amounts due to subsidiaries (non-trade)

	Company	
	2013	2012
	USD'000	USD'000
Current		
Amounts due to subsidiaries		
– non-trade	3,377	30

The amounts due to subsidiaries are unsecured, interest-free and and repayable on demand.

13 Inventories

	Group		Company	
	2013	2012	2013	2012
	USD'000	USD'000	USD'000	USD'000
Raw Materials and spare parts	178	334	–	–
Carrying amount of inventories	434	604	256	249
Allowance for impairment loss on inventories	(256)	(270)	(256)	(249)
	178	334	–	–

The movement in the allowance for impairment loss on inventories account is as follows:

	Group		Company	
	2013	2012	2013	2012
	USD'000	USD'000	USD'000	USD'000
Balance at beginning of year	270	268	249	234
Reversal of stock write down	(2)	–	–	–
Exchange difference	(12)	2	7	15
Balance at end of year	256	270	256	249

The Group has recognised a reversal of inventory write down of USD2,000 as the inventories were sold above the carrying amounts in 2013.

14 Assets and liabilities of disposal group classified as held for sale

In 2012, the Company initiated the disposal of Xi'an Cenozoic Petro Tech Co. Ltd (the "Disposal Subsidiary"). On 21 January 2013, the Company entered into a conditional sale and purchase agreement with Xi'an Changyou Information Technology Company Limited relating to the sale of 100% equity interest in the Disposal Subsidiary for a consideration of RMB6,000. The consideration was satisfied in cash. The Disposal Subsidiary was principally engaged in provision of data management information systems, information technology solutions, design, development and sale of standardised business software solutions. The disposal was completed and detailed in the Company's announcement dated 29 January 2013.

The major class of assets and liabilities classified as held for sale for the Group and Company were as follows:

	2012
	USD'000
Group	
Liabilities of disposal group classified as held for sale	
Trade and other payables	46
Company	
Assets of disposal group classified as held for sale	
Investment in a subsidiary (note 22)	11,034
Liabilities of disposal group classified as held for sale	
Amount due to a subsidiary	12,077

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

15 Property, plant and equipment

	Computer equipment	Furniture, fixtures, and office equipment	Motor vehicles	Oilfield equipment	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group					
Cost					
At 1 January 2012	263	328	153	–	744
Additions	1	2	3	1	7
Disposal of subsidiaries	(4)	(24)	–	–	(28)
Exchange difference	1	1	1	–	3
At 31 December 2012	261	307	157	1	726
Additions	1	1	–	72	74
Disposal	(239)	(120)	(132)	–	(491)
Exchange difference	2	2	1	–	5
At 31 December 2013	25	190	26	73	314
Accumulated depreciation and impairment loss					
At 1 January 2012	217	181	73	–	471
Depreciation charge for the year	24	52	19	–	95
Disposal of subsidiaries	(1)	(11)	–	–	(12)
Exchange difference	1	1	1	–	3
At 31 December 2012	241	223	93	–	557
Depreciation charge for the year	15	33	12	12	72
Disposal	(238)	(119)	(92)	–	(449)
Exchange difference	2	2	–	–	4
At 31 December 2013	20	139	13	12	184
Carrying amount					
At 31 December 2013	5	51	13	61	130
At 31 December 2012	20	84	64	1	169

	Computer equipment	Furniture, fixtures and office equipment	Total
	USD'000	USD'000	USD'000
Company			
Cost			
At 1 January 2012	24	89	113
Additions	1	–	1
At 31 December 2012	25	89	114
Additions	1	–	1
At 31 December 2013	26	89	115
Accumulated depreciation and impairment loss			
At 1 January 2012	16	59	75
Depreciation charge	2	11	13
At 31 December 2012	18	70	88
Depreciation charge	2	9	11
At 31 December 2013	20	79	99
Carrying amount			
At 31 December 2013	6	10	16
At 31 December 2012	7	19	26

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

16 Intangible assets

	Acquired software	Development costs	Goodwill	Unproved concessionary rights	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group					
Cost					
At 1 January 2012	1,459	282	1,315	10,400	13,456
Disposal of subsidiaries	(1,459)	(282)	(1,315)	–	(3,056)
At 31 December 2012	–	–	–	10,400	10,400
At 31 December 2013	–	–	–	10,400	10,400
Accumulated depreciation and impairment loss					
At 1 January 2012	1,459	282	1,315	318	3,374
Amortisation charge for the year	–	–	–	693	693
Disposal of subsidiary	(1,459)	(282)	(1,315)	–	(3,056)
At 31 December 2012	–	–	–	1,011	1,011
Amortisation charge for the year	–	–	–	693	693
At 31 December 2013	–	–	–	1,704	1,704
Carrying amount					
At 31 December 2013	–	–	–	8,696	8,696
At 31 December 2012	–	–	–	9,389	9,389

17 Exploration and evaluation assets

	Deferred mining expenditure	Exploration and evaluation assets	Total
Group	USD'000	USD'000	USD'000
Cost			
At 1 January 2012	1,739	80	1,819
Additions	–	915	915
Disposal of subsidiaries	(1,717)	(79)	(1,796)
Exchange difference	(22)	(1)	(23)
At 31 December 2012	–	915	915
Additions		4,767	4,767
Transfer to oil and gas properties (Note 18)	–	(5,682)	(5,682)
At 31 December 2013	–	–	–
Accumulated depreciation and impairment loss			
At 1 January 2012	1,739	80	1,819
Disposal of subsidiaries	(1,717)	(79)	(1,796)
Exchange difference	(22)	(1)	(23)
At 31 December 2012	–	–	–
Carrying amount			
At 31 December 2013	–	–	–
At 31 December 2012	–	915	915

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

17 Exploration and evaluation assets (Cont'd)

The additions of exploration and evaluation expenditures consist of:

	2013 USD'000	2012 USD'000
Group		
Drilling exploratory wells	4,016	216
Fuel and lubricants	226	380
Rental	286	144
License and permit	90	–
Infrastructure	91	40
Survey and geology	8	94
Others	50	41
Total	4,767	915

The amortisation charge is recognised in the cost of sales in the consolidated statement of comprehensive income.

The Group has evaluated and performed test of impairment value of exploration and evaluation expenditure, no impairment loss of exploration and evaluation expenditure is recognised in the consolidated statement of comprehensive income (2012:nil)

Exploration and evaluation assets are transferred to oil and gas properties when technical feasibility and commercial viability of extracting oil and gas resources can be demonstrated.

18 Oil and gas properties

	2013 USD'000
Group	
Cost	
At 1 January 2013	–
Transfer from exploration and evaluation assets (Note 17)	5,682
As at 31 December 2013	5,682
Accumulated depreciation and impairment loss	
At 1 January 2013	–
Depreciation charge	95
At 31 December 2013	95
Carrying amount	
At 31 December 2013	5,587

Based on an evaluation by management, there were neither events nor changes in circumstaces that indicated any impairment in value of oil and gas properties.

19 Other receivables and prepayments

		Group		Company	
		2013	2012	2013	2012
		USD'000	USD'000	USD'000	USD'000
Deposit	(i)	15	–	–	–
Other receivable	(ii)	100	–	–	–
		115	–	–	–

(i) This represents deposit paid for office furniture and equipment of PT Kampung Minyak Energy.

(ii) This represents part of performance guarantee of KSO Pertamina EP-Gunung Kampung Minyak Limited. This amount is unsecured, non-interest bearing and repayable on demand. The amount is classified as non-current as it is not expected to be repaid within the next 12 months from the end of the reporting period.

20 Deferred tax

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

At the end of reporting period, the Group has unrecognised tax losses of approximately USD2,549,000 (2012: USD2,108,000), which can be carried forward and used to offset against future taxable income, subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operates. Recognition of these unrecognised tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.

21 Available-for-sale financial asset

The carrying amounts of available-for-sale financial assets are as follows:

	Group
	2013
	USD'000
Unlisted equity security	3,000

On 25 September 2013, the Group acquired 10% equity interest in Gunung Indah Lestari Limited for a consideration of USD3.0 million. This available-for-sale unquoted equity security is carried at cost of USD3.0 million because its fair value cannot be reliably measured. The unlisted equity security is not quoted on any market and do not have any comparable industry that is listed. The Group does not intend to dispose of this unlisted equity security in the foreseeable future.

The management is of the view that no impairment required for this unlisted equity security.

22 Subsidiaries

	Company	
	2013	2012
	USD'000	USD'000
Unquoted equity shares, at cost	5,756	16,782
Reclassified to asset of disposal group classified as held for sale (note 14)	–	(11,034)
Impairment loss, net	–	–
	5,756	**5,748**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

22 Subsidiaries (Cont'd)

The movement in allowance for impairment loss in subsidiaries is as follows:

	Company	
	2013	2012
	USD'000	USD'000
Balance at beginning of year	–	(1,889)
Reversal of impairment loss	–	1,889
Balance at end of year	–	–

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation/business	Effective equity held by the Group	
			2013	2012
			%	%
Petroservice Engineering Inc.*	Provision of technical oilfield and advisory services	British Virgin, Islands ("BVI")	100	100
Beijing Petroservice Engineering Inc.*	Provision of technical oilfield and enhanced oil recovery services	People Republic of China ("PRC")	100	100
East Energy Group Inc.*	Investment holding	BVI	100	100
East Energy Inc. Limited*	Investment holding	Hong Kong	100	100
Prisma Kemuning Mandiri Limited*	Investment holding	BVI	95	95
Prisma Kampung Minyak Limited*	Investment holding	BVI	97.5	97.5
PT Kampung Minyak Energy**	Oil production services	Indonesia	92.6	92.6
Xi'an Cenozoic Petro Tech Co. Ltd *	Provision of software relating to oilfield services	PRC	–	100
CPHL (HK) Limited*	Investment holding	Hong Kong	100	100
Acrux Procurement (Singapore) Pte. Ltd.***	Procuring oil and related products and distributing goods	Singapore	100	–

* These subsidiaries are audited by KLC Kennic Lui & Co. Ltd., Certified Public Accountants (Practising), Hong Kong, for group consolidation purpose.

** PT Kampung Minyak Energy and Indonesia branch of Prisma Kampung Minyak Limited are audited by Tjahjadi & Tamara, Registered Public Accountant, Indonesia.

*** Acrux Procurement (Singapore) Pte. Ltd, based on unaudited management accounts, being on its first year of incorporation.

In accordance with the requirements of Rule 716 of The Singapore Exchange Securities Trading Limited Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they were satisfied that the appointment of different auditors for its subsidiaries, would not compromise the standard and effectiveness of the audit of the Group.

23 Share capital

Issued and fully paid

Movement of the issued and fully paid share capital of the Company is as follows:

	Company					
		2013			2012	
	No of shares	SGD'000	USD'000	No of shares	SGD$'000	USD'000
Issued and fully paid:						
At 1 January	766,668,356	55,668	40,855	766,668,356	55,668	40,855
New Placement	152,000,000	18,878	14,928	–	–	–
Call options exercised	10,000,000	1,200	937	–	–	–
Employee share options exercised	3,000,000	423	331	–	–	–
Convertible loan (Note 27)	103,381,644	12,000	9,572	–	–	–
Share issue expense	–	(1,124)	(887)	–	–	–
At 31 December	1,035,050,000	87,045	65,736	766,668,356	55,668	40,855

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets and with no par value.

On 10 July 2013, the Company allotted and issued 10,000,000 new ordinary shares in the capital of the Company at an issue price of SGD0.12 per new share, pursuant to the Call Option Agreement granted by the Company on 27 April 2011, and allotted and issued 2,500,000 new ordinary shares at the exercise price of SGD0.141 under the Employee Share Option Scheme granted by the Company in 2008.

On 19 July 2013, the Company allotted and issued a total of 152,000,000 new ordinary shares at the exercise price of SGD0.1242 for a new placement, and allotted and issued 500,000 new ordinary shares at the exercise price of SGD0.141 under the Employee Share Option Scheme granted by the Company in 2008.

On 26 December 2013, in relation to the First and the Second Tranches of the Convertible Loan with an aggregate amount SGD12 million were drew down. In exchange of the First and Second Tranche drawdown including interest of 7%, the Company allotted and issued a total of 103,381,644 new ordinary shares.

Share issue cost represents direct cost attributed to the issuance of new placement shares and convertible loan to new ordinary shares amounting USD880,000 and USD7,000 respectively.

24 Reserves

		Group		Company	
		2013	2012	2013	2012
	Note	USD'000	USD'000	USD'000	USD'000
Statutory/equity reserves	(i)	467	1,341	467	467
Share options reserve	(ii)	–	123	–	969
Capital reserve	(iii)	–	969	–	123
Merger reserve	(iv)	763	763	–	–
Foreign exchange reserve	(v)	(922)	(927)	–	–
Accumulated losses		(19,810)	(16,896)	(22,737)	(21,495)
		(19,502)	(14,627)	(22,270)	(19,936)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

24 Reserves (Cont'd)

(i) Statutory/equity reserves

According to the relevant PRC regulations and the Articles of Association of the Group's subsidiaries established in the People's Republic of China ("PRC"), there is a requirement to transfer 10% of its profit after taxation, as determined under the accounting principles and relevant financial regulations applicable in the PRC ("PRC GAAP"), to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted to paid–in capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital. During the first quarter of 2013, Xi'an Cenozoic Petro Tech Company Ltd ("XCPT"), a subsidiary of the Company, was disposed, the Group reallocated its statutory reserves of approximately USD874,000 to Accumulated losses.

(ii) Share options reserve

The share options reserve includes 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. During 2013, the employee share options and call options were entirely exercised; the Company reallocated the remaining balance of share options reserve of approximately USD164,000 including the opening balance of USD123,000 and the increase amount of USD41,000 during 2013, to Accumulated losses (note 33).

(iii) Capital reserve

The capital reserve represents the equity component of convertible bonds which is assigned residual amount after deducting the liability component and derivative component from the proceeds, net of transaction costs (note 26). During 2013, the Company reallocated the part of opening balance of USD425,000 of capital reserve to Accumulated losses and the remaining opening balance of USD544,000 to the bond payable as a result of the early redemption of the Convertible Bond incurred on 26 July 2013.

(iv) Merger reserve

The merger reserve represents 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.

(v) Foreign exchange reserve

The foreign exchange reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of the foreign operations whose functional currencies are different from that of the Company.

25 Trade and other payables

		Group		Company	
		2013	2012	2013	2012
		USD'000	USD'000	USD'000	USD'000
Trade payables		3,413	664	–	–
Other taxes payable		60	8	–	–
Other payables	(i)	2,559	2,550	2,311	2,311
Deposit received		–	163	–	163
Accruals		437	306	154	199
		6,469	3,691	2,465	2,673

(i) Other payables mainly comprise an amount owing to third parties which is unsecured, non-interest bearing and has no fixed terms of repayment.

26 Convertible bonds

The Company issued SGD16,900,000 with interest rate 3% senior convertible bonds on 27 April 2011. The Bonds can either be allowed to mature on 27 April 2014 at its nominal value of SGD16,900,000 (equivalent to USD13,694,000 due in year 2014) or can be converted into shares under the holder's option at an issue price of SGD0.12 per share. The values of the liability component, derivative component and equity component at issuance of the bond were determined based on the valuations performed by GC Appraisal Services Company Limited.

The convertible bonds ("Bond") recognised in the statements of financial position are calculated as follows:

	Group and Company	
	2013	2012
	USD'000	USD'000
Face value of convertible bonds issued on 27 April 2011	13,694	13,694
Transaction costs	(1,196)	(1,196)
Equity component [note 24(iii)]	(969)	(969)
Liability components on initial recognition as at 27 April 2011	11,529	11,529
Transferred part of capital reserve to settle the Bond early redeemed	544	–
Accumulated amortisation of interest expense	6,172	1,575
Accumulated payment of interest	(1,206)	(606)
One-off interest payment for the early redemption of convertible bond [note 4(d)]	(3,998)	–
Principal payment for the early redemption of convertible bond	(13,041)	–
Liability components as at 31 December	–	12,498

As at 31 December 2012, the carrying amount of convertible bonds was denominated in SGD15,436,000 and is secured on legal charge over the shares of the subsidiaries. On 26 July 2013, the Company fully redeemed the convertible bonds and incurred early redemption interest of approximately USD4,598,000, comprising Bond interest payment of USD600,000 and one-off early redeem interest payment of approximately of USD3,998,000.

The secured documents under the convertible bonds agreement are legally released by the Bonds holder after the completion of early redeem.

The carrying amount the liability component of the convertible bond at negotiating period approximates their fair value. The fair value of convertible bond in 2012 for disclosure purposes is based on discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial statements.

27 Convertible Loan

On 9 October 2013, the Company finalised a Convertible Loan Agreement ("Loan"), which is to be fulfilled by the issuance of equity in the Company. The aggregate principal of the Loan is up to SGD36 million, being equivalent approximately USD28.42 million, with a flat interest of 7%. The loan is provided in 6 tranches with SGD6 million, being equivalent to approximately USD4.74 million, for each tranche drawdown. Under the terms of the Loan agreement, lenders have an option to convert the Loan and interest into fully-paid ordinary shares of the Company at a conversion price of SGD0.1242. The aggregate minimum loan amount of SGD18 million, being equivalent to approximately USD14.21 million, is available to the Company for one year from the date the Agreement is signed. The further upsize loan of SGD18 million, is available from the date that the minimum Loan is drawdown in full and up to 24 months from the date of the first drawdown of the Loan.

Two tranches were converted to new ordinary shares during the last quarter of 2013 with the redeemed amount being converted to equity being approximately SGD12 million, being equivalent to USD9.572 million.

On 14 March 2014, the Company drew down the third tranche amounting to SGD6 million, being equivalent to approximately USD4.74 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

28 Call option

The Company granted a call option to Sino Capital Holdings Limited ("SCHL") to acquire 10 million new ordinary shares in the capital of the Company with an issue price of SGD0.12 on 27 April 2011, amounting to an aggregate incremental share capital of SGD1,200,000. The Group recognised a call option expense of approximately USD41,316 (2012: USD73,000) by 31 December 2013. On 10 July 2013, the whole call option was exercised pursuant to the Call Option Agreement entered by the Company on 27 April 2011.

The fair value of USD455,064 of the call option granted on 27 April 2011 is estimated at the grant date using Binominal Option Pricing Model and provided by GC Appraisals Services Company Limited , a third party. The input components into the model were as follows:

	Group and Company
	2011
Expected term	5 years
Issue date	27 April 2011
Maturity date	27 April 2016
Number of options issued	10,000,000
Weighted average share price on issue date (SGD)	0.11
Exercise price (SGD)	0.12
Volatility	50%
Risk-free rate	1.868%

29 Commitments

Operating lease commitments

The total minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	Group	
	2013	2012
	USD'000	USD'000
Within one year	187	436
After one year but within five years	132	688
	319	1,124

The Group leases a number of office premises under operating leases. The leases run for two to six years, with options to renew upon expiry. None of the leases include contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

29 Commitments (Cont'd)

Capital commitments

Capital commitments outstanding at end of the reporting period not provided for in the financial statements were as follows:

	Group	
	2013	2012
	USD'000	USD'000
Capital commitments in relation to the work program project	800	2,000

Note:

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 three-year-commitment in accordance with the clauses under the KSO.

30 Significant related party transactions

Identity of related parties

(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).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

30 Significant related party transactions (Cont'd)

Compensation of key management personnel

Directors and senior management of the Company and the subsidiaries are considered to be key management personnel in accordance with FRS 24 – *Related Parties*. These persons have the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation is as follows:

	Group	
	2013	2012
	USD'000	USD'000
Directors' remuneration includes senior management	362	492
Employer's contribution to defined contribution plan	2	2
	364	494

The above total compensation for the Group for the executive directors of the Company amounted to approximately USD158,000 (2012: USD299,000).

Remuneration includes salary (which includes allowances and other emoluments) and bonuses.

In addition to the above, the Company provides medical benefits to all employees, which include key management personnel.

Company's directors receiving remuneration and fee from the Group:

	Group	
	2013	2012
Number of directors in remuneration band below SGD250,000	5	5

31 Financial risks management

Financial risk management objectives and policies

Exposure to credit, interest rate and foreign currency risks arises in the normal course of the Group's business. Management determines the Group's overall business strategies, tolerance of risk, and general risk management philosophy in accordance with the prevailing economic and operating conditions. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has adopted a policy of only dealing with creditworthy counterparties in order to mitigate the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. The Group monitors its exposure to credit risks arising from trade receivables on an on–going basis. Debtors who have overdue trade balances (in terms of credit limits and credit terms) are required to settle outstanding balances to below the credit limit amounts before further sales transactions are carried out with such customers. In addition, the Group reviews the recoverable amount of each individual debtor regularly to ensure that adequate impairment losses are made for irrecoverable amounts.

31 Financial risks management (Cont'd)

The Group's and the Company's classes of financial assets are cash and cash equivalents, trade and other receivables, amount due from subsidiaries and associate, and available-for-sale. In addition, most of the Group's cash and cash equivalents are deposited in banks with high credit ratings.

No other financial assets carry a significant exposure to credit risk. As at 31 December 2013, no trade receivables that were past due and impaired had been provided for (2012: nil). Trade receivables were neither past due nor impaired amounted to USD100,000 related to credit-worthy customers in 2012. There was no aging customer for the year ended 31 December 2013 (2012: nil).

Capital management

The Group's objective where managing the capital is:

(a) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(b) to provide an adequate return to shareholders by pricing its products and services commensurate with the level of risk.

The capital structure of the Company consists primarily of equity, comprising issued share capital and reserves.

The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions. It may maintain or adjust its capital structure through the payment of dividend, return capital or issue of new shares.

The Group sets the amount of capital in proportion to risk and regularly assesses and quantifies the potential capital requirements with respect to working capital required for our trading position and new investment opportunities. Meanwhile, the Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2013 and 31 December 2012.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet financial obligations. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The risk management policy of the Group is to monitor and maintain a level of cash and cash equivalents deems adequate by its management to finance its operations and meets its financial obligations on timely manner.

The Group has sufficient cash and cash equivalents to ensure necessary liquidity. As at 31 December 2013, the table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Group		Company	
	2013	2012	2013	2012
	USD'000	USD'000	USD'000	USD'000
Less than 1 year				
Trade and other payables	6,469	3,691	2,465	2,673
Between 1 and 2 years				
Convertible bonds	–	13,259	–	13,259

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31 Financial risks management (Cont'd)

Foreign currency risk

Currency risk arises from a change in foreign currency exchange rate, which is expected to have adverse effect on the Group in the current reporting period and in future years.

The Group's main foreign currency risk arises from foreign currency denominated due to expenses in Singapore dollars ("SGD"), Hong Kong dollars ("HKD"), Renminbi ("RMB"), British pounds ("GBP") and Indonesia rupiah ("IDR").

The exchange rate of the HKD to the USD has been pegged at an official rate of HKD7.8 to USD1.0 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 USD is limited and which is not included in the foreign exchange risk analysis.

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency of PRC is not freely convertible. Enterprise operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorized financial institutions.

Companies within the Group, including the Company's associates, maintain their books in their respective functional currencies. Profits and net assets of overseas companies are translated into USD, the Company's reporting currency, for consolidation purposes. Fluctuations in the exchange rate between the functional currencies and USD will have an impact on the respective entities.

The Group also maintains foreign currency bank accounts for operating purposes.

The Group's and the Company's currency exposure based on the information provided to key management is as follows:

	RMB	IDR	USD	SGD	GBP	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group						
As at 31 December 2013						
Financial assets						
Cash and bank balances	–	34	70	5,528	5	5,637
Trade and other receivables	2	366	–	44	–	412
Intercompany balances	577	–	–	–	–	577
	579	400	70	5,572	5	6,626
Financial liabilities						
Trade and other payables	–	(340)	–	(79)	–	(419)
Net currency exposure	579	60	70	5,493	5	6,207
As at 31 December 2012						
Financial assets						
Cash and bank balances	–	17	73	369	12	471
Trade and other receivables	1	222	–	37	–	260
Intercompany balances	562	–	–	–	–	562
	563	239	73	406	12	1,293
Financial liabilities						
Trade and other payables	–	(219)	–	(154)	(70)	(443)
Net currency exposure	563	20	73	252	(58)	850

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31 Financial risks management (Cont'd)

If the RMB, IDR and SGD change against the USD by +/-4% (2011: +/-4 % RMB, IDR and SGD) respectively with all other variables including tax rate being held constants, the effects arising from the net financial assets/liabilities position will be as follows:

	2013		2012	
	Increase/(decrease)		Increase/(decrease)	
	Net profit	Equity	Net profit	Equity
	USD'000	USD '000	USD'000	USD '000
Group				
RMB against USD				
-strengthened	23	23	22	22
-weakened	(23)	(23)	(22)	(22)
IDR against USD				
-strengthened	3	2	1	1
-weakened	(3)	(2)	(1)	(1)
SGD against USD				
-strengthened	222	220	7	7
-weakened	(222)	(220)	(7)	(7)

	RMB	SGD	GBP	Total
	USD'000	USD'000	USD'000	USD'000
Company				
As at 31 December 2013				
Financial assets				
Cash and bank balances	–	5,518	5	5,523
Trade and other receivables	2	36	–	38
Amount due from subsidiaries	300	–	–	300
	302	5,554	5	5,861
Financial liabilities				
Trade and other payables	–	(58)	–	(58)
Net currency exposure	302	5,496	5	5,803
As at 31 December 2012				
Financial assets				
Cash and bank balances	–	338	12	350
Trade and other receivables	1	37	–	38
Amount due from subsidiaries	292	–	–	292
	293	375	12	680
Financial liabilities				
Trade and other payables	–	(128)	(70)	(198)
Net currency exposure	293	247	(58)	482

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31 Financial risks management (Cont'd)

	2013		2012	
	Increase/(decrease)		Increase/(decrease)	
	Net profit	Equity	Net profit	Equity
	USD ,000	USD ,000	USD ,000	USD ,000
Company				
RMB against USD				
-strengthened	12	12	12	12
-weakened	(12)	(12)	(12)	(12)
SGD against USD				
-strengthened	223	220	7	7
-weakened	(223)	(220)	(7)	(7)

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and cash equivalents and debt obligations. The Group does not use derivative financial instruments to hedge its debt obligations.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at report date and the periods in which they are repriced.

	2013		2012	
	Effective interest rate	Within 1 year	Effective interest rate	Within 1 year
	%	USD'000	%	USD'000
Group				
Financial assets				
Cash and cash equivalents	0.04	6,902	0.29	5,550
Pledged fixed deposit	2.37	2,501	2.37	2,501
		9,403		8,051
Financial liability		**Within 5 years**		**Within 5 years**
Convertible bonds	–	–	7.6	12,498
Company				
Financial assets		**Within 1 year**		**Within 1 year**
Cash and cash equivalents	0.01	5,715	0.01	592
Financial liability		**Within 5 years**		**Within 5 years**
Convertible bonds	–	–	7.6	12,498

The Group and Company have cash and cash equivalents placed with reputable banks.

The Group and Company is not materially exposed to cash flow interest rate risk as the convertible bond bear a fixed coupon interest of 3% per annum in 2012. The convertible bond had been fully redeemed in 2013 (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31 Financial risks management (Cont'd)

Estimating the fair values

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values.

All other financial assets and liabilities are discounted using effective interest rates for similar instruments at the end of the reporting period to arrive at their amortised costs.

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 2.2(j) except for financial liabilties at amortised whose carrying amount for the Group and Company is $6,469,000 and $5,842,000 (2012:$16,189,000 and $15,201,000), respectively.

Commodity price risk

Market price of crude oil is affected primarily by macro-economic factors, environment, of the country in which the Group operates, the crude oil trading business, changes in the domestic and international supply and demand forces of crude oil. The Group's general policy is not to engage in commodity price hedging. Crude oil price is managed through contractual arrangements negotiated directly with customers, in this case with Pertamina, usually at market price. The Group also constantly monitor the fluctuation of the crude oil price in the market to ensure contractual arrangement with customers reflect the market conditions of crude oil.

32 Other significant risks management

Operations risk

The Group holds a crude oil concession in Cambodia and a KSO to produce crude oil in Indonesia. The KSO contract is between Pertamina and the Group's subsidiary ("Partner") that is tasked with operating the field. The contract terms in the Indonesian KSO contracts are for a period of fifteen years subject to complete the commitment work program over the first three years and another two years of extension. KSO contracts for mature fields stipulate a baseline production level, above which the Partner is entitled to receive revenue on the incremental production. Eligible costs are recoverable up to 80 percent of gross incremental revenue. Mirach has a service contract with Daqing Enterprise International ("DQE") to manage and carry out the field operations.

Since August 2013, the production in Indonesia KM field has been excessed the baseline production and the cost recovery reports were submitted to Pertamina EP for processing by reporting time. To mitigate the risk identified, the Group maintains good working program to complete maximum commitment and prepare reports for further extension of commitment operation before the first three commitment period ending in July 2014.

Pursuant to the production sharing contract ("PSC") with the Royal Government of Cambodia, the Company's licence for exploration period expired in March 2013. The CPHLC's management submitted the first request letter of extension in May 2013 to Cambodian National Petroleum Authority ("CNPA"). However, the first technical and management meeting between CPHLC and CNPA was arranged in October 2013. Afterwards, there was no formal responds from CNPA.

During the last quarter in 2013, the Cambodian political regime has reformed dramatically, there was a new Ministry of Energy and Mine setting up. The former CNPA was replaced by the General Department of Petroleum ("GDP"), which is structured under the Ministry of Energy and Mine, Cambodia. Until early of 2014, the new Directors of GDP was appointed and started their duty in office. The new office took over the procedure of the extension application of CPHLC. The latest official meeting took place in March, 2014. The Company has positive response from GDP, relating to the extension. The Company is now processing the application for extension document with GDP.

At the date of this report, the management of the Group are confident to be granted the approval of the license extension by Cambodian Authority.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

32 Other significant risks management (Cont'd)

Legal and regulation risk

The Group crude oil business may be affected by regulatory changes and developments in the countries and jurisdiction in which the Group operates, including any other regulatory changes which may result in existing agreements being made null and void. This threat may adversely affect the Group's operations or the results of those operations. The Group has no control over the regulatory developments which may not allow the Group to continue to derive economic benefits from the crude oil business.

33 Equity compensation benefits

Share options

Share options were granted to executive and non-executive directors and employees of the Group who are non-controlling shareholders or their associates under the Mirach Energy Employee Share Option Scheme (the "Mirach Energy Scheme") which became operative on 27 April 2004.

The exercise price of the options is determined at an average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited for five market days immediately preceding the date of the grant. Options term granted under the Mirach Energy Scheme is five years with vesting period of one year from the grant date. Options are terminated under such circumstances which include the termination of the employment, the bankruptcy and the death of the participant to the Mirach Energy Scheme, a take-over and the winding-up of the Company during the vesting period of the options.

In FY2013, the share options, granted to executive and non-executive with right to acquire 3,000,000 ordinary shares, were exercised; the Company allotted and issued 3,000,000 new ordinary shares at an issue price of SGD0.141 per new ordinary share. The remaining share options with right to acquire 500,000 ordinary shares at an exercise price of SGD0.141, which was granted in 2008, were expired in FY2013.

Movement in the number of share options and their exercise prices are as follows:

	No. of ordinary shares under option					
	Beginning of financial year	Exercised during financial year	Expired during financial year	Outstanding/ exercisable at the end of financial year	Exercise price	Exercise period granted
Group and Company						
2013						
2008 options	3,500,000	(3,000,000)	(500,000)	–	SGD0.141	8 September 2008 – 7 September 2013

	No. of ordinary shares under option				
	Beginning of financial year	Forfeited during financial year	Outstanding/ exercisable at the end of financial year	Exercise price	Exercise period granted
Group and Company					
2012					
2007 options	2,800,000	(2,800,000)	–	SGD0.47	5 January 2008 – 4 January 2012
2008 options	6,000,000	(2,500,000)	3,500,000	SGD0.141	8 September 2008 – 7 September 2013
	8,800,000	(5,300,000)	3,500,000		

33 Equity compensation benefits (Cont'd)

The fair value of the 2008 options granted were calculated using the Binomial Option pricing model and 2007 options granted were calculated using the Black-Scholes pricing model. The input components into the model were as follows:

	Group and Company	
	2008 options	2007 options
Share price	SGD0.13	SGD0.45
Exercise price	SGD0.14	SGD0.47
Expected volatility	48.46%	58.56%
Expected life	60 months	14 months
Risk free rate	2.338%	2.951%
Expected dividend yield	–	–

The volatility measured as standard deviation of expected share price returns was estimated based on the statistical analysis of share prices over the period of one year before the grant date.

34 Segmental information

Segment information is presented in respect of the Group's operating segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, corporate assets and head office expenses, and income tax liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and oil and gas properties.

Operating segments

The Group comprises the following main operating segments:

Oilfield services: Pprovision of oilfield services and sale of hardware products and equipment.

Oil exploration and oilfield development: Petroleum operations in an offshore area of Cambodia, and Indonesia.

Revenue from external customers is derived mainly from the provision of oilfield services.

Geographical information

The Group's three business segments operate in three main geographical areas:

People's Republic of China ("PRC") – the operations in this area is principally the provision of oilfield services.

Cambodia – the operations in this area are principally the provision of technical solution service in oilfield.

Indonesia - the operations in this area are principally the provision of investment and technical consultancy service in oilfield.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

34 Segmental information (Cont'd)

	Revenue for continuing operations 2013	2012
	USD'000	USD'000
PRC	137	95
Cambodia	960	953
Indonesia	4,000	–
	5,097	1,048

	Oilfield services 2013	2012	Oil exploration and oilfield development 2013	2012	Other segment 2013	2012	Total continuing operations 2013	2012	Total discontinued operations 2013	2012
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue from external customers	**5,097***	**1,048**	**–**	**–**	**–**	**–**	**5,097**	**1,048**	**–**	**–**
Segment results	**4,215**	**(246)**	**(2,470)**	**(2,071)**	**–**	**(23)**	**1,745**	**(2,340)**	**–**	**(308)**
Unallocated operating expense							(1,701)	(1,409)	–	–
Result from operating activities							44	(3,749)	–	(308)
Finance income							70	128	–	–
Finance costs							(4,598)	(962)	–	–
Loss on disposal of available-for-sale financial assets							–	(589)	–	–
Gain/(loss) on disposal of a subsidiary / subsidiaries							45	1	–	(276)
Share of loss of associate company							(237)	(234)	–	–
Taxation							–	–	–	–
Net loss for the year							**(4,676)**	**(5,405)**	**–**	**(584)**

* Revenue of USD4.0 million was derived from a single external customer. That revenue was attributable to the advisory services revenue.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

34 Segmental information (Cont'd)

	Oilfield services		Oil exploration and oilfield development		Other segment		Total continuing operations		Total discontinued operations	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets and liabilities										
Investment in associate	–	–	–	–	5,269	5,506	–	–	–	–
Segment assets	725	300	17,850	11,943	–	3,765	18,575	16,008	–	–
Unallocated assets							33,905	26,294	–	–
Total assets							**52,480**	**42,302**	**–**	**–**
Segment liabilities	324	411	3,677	605	–	46	4,001	1,062	–	–
Unallocated liabilities							2,468	15,173	–	–
Total liabilities							**6,469**	**16,235**	**–**	**–**
Depreciation	22	49	134	26	–	6	156	81	–	–
Unallocated depreciation							11	12	–	–
							167	**93**	**–**	**–**
Amortisation	–	–	693	693	–	–	**693**	**693**	**–**	**–**
Capital expenditure	–	–	5,754	2,127	–	–	5,754	2,127	–	–
Unallocated expenditure							1	–	–	–
							5,755	**2,127**	**–**	**–**

35 Subsequent events

On 14 March 2014, the Company drew down the third tranche amounting to SGD6 million, being equivalent to approximately USD4.74 million, of the convertible loan granted by Lenders. For the detail information, please refer to the announcements to the Singapore Exchange Securities Trading Limited dated 14 March 2014.

36 Accounting estimates and judgment

Impairment of trade and other receivables

The Group performs regular evaluations on the recoverability of its trade and other receivable balances to ascertain if such balances are impaired. This requires an evaluation of the financial standing, historical repayment patterns and historical trends of bad debt occurrences for the individual debtors and related balances.

No impairment losses on trade and other receivables (2012: Nil) during the year based on management's assessment. Significant judgments are required in determining the appropriate impairment losses to be recognised on trade and other receivables balances. The ultimate recoverability of trade and other receivables is uncertain and any differences between impairment losses initially recognised and eventual amounts recovered from debtors will impact the net loss and carrying value of trade and other receivables in the period for which such impairment losses were recognised. The carrying amount of the Group's net trade and other receivable as at 31 December 2013 was Nil and USD1,590,000 respectively (2012: USD100,000 and USD718,000 respectively)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

36 Accounting estimates and judgment (Cont'd)

Amount due from a subsidiary-non current

The Company has extended interest-free loans to a subsidiary amounting to USD19,526,000 (2012:16,783,000 presented in current). These loans have no fixed terms of repayment and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future.

As a result, management considers such loans to be in substance part of the Company's net investment in these subsidiaries, and has accounted for these loans in accordance with note (12a).

Income and deferred taxes

The Group is subject to income taxes in certain jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. In particular, the Group had disposed of certain oil wells in PRC in prior years and the related tax matters are still yet to be settled. Management is of the opinion that no provision for tax liability is considered necessary at this stage, after seeking advice from an external PRC tax consultant, as the outcome is uncertain and the provision could not be estimated reliably. Where the final tax outcomes of such matters are different from the amounts initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determinations are made.

Oil and gas properties

Oil and gas properties are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as future prices of crude oil and the production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Any favourable changes to any assumptions previously made, may allow the Group to avoid the need to impair an assets, whereas unfavourable changes may cause the assets to become impaired.

Oil and gas properties are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of oil and gas properties to be 5 years. The estimated useful lives are reviewed at least each financial year-end. Actual useful life may different from previous estimates.

Exploration and evaluation expenditure

Exploration and evaluation expenditures are capitalized in the statements of financial position, in respect of areas of interest prior to the commencement of operations. Exploration and evaluation expenditures are amortised on the straight-line basis from the date of commercial production of the respective area of interest, over the remaining term of the KSO agreement.

The carrying value of exploration and evaluation expenditures are reviewed regularly taking into consideration the available facts and circumstances and to the extent such values exceed the recoverable values, any excesses are expensed or written off in the periods the decisions are determined.

The Group has transferred the exploration and evaluation expenditure to oil and gas properties during the year upon reaching production stage (Refer to oil and gas properties)

36 Accounting estimates and judgment (Cont'd)

Impairment of intangible assets

In considering impairment losses that may be required for the Group's intangible assets, the recoverable amounts of the assets need to be determined. The recoverable amounts are the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available.

In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on a reasonable and supportable assumptions and projections in respect of the above.

Changes in estimates could have a significant impact on the carrying value of the assets and could result in impairment charges in future periods.

37 New or revised accounting standards and interpretations

Certain new and revised FRSs, have been issued that are effective for accounting periods beginning on or after 1 January 2014 that are applicable to the Group.

- FRS 110: *Consolidated Financial Statements* (effective for annual periods beginning or after 1 January 2014)
- FRS 112: *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)
- FRS 27 (Revised 2011): *Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2014)
- FRS 28 (Revised 2011): *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2014)

The Management anticipates that the adoption of the above new and revised FRSs in the future periods will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2014

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1- 999	11	0.25	2,021	–
1,000 - 10,000	1,230	28.21	8,874,404	0.86
10,001 - 1,000,000	3,048	69.91	305,451,401	29.51
1,000,001 and above	71	1.63	720,722,174	69.63
Total	**4,360**	**100.00**	**1,035,050,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	MAYBANK KIM ENG SECURITIES PTE LTD	209,184,732	20.21
2	SEE HOY CHAN INVESTMENT LIMITED	180,800,000	17.47
3	PHILLIP SECURITIES PTE LTD	24,403,000	2.36
4	GOH YEO HWA	22,230,274	2.15
5	OCBC SECURITIES PRIVATE LTD	21,386,018	2.07
6	CITIBANK NOMINEES SINGAPORE PTE LTD	18,865,000	1.82
7	UOB KAY HIAN PTE LTD	17,766,330	1.72
8	LIM YI SHENN	15,570,274	1.50
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	13,810,000	1.33
10	TAN THIAM CHYE	13,271,410	1.28
11	RAFFLES NOMINEES (PTE) LTD	10,713,000	1.04
12	LEE WEI MENG	8,815,136	0.85
13	DMG & PARTNERS SECURITIES PTE LTD	8,089,000	0.78
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	8,081,000	0.78
15	GOH HOON LEONG	8,000,000	0.77
16	TRITECH INTERNATIONAL HOLDINGS PTE LTD	7,000,000	0.68
17	DBS NOMINEES PTE LTD	6,260,000	0.60
18	KUM HUN KAI PTE LTD	5,950,000	0.57
19	TAN SEK KHOON	5,904,000	0.57
20	HONG LEONG FINANCE NOMINEES PTE LTD	5,585,000	0.54
	Total	**611,684,174**	**59.09**

STATISTICS OF SHAREHOLDINGS

As at 12 March 2014

SUBSTANTIAL SHAREHOLDERS

Name	Number of Shares	Direct Interests (%)	Number of Shares	Deemed Interests (%)
Chan Shut Li, William	185,696,732	17.94	–	–
See Hoy Chan Investment Limited	180,800,000	17.47	–	–
Lee Beng Tee	180,800,000	–	–	17.47*

* By virtue of his interest in See Hoy Chan Investment Limited pursuant to Section 7 of the Companies Act, Chapter 50.

FREE FLOAT

Based on information available to the Company, as at 12 March 2014, approximately 64.52% 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:

Name of director and corporation in which interests are held	Direct	
	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares fully paid		
Chan Shut Li, William	185,696,732	185,696,732
Liu Mei Ling, Rhoda	0	200,000
Share Options		
Liu Mei Ling, Rhoda	500,000	0

There were no changes of the above–mentioned interests in the Company between the end of the financial year and 21 January 2014.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at **Empress Ballroom 1, Level 2, Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on Monday, 28 April 2014 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 2013 and the Directors' Report and the Auditors Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of S$175,000 for the financial year ended 31 December 2013 (2012: S$175,000/-). **(Resolution 2)**

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

4. To elect Mr Chu Ming retiring pursuant to Article 97 of the Company's Articles of Association. (See Explanatory Note 1) **(Resolution 4)**

5. To elect Mr Richard Tan Kheng Swee retiring pursuant to Article 97 of the Company's Articles of Association. (See Explanatory Note 1) **(Resolution 5)**

6. To re-appoint Messrs RT LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

7. **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:

NOTICE OF ANNUAL GENERAL MEETING

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 7)**

8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lin Moi Heyang
Lee Bee Fong
Company Secretaries

11 April 2014

Notes:

1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.

2) A proxy need not be a member of the Company.

3) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4) The instrument appointing a proxy must be deposited at the registered office of the Company at 96 Robinson Road #17-01 SIF Building Singapore 068899 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:-

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

   Mr Chu Ming will, upon election as a Director of the Company, remain as a member of the Nominating Committee, Remuneration Committee and Audit Committee respectively.

   Mr Richard Tan Kheng Swee will, upon election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Remuneration Committee and a member of the Nominating Committee.

   Key information of the retiring directors can be found on pages 10 and 11 of the Annual Report.

2. The ordinary resolution no. 7 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.

MIRACH ENERGY LIMITED

(the "Company")
(Incorporated in the Republic of Singapore)
(Company Registration No. 200305397E)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy Mirach Energy Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ________________________________ (Name) NRIC/Passport No. ________________

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 Eleventh Annual General Meeting of the Company to be held at Empress Ballroom 1, Level 2, Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on 28 April 2014 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 2013 and the Reports of Directors and Auditors thereon.		
2.	To approve the Directors' fees of S$175,000 for the financial year ended 31 December 2013.		
3.	To re-elect Ms Rhoda Liu Mei Ling pursuant to Article 91 of the Company's Articles of Association.		
4.	To elect Mr Chu Ming pursuant to Article 97 of the Company's Articles of Association.		
5.	To elect Mr Richard Tan Kheng Swee pursuant to Article 97 of the Company's Articles of Association.		
6.	To re-appoint Messrs RT LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this __________ day of ____________________ 2014

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

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 registered office of the Company at 96 Robinson Road #17-01 SIF Building Singapore 068899 not later than 48 hours before the time set for the Annual General Meeting.

First fold

AFFIX STAMP

The Company Secretary

MIRACH ENERGY LIMITED

96 Robinson Road #17-01 SIF Building

Singapore 068899

Second fold

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 130A of the Companies Act, Chapter 50 of 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 48 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 48 hours before the time set for the Annual General Meeting.

Third fold

Apply glue here

MIRACH ENERGY LIMITED
96 Robinson Road,
#17-01 SIF Building
Singapore 068899
Tel.: 65-6536 8033
Fax: 65-6536 1882

w w w . m i r a c h e n e r g y . c o m