



MIRACH ENERGY LIMITED
(COMPANY NO.200305397E)

Unaudited Second Quarter And Half-Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2016

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

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

	Group			Group		
	2Q2016	2Q2015	+ / (-)	1H2016	1H2015	+ / (-)
	30 Jun 2016	30 Jun 2015		30 Jun 2016	30 Jun 2015	
(Unaudited)	(Unaudited)	Change	(Unaudited)	(Unaudited)	Change	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	207	598	(65)	330	1,145	(71)
Other income	16	51	(69)	39	57	(32)
Production expenses	(403)	(497)	(19)	(797)	(1,061)	(25)
Staff cost	(523)	(615)	(15)	(1,014)	(1,292)	(22)
Depreciation and amortisation	(337)	(418)	(19)	(658)	(873)	(25)
Other expense	(584)	(376)	55	(445)	(527)	(16)
Reversal of provision for amount due from associate	–	–	–	1,345	–	n.m.
Finance costs	(16)	(15)	7	(32)	(29)	10
Share of losses of associates	(7)	(36)	(81)	(28)	(75)	(63)
Loss before income tax	(1,647)	(1,308)	26	(1,260)	(2,655)	(53)
Income tax	–	(16)	n.m.	–	(19)	n.m.
Total loss for the period	(1,647)	(1,324)	24	(1,260)	(2,674)	(53)
Other comprehensive income/ (loss):						
Currency translation arising from presentation currency	(13)	181	(107)	(382)	(123)	211
Currency translation arising from consolidation	–	3	n.m.	(12)	10	(220)
Other comprehensive income/ (loss) for the period, net of tax	(13)	184	(107)	(394)	(113)	249
Total comprehensive loss	(1,660)	(1,140)	46	(1,654)	(2,787)	(41)
Loss for the period attributable to:						
Equity holders of the Company	(1,624)	(1,302)	25	(1,216)	(2,629)	(54)
Non-controlling interests	(23)	(22)	5	(44)	(45)	(2)
	(1,647)	(1,324)	24	(1,260)	(2,674)	(53)
Total comprehensive loss attributable to:						
Equity holders of the Company	(1,637)	(1,118)	46	(1,610)	(2,742)	(41)
Non-controlling interests	(23)	(22)	5	(44)	(45)	(2)
	(1,660)	(1,140)	46	(1,654)	(2,787)	(41)

n.m.: not meaningful



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

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

	Group			Group		
	2Q2016 30 Jun 2016 (Unaudited)	2Q2015 30 Jun 2015 (Unaudited)	+ /(-) Change	1H2016 30 Jun 2016 (Unaudited)	1H2015 30 Jun 2015 (Unaudited)	+ /(-) Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest income	(16)	(51)	(69)	(39)	(57)	(32)
Interest expense	16	15	7	32	29	10
Foreign exchange loss/(gain), net	72	9	700	(347)	(233)	(49)
Depreciation of property, plant and equipment	34	37	(8)	66	59	12
Depreciation of oil and gas properties	129	207	(38)	245	467	(48)
Repayment of non-shareable oil liabilities and penalties	–	(12)	n.m.	–	(183)	n.m.
Amortisation of intangible assets	174	174	–	347	347	–
Loss on disposal of property, plant and equipment	–	1	n.m.	1	1	–
Share of losses of associates	7	36	(81)	28	75	(63)
Reversal of provision for amount due from associate	–	–	–	(1,345)	–	n.m.

n.m.: not meaningful



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1(b) Statement of financial position (for the issuer and group) as at the end of the immediately preceding year.

	Group		Company	
	30 Jun 2016 (Unaudited) US\$'000	31 Dec 2015 (Audited) US\$'000	30 Jun 2016 (Unaudited) US\$'000	31 Dec 2015 (Audited) US\$'000
Non-current assets				
Oil and gas properties	7,002	7,263	–	–
Property, plant and equipment	457	467	61	68
Intangible assets	6,963	7,310	–	–
Investment in subsidiaries	–	–	17	17
Investment in associates	2,680	2,708	–	–
Amount due from subsidiaries	–	–	30,950	30,353
Amounts due from associates	–	–	–	–
Pledged fixed deposit	2,501	2,501	–	–
	19,603	20,249	31,028	30,438
Current assets				
Inventories	189	43	–	–
Trade and other receivables	1,525	1,403	151	144
Prepayment	182	135	6	12
Amounts due from subsidiaries	–	–	3,909	3,919
Amounts due from associates	878	943	–	–
Cash and short-term deposits	5,715	3,522	1,263	1,718
	8,489	6,046	5,329	5,793
Current liabilities				
Trade and other payables	8,097	7,356	2,313	2,156
Accrued operating expenses	919	1,183	24	110
Amounts due to subsidiaries	–	–	1,642	1,983
Income tax payable	128	186	–	–
	9,144	8,725	3,979	4,249
Net current (liabilities)/assets	(655)	(2,679)	1,350	1,544
Non-current liabilities				
Provision for decommissioning of wells	571	539	–	–
Contract deposit	3,000	–	–	–
Deferred tax liabilities	9	9	–	–
	3,580	548	–	–
Net assets	15,368	17,022	32,378	31,982
Equity attributable to owners of the Company				
Share capital	81,249	81,249	81,249	81,249
Accumulated losses	(63,097)	(61,881)	(46,138)	(46,901)
Other reserves	(2,236)	(1,842)	(2,733)	(2,366)
	15,916	17,526	32,378	31,982
Non-controlling interests	(548)	(504)	–	–
Total equity	15,368	17,022	32,378	31,982



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1(c) Borrowings and debt securities (for the group) – as at the end of the immediately preceding year

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

As at 30 June 2016		As at 31 December 2015	
Secured (Unaudited) US\$'000	Unsecured (Unaudited) US\$'000	Secured (Audited) US\$'000	Unsecured (Audited) US\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year:

As at 30 June 2016		As at 31 December 2015	
Secured (Unaudited) US\$'000	Unsecured (Unaudited) US\$'000	Secured (Audited) US\$'000	Unsecured (Audited) US\$'000
Nil	Nil	Nil	Nil

1(d) Statement of cash flows (for the group) – corresponding period of the immediately preceding year

	Group		Group	
	2Q2016 30 Jun 2016 (Unaudited) US\$'000	2Q2015 30 Jun 2015 (Unaudited) US\$'000	1H2016 30 Jun 2016 (Unaudited) US\$'000	1H2015 30 Jun 2015 (Unaudited) US\$'000
Cash flows from operating activities				
Loss before income tax	(1,647)	(1,308)	(1,260)	(2,655)
Adjustments for:				
Interest expenses	16	15	32	26
Interest income	(16)	(51)	(39)	(57)
Depreciation of property, plant and equipment	34	37	66	59
Depreciation of oil and gas properties	129	207	245	467
Amortisation of intangible assets	174	174	347	347
Repayment of non–shareable oil liabilities and penalties	–	(12)	–	(183)
Loss on disposal of fixed assets	–	1	1	1
Share of losses of associates	7	36	28	75
Reversal of provision for amount due from associate	–	–	(1,345)	–
Unrealised exchange (gain)/loss	(9)	–	847	–
Operating cash flows before working capital changes	(1,312)	(901)	(1,078)	(1,917)



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1(d) Statement of cash flows (for the group) – corresponding period of the immediately preceding year. (Cont'd)

	Group		Group	
	2Q2016	2Q2015	1H2016	1H2015
	30 Jun	30 Jun	30 Jun	30 Jun
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Changes in working capital</u>				
Increase in inventories	(23)	(149)	(146)	(149)
Increase in trade and other receivables and prepayments	(18)	(1,435)	(169)	(1,307)
Increase/(decrease) in trade and other payables	3,238	614	3,451	(153)
Cash generated from/(used in) operations	1,885	(1,871)	2,058	(3,526)
Interest received	16	51	39	57
Cash flows generated from/(used in) operating activities	1,901	(1,820)	2,097	(3,469)
Investing activities				
Purchase of property, plant and equipment	–	(13)	(56)	(210)
Proceeds from disposal of property, plant and equipment	–	1	–	1
(Purchased of)/usage of spare parts	–	(11)	(3)	39
Cash flows used in investing activities	–	(23)	(59)	(170)
Financing activities				
Decrease/(increase) in amounts due from associates	68	(271)	65	(378)
Cash flows generated from/(used in) financing activities	68	(271)	65	(378)
Net increase/(decrease) in cash and cash equivalents	1,969	(2,114)	2,103	(4,017)
Effects of exchange rate changes on balances held in foreign currencies	(3)	(206)	90	(161)
Cash and cash equivalents at beginning of the period	3,749	10,769	3,522	12,627
Cash and cash equivalents at end of the period (Note 1)	5,715	8,449	5,715	8,449

Note 1:

Cash and cash equivalents consist of:

	The Group	
	30 Jun	30 Jun
	2016	2015
	US\$'000	US\$'000
Cash at banks and on hand	5,715	6,965
Short-term deposits and cash pledged	2,501	3,985
Total cash, bank balances and fixed deposit	8,216	10,950
Less: fixed deposits and cash pledged	(2,501)	(2,501)
Cash and cash equivalents	5,715	8,449



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1(e) Changes in equity (for the issuer and group) – corresponding period of the immediately preceding year.

The Group	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Merger reserve	Statutory/equity reserves	Foreign exchange reserve	Accumulated losses	Equity attributable to owners of the Company		
	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'00	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000
At 1 January 2015	81,249	763	467	(1,998)	(29,854)	50,627	(341)	50,286
Total comprehensive loss for the period	–	–	–	(113)	(2,629)	(2,742)	(45)	(2,787)
At 30 June 2015	81,249	763	467	(2,111)	(32,483)	47,885	(385)	47,499

The Group	Attributable to owners of the Company						Non-controlling interests	Total Equity
	Share capital	Merger reserve	Statutory/equity reserves	Foreign exchange reserve	Accumulated losses	Equity attributable to owners of the Company		
	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000
At 1 January 2016	81,249	763	467	(3,072)	(61,881)	17,526	(504)	17,022
Total comprehensive loss for the period	–	–	–	(394)	(1,216)	(1,610)	(44)	(1,654)
At 30 June 2016	81,249	763	467	(3,466)	(63,097)	15,916	(548)	15,368



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1(e) Changes in equity (for the issuer and group) – corresponding period of the immediately preceding year. (Cont'd)

The Company	Share capital	Statutory/equity reserves	Foreign exchange reserves	Accumulated losses	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2015	81,249	467	(1,255)	(25,597)	54,864
Total comprehensive loss for the period	–	–	(137)	(613)	(750)
At 30 June 2015	81,249	467	(1,392)	(26,210)	54,114

The Company	Share capital	Statutory/equity reserves	Foreign exchange reserves	Accumulated losses	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2016	81,249	467	(2,833)	(46,901)	31,982
Total comprehensive income / (loss) for the period	–	–	(367)	763	396
At 30 June 2016	81,249	467	(3,200)	(46,138)	32,378

1(f) Changes in issuer's share capital (for the issuer) – since the end of the previous period reported on.

As at 30 June 2016, the issuer's share capital reported is at US\$81.249 million (unaudited).



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- 1(g) Number of shares that may be issued on conversion of all outstanding convertibles – corresponding period of immediately preceding year.**

As at 30 June 2016, the Company has no outstanding convertible loan.

- 1(h) Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer – corresponding period of immediately preceding year.**

	As at 30 Jun 2016	As at 30 Jun 2015
Total number of issued shares excluding treasury shares	119,012,238	119,012,238

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

As at the 30 June 2016 and end of last financial year, the number of issued ordinary shares excluding treasury shares for the Company was at 119,012,238.

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

As at 30 June 2016, the Company does not have treasury shares.

The Company has granted options and shares under its share scheme during the year and an SGXNET announcement has been made on the date of the offer as well as details of the grant in accordance with Rule 704(29) on 16th June 2016.

- 2. Please state whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.**

The figures as at 30 June 2016 have neither been audited nor reviewed by the Company's auditors.

- 3. If the figures have been audited or reviewed, please provide a statement on whether there are any qualifications or emphasis of a matter.**

Not applicable.

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

The accounting policies and methods of computation as per the most recently audited financial statements have been consistently followed in this Q2 2016 financials and its comparative figures.



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

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (“FRS”) and Interpretations of Financial Standards (“INT FRS”) promulgated by the Accounting Standards Council that are effective for annual period beginning on or after 1 January 2016. The adoption of the new accounting standards do not have any material effect on the financial results of the Group and the Company.

6. **Earnings per share: - calculation is based on both a weighted average and fully diluted basis.**

	2Q2016 30 June 2016 (Unaudited)	2Q2015 30 June 2015 (Unaudited)	1H2016 30 June 2016 (Unaudited)	1H2015 30 June 2015 (Unaudited)
Loss per ordinary share of the Group for the financial period based on net loss attributable to equity holders of the Company:				
Basic (US\$ cents)	1.36	1.09	1.02	2.21
Fully diluted (US\$ cents)	1.36	1.09	1.02	2.21
Basic loss per share were based on:				
Net loss for the period (US\$'000)	1,624	1,302	1,216	2,629
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	119,012,238	119,012,238	119,012,238	119,012,238
Effects of dilution:				
- Convertible Loan	-	-	-	-
Weighted average number of ordinary shares for fully diluted earnings per share computation	119,012,238	119,012,238	119,012,238	119,012,238

7. **Net asset value per share: - calculation is based on issued share capital as at the end of the current period and the immediately preceding financial year.**

	Group		Company	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Net assets value per ordinary share (US\$ cents)	13.37	14.73	27.21	26.87
Net assets value (US\$'000)	15,916	17,526	32,378	31,982
Issued and fully paid ordinary shares	119,012,238	119,012,238	119,012,238	119,012,238



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8. A review of the performance for the group, to the extent necessary for a reasonable understanding of the group's business. In particular, please include a discussion of significant factors affecting the turnover, costs and earnings; and material factors affecting the cash flow, working capital, assets or liabilities of the group during the current period reported on.

(A) INCOME STATEMENT/STATEMENT OF COMPREHENSIVE INCOME

Turnover Analysis

Revenue (US\$'000)	2Q2016 (Unaudited)	2Q2015 (Unaudited)	Change %	1H2016 (Unaudited)	1H2015 (Unaudited)	Change %
Oilfield services	-	242	n.m.	-	484	n.m.
Exploration and Production (E&P)	207	356	(42)	330	661	(50)
Total revenue	207	598	(65)	330	1,145	(71)

Total revenue for the Group reported was US\$0.33 million for the period ended 30 June 2016.

With the impairment of CPHL (Cambodia) Co., Ltd in 2015, the future economic benefits from technical oilfield services performed by its subsidiary for the associate are not reasonably expected to flow into the Group. As such, revenue arising from oilfield services has not been recognized since the beginning of this year; and there remains no positive decision from the Cambodian authorities to reverse such treatment so far.

With the NSO shortfall at Kampung Minyak Oil Field ("KM Field") fully repaid since April 2015, there shall be no shortfall revenue accounted for over and above the incremental oil revenue.

Following the global oil glut and the huge dip in oil prices in the early part of 2016, where the Indonesia Crude Price (ICP) sank to an "all-time" quarter average low of US\$28.80 per barrel, some price reprieves were seen in 2Q2015 at an average of US\$38.46 per barrel. The unfavorable price alongside the lower production volume continue to have profound negative effects on its overall E&P revenue for the period. Amidst the lackluster environment for the industry, KM Field maintained its existing operations, and at the same time adopted a sluggish approach on its reopening program while awaiting for a more opportune time.

Costs and Earnings Analysis

Other income relates mainly to interest income which decreased by US\$0.02 million was mainly accrued from cash pledged as well as some deposit placements. The lower cash level since the beginning of this year did not enable more fixed deposit placements, unlike same time last year.

Production expenses was 25% or US\$0.26 million lower in 1H2016 in comparison with same period last year. With the sharp decline in oil prices since the beginning of 2016, conscientious efforts continued to be in place to ensure a match of input against the value derived from its output. Some expenses relating to firm commitments pursuant to our contractual obligations such as reopening of old wells have been slowed down, while at the same time, regular well servicing activities are continuing to maintain the required output necessary to meet the baselines and to generate some revenue.

Amidst the subdued business landscape with the MOG industry since early last year, restructuring costs remain imminent from 1Q2015 onwards. Furthermore, the curtailment of additional wages payouts in 1Q2016 due to the unfavorable market condition have jointly resulted in the lower staff cost by US\$0.28 million or 22% for 1H2016, in comparison with the same reporting period in the previous year.



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The decrease in the depreciation of oil and gas properties was in part correlated to a reduction in production volume. As such, depreciation and amortisation decreased by US\$0.22 million or 25% for 1H2016 in comparison with 1H2015.

Other expenses reported a reduction by US\$0.08 million or 16% in 1H2016 versus the previous reporting period. This was due mainly to some reduction in office rental as well as legal & professional expenses. However, for 2Q2016, it witnessed a jump by US\$0.21 million mainly due to a technical service fee from Daqing, a China-based O&G service provider regarding some services provided to the oilfields at US\$0.17 million.

In view of a collection from CPHL (Cambodia) Co., Limited (“CPHLC”) during 1Q2016, there was a reversal of the provision at US\$1.34 million on the amount due from the associate previously provided for. This is only a “one-off” write-back with no further such adjustments recorded in 2Q2016.

The finance costs represented the accretion of asset restoration obligations for 10 new wells annually of which their costs are discounted back to present value. Even though there is a 10% increase in 1H2016 as opposed to 1H2015, the value of US\$0.003 million is insignificant.

The share of losses on associate reported at US\$0.28 million in 1H2016 were wholly contributed by Gunung Indah Lestari Limited, which principally engages in exploration and production activities for Oil and Gas.

As a result for all of the above, the net loss attributable to equity holders of the Company was approximately US\$1.22 million for 1H2016 as compared to US\$2.63 million for 1H2015. This was about 54% improvement in financial performance over the same time last year.

(B) BALANCE SHEET/STATEMENT OF FINANCIAL POSITION

Assets & Liabilities

For the current assets of the Group as at 30 June 2016, they increased by US\$2.44 million as compared to 31 December 2015 mainly contributed from net increase in cash and short-term deposits as well as trade and other receivables by US\$2.19 million and US\$0.12 million respectively.

As for the liabilities of the Group as at 30 June 2016, there were no major variances for current liabilities other than the trade and other payables due mainly to operational requirements. In regards to non-current liabilities, the period reported a contract deposit from a business partner for US\$3.00 million for a deal with its BVI incorporated subsidiary, Petroservice Engineering Inc. that has been concluded this quarter to jointly manage the oilfields in Indonesia. This amount has led to the corresponding increase in cash and short-term deposits.

The non-current assets, as at 30 June 2016, for the Group decreased by US\$0.65 million in comparison with 31 December 2015. The reduction are mainly due to additions and depreciation of the fixed and intangible assets as well as losses from associates (written off against investment) at US\$0.62 million and US\$0.03 million respectively.



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(C) CASHFLOW STATEMENT/STATEMENT OF CASHFLOWS

Cash Flow & Working Capital

	1H2016 (Unaudited) (US\$'000)	1H2015 (Unaudited) (US\$'000)
Cash generated from / (used in) operating activities	2,097	(3,469)
Cash used in investing activities	(59)	(170)
Cash generated from / (used in) financing activities	65	(378)
Net increase / (decrease) in cash and cash equivalents	2,103	(4,017)
Effect of exchange rate changes on cash and cash equivalents	90	(161)
Cash and cash equivalents at beginning of period	3,522	12,627
Cash and cash equivalents at end of period	5,715	8,449

As a summary, the cash and cash equivalent position (inclusive of exchange effects) saw a net increase of US\$2.19 million for 1H2016 from end of last financial year.

The net cash inflow of approximately US\$2.10 million in operating activities was mainly arising from the contract deposit collected from the business partner as well as other working capital changes. Working capital changes include US\$0.17 million increase in trade, other receivables, prepayments and inventories as well as inventories by US\$0.15 million. These outflows were substantially offset by trade and other payables, which saw an increase by US\$3.37 million.

Cash flow used in investing activities was due to additions of oilfield equipment.

Cash flow used in financing activities arose mainly from decrease in amounts owing from Gunung Indah Lestari Limited.

Update on Use of Proceeds from the Placement and Convertible Loans

From the placement and convertible loans issued between 2H2013 and 1H2015, the Company managed to raise US\$37.46 million in total. The amount from the proceeds unutilised as at 30 June 2016 amounted to US\$3.20 million. The list below summarises the usage of these proceeds and they are generally in accordance with the purpose on the placement and convertible loans.

	US\$ million
Net proceeds from drawdown of placement and loans	37.46
Less use of proceeds:	
Repayment of senior bonds due April 2014	17.44
Investment in 10% stake in Gunung Indah Lestari Limited	3.00
Loan to Gunung Indah Lestari Limited	0.88
Exploration, drilling and testing activities at KM Field	5.23
Working capital (staff/office cost, production costs)	7.32
Capital expenditure at KM Field	0.39
Balance as at 30 June 2016	<u>3.20</u>

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

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



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

The oil and gas industry remains challenging with the restructured oil price in the last one and a half years. We have seen a domino effect of this affecting many related services in the industry as well.

However, the Company has been able to continue with its oilfield operations due to prudent management in the past years, with zero gearing even to-date. The Company is also actively engaged to discussing with potential merger partners, and hope to bring in better business as well as to remove itself from the SGX watch-list.

Below are further update on the existing businesses.

KM Oil Field

As at 2Q2016, 14 old wells were reopened and the focus remain on ensuring improving well servicing, with no plans to drill new wells given the current oil price environment. So far, the reopening programs proved to have oil in those wells; but in order to enable them to continue producing and/or generate higher production volume, water injection would be needed.

The Pilot Water Flood program was into its final phase and originally set for commissioning by 2Q2016. This is however still awaiting final approval from Pertamina to commence. Thereafter, it shall be put on an evaluation period for 6 months regarding its production output and its capacities.

Meanwhile, the Group remains engaged in consolidating the KM Field operations so as to contain its operational costs and to enhance its production capacity. There are preparations for a 10 years program to develop the KM oil field, which would then need to be aligned with the opportune time for an effective and efficient “take-off” when oil prices resume to an acceptable level.

Oil field services and trading

The market conditions surrounding declining oil prices had impacted the development of our subsidiary, UniTEQ. The operating costs for UniTEQ continue to be downsized whilst the Group keeping an aggressive lookout for available business opportunities. These are now advancing into partnering opportunities beyond the existing countries that the Group already has its current presence. These pipelines continue to see some advancement in 2Q2016.

PT. Prima Petroleum Service (formerly known as PT. Kampung Minyak Energy), a subsidiary as an Oil & Gas service company witnessed some traction with its transformation from an operating entity last year, will continue to actively reach out to capture some market share in this arena as a service company in Indonesia this year.

Cambodia Block D

Given the increasing uncertainties surrounding the Cambodian authorities' approval on our proposal to embark on the exploration phase on Block D, and following a provision made for its investment as well as amount of receivables due from CPHLC in Q42015 results announcement, developments in this matter has since been at a standstill during Q12016.

However on 28th April 2016, a response letter from Ministry of Mines and Energy (“MME”). MME that formally terminated the Petroleum Agreement of Block D with immediate effect was received. It had also indicated that they would hold Block D for CPHLC for a six month period and would not allow any other investor to bid on Block D. CPHLC would be given priority to apply for a new petroleum agreement for Block D under certain terms and conditions, including that of getting new investment partner(s) to bid under a joint venture.



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The Management has been and will continue to address this on a new level playing field set by MME, and will provide further updates on any relevant and available developments.

11. **If a decision regarding dividend has been made, the required information has been disclosed.**

	(a) Current Financial Period	(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared on the financial period reported:	None	None
(c) Date Payable	Not applicable	Not applicable
(d) Book Closure Date	Not applicable	Not applicable

12. **If no dividend has been declared/recommended, a statement to that effect.**

No dividends has been declared or recommended for the period ended 31 March 2016.

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

There was no IPT mandate obtained.

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

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

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

The funds / cash for 2Q2016 were mainly used for the following activities:-

Purpose	Amount (US\$ million)
Exploration, drilling and testing activities at Kampung Minyak Oil Field	-
Working capital	0.51
Capital expenditure at KM Field	-
Total	0.51

There are no funds utilized for the purpose of exploration, drilling and testing activities at KM field other than for working capital purposes and capital expenditure in 2Q2016.

For working capital, the fund spent was within the earlier projected US\$0.65 million for the period under review.



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The usage of funds / cash for exploration activities and others for the next immediate quarter (i.e. Period from 1 July 2016 to 30 September 2016) including are expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration, drilling and testing activities at Kampung Minyak Oil Field	-
Working capital	0.67
Capital expenditure at KM Field	0.14
Total	0.81

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

There are no material updates on the reserves and resources as set out in the QPR (Qualified Person's Report) since 31 December 2015 as per the QPR dated 10 May 2016.

In response to queries from SGX and their requirement for a full report to be commissioned on 26th April 2016, a general announcement for the same has been broadcasted on 30 May 2016.

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

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

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

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

We, William Shut Li CHAN and Rhoda Mei Ling LIU, being two of the Directors of Mirach Energy Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Company and of the Group for the second quarter of 2016 and the three months ended 30 June 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors,

William Shut Li CHAN / Rhoda Mei Ling LIU

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

10 August 2016