

# PETROTECH

## CHINA PETROTECH HOLDINGS LIMITED

Second Quarter Financial Statement for the period ended 30 June 2007

**1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	Group			Group		
		3 months ended 30 June	3 months ended 30 June		6 months ended 30 June	6 months ended 30 June	
		2007	2006	+ / (-)	2007	2006	+ / (-)
		(Unaudited) RMB'000	(Unaudited) RMB'000	Change (%)	(Unaudited) RMB'000	(Unaudited) RMB'000	Change (%)
Revenue		5,042	22,278	(77)	14,786	41,742	(65)
Cost of sales		(2,047)	(3,363)	(39)	(3,834)	(8,685)	(56)
Gross Profit		2,995	18,915	(84)	10,952	33,057	(67)
Other income	1	508	2	25,300	508	1,569	(68)
Research and development costs		(313)	(1,368)	(77)	(1,585)	(2,690)	(41)
Selling and distribution costs		(211)	(1,136)	(81)	(706)	(1,641)	(57)
Administrative expenses	2	(4,390)	(3,609)	22	(8,481)	(7,968)	6
Other operating expenses	3	(377)	(179)	111	(735)	(681)	8
Net finance income/(costs)		258	70	269	443	127	249
Share of loss of associate		(159)	-	n.m.	(159)	-	n.m.
<b>(Loss)/profit from continuing operations before taxation</b>		(1,689)	12,695	n.m.	237	21,773	(99)
Income tax expense		-	-	-	-	-	-
<b>(Loss)/profit for the period</b>		(1,689)	12,695	n.m.	237	21,773	(99)
<b>Attributable to:</b>							
Equity holders of the parent		(1,977)	12,455	n.m.	1,286	21,381	(94)
Minority interest		288	240	20	(1,049)	392	n.m.
<b>Loss/profit for the period</b>		(1,689)	12,695	n.m.	237	21,773	(99)

*n.m.: not meaningful*

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#### Notes:

1. Other income comprises:

	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
VAT refund *	508	2	508	1,569

\* The Group is entitled to a refund of value added tax ("VAT") on the sales of standard software products. The VAT refund represents the amount of VAT paid in excess of 3% of software sales. The amount of VAT refund is recognized as other revenue when the relevant tax authorities approve the refund.

2. On 5 January 2007, the Company granted options to senior executives and independent directors of the Group under the China Petrotech Employee Share Option Scheme (the "Scheme") to subscribe for and be allotted an aggregate of 4.9 million ordinary shares in the Company at an exercise price of S\$0.45 per share. The fair value of options granted on 5 January 2007 was RMB 3,277,806 (S\$643,262), based on the Black-Scholes-Merton Option Pricing Model. Under FRS 102, RMB 1,576,000 was debited as employee expense, which was reflected in the administrative expense in 1H2007.
3. The increase in other operating expense in 1H2007 was mainly attributed to the foreign exchange loss during the period.

#### Notes to Income Statement

	Group			Group		
	3 months ended 30 June	3 months ended 30 June	Change	6 months ended 30 June	6 months ended 30 June	Change
	(Unaudited) 2007	(Unaudited) 2006	+ / (-) %	(Unaudited) 2007	(Unaudited) 2006	+ / (-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
Interest income	463	73	534	651	135	382
Finance costs	205	3	6,733	208	8	2,500
Foreign exchange loss/(gain)	377	(28)	n.m.	735	(43)	n.m.
Depreciation of property, plant and equipment	379	166	128	541	325	66
Amortization of intangible assets	1,014	1,644	(38)	2,272	3,285	(31)

*n.m.: not meaningful*

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Second Quarter Financial Statement for the period ended 30 June 2007

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Note	Group		Company	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006
Non-current assets		(Unaudited) RMB'000	(Audited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000
Property, plant and equipment		4,651	4,751	186	185
Intangible assets	1	179,000	156,315	-	-
Subsidiaries			-	192,370	188,716
Associate	2	4,640	-	4,640	-
		<b>188,291</b>	<b>161,066</b>	<b>197,196</b>	<b>188,901</b>
<b>Current assets</b>					
Inventories		2,550	2,549	1,884	1,884
Trade and other receivables	3	76,168	75,743	5,393	8,295
Cash and cash equivalents		99,497	100,760	15,824	24,884
		<b>178,215</b>	<b>179,052</b>	<b>23,101</b>	<b>35,063</b>
<b>Total assets</b>		<b>366,506</b>	<b>340,118</b>	<b>220,297</b>	<b>223,964</b>
<b>Equity attributable to equity holders of the parent</b>					
Share capital	4	148,195	109,330	148,195	109,330
Reserves		101,385	101,497	(1,594)	(18,157)
		<b>249,580</b>	<b>210,827</b>	<b>146,601</b>	<b>91,173</b>
Minority interests		52,284	51,049	-	-
<b>Total equity</b>		<b>301,864</b>	<b>261,876</b>	<b>146,601</b>	<b>91,173</b>
<b>Non-current liability</b>					
Deferred tax liability		41,169	41,169	-	-
<b>Total non-current liability</b>		<b>41,169</b>	<b>41,169</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables		22,041	35,641	6,057	18,666
Amount due to subsidiary		-	-	67,639	114,125
Deferred income		1,432	1,432		-
<b>Total current liabilities</b>		<b>23,473</b>	<b>37,073</b>	<b>73,696</b>	<b>132,791</b>
<b>Total liabilities</b>		<b>64,642</b>	<b>78,242</b>	<b>73,696</b>	<b>132,791</b>
<b>Total equity and liabilities</b>		<b>366,506</b>	<b>340,118</b>	<b>220,297</b>	<b>223,964</b>

Notes:

- The increase in intangible assets was mainly attributed to the capitalization of exploration expenditures pertaining to the Cambodia Offshore Oil Block D PSC during the period.

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- On 25 April 2007, the Company formed a joint venture company, named PT. Kamundan Energy Co. Ltd ("PT Kamundan"), with an Indonesian partner, PT Remaja Bangun Kencana in Indonesia. PT Kamundan has signed a KSO agreement with Indonesia's national oil company, Pertamina for a 20-year exploration and production rights at a gas field in Kamundan, East Indonesia. PT Kamundan has an authorized capital of US\$4.0 million and initial paid-in capital of US\$1.0 million. The Company invested US\$0.42 million for a 42% interest in PT Kamundan as at 30 June 2007.
- Trade receivables amounted to RMB63.7 million; please refer to comments in item 8. Other receivables comprised a deposit of RMB9.4 million placed with Shaanbei Da Ming for oil well drilling cost and RMB1.0 million of prepayment to our vendors during the period.
- Please refer to 1d (ii)

### **1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

#### **Amount repayable in one year or less, or on demand**

As at 30/06/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
(Unaudited)	(Unaudited)	(Audited)	(Audited)
RMB'000	RMB'000	RMB'000	RMB'000
Nil	Nil	Nil	Nil

#### **Amount repayable after one year**

As at 30/06/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
(Unaudited)	(Unaudited)	(Audited)	(Audited)
RMB'000	RMB'000	RMB'000	RMB'000
Nil	Nil	Nil	Nil

#### **Details of any collateral:**

Not applicable.

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Second Quarter Financial Statement for the period ended 30 June 2007

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	Group		Group	
		3 months ended 30 June 2007	3 months ended 30 June 2006	6 months ended 30 June 2007	6 months ended 30 June 2006
		(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
<b>Operating activities</b>					
(Loss)/profit from ordinary activities before taxation		(1,689)	12,695	237	21,773
Adjustments for :					
Depreciation and amortization		1,393	1,810	2,813	3,610
Finance costs		205	3	208	8
Interest income		(463)	(73)	(651)	(135)
Share based payment transfer to equity reserve		804	-	1,576	-
Share of losses of associate		159	-	159	-
<b>Operating profit before working capital changes</b>		<b>409</b>	<b>14,435</b>	<b>4,342</b>	<b>25,256</b>
Changes in working capital:					
Inventories		16	(23)	(1)	130
Trade and other receivables		7,624	(15,957)	(38)	(15,060)
Trade and other payables		(2,560)	2,163	(10,022)	(2,192)
Cash generated from/(used in) operations		<b>5,489</b>	<b>618</b>	<b>(5,719)</b>	<b>(8,134)</b>
Interest received		463	73	651	135
Interest paid		(205)	(3)	(208)	(8)
<b>Cash flows from operating activities</b>		<b>5,747</b>	<b>688</b>	<b>(5,276)</b>	<b>8,261</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment		(218)	(96)	(447)	(450)
Purchase of intangible assets		(137)	(296)	(28,606)	(296)
Investment in associate		(4,838)	-	(4,838)	-

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Net cash outflow on acquisition of subsidiary		-	-	-	281
<b>Cash flows from investing activities</b>		<b>(5,193)</b>	<b>(392)</b>	<b>(33,891)</b>	<b>(465)</b>
<b>Financing activities</b>					
Net Proceeds from shares issued under convertible notes		-	-	38,865	-
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>	<b>38,865</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>554</b>	<b>296</b>	<b>(302)</b>	<b>7,796</b>
Cash and cash equivalents at beginning of the period		99,650	131,790	100,760	124,290
Effect of foreign exchange rates changes		(707)	-	(961)	-
<b>Cash and cash equivalents at end of the period</b>		<b>99,497</b>	<b>132,086</b>	<b>99,497</b>	<b>132,086</b>

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Second Quarter Financial Statement for the period ended 30 June 2007

**1d(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) Change in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

### Statement of Changes in Equity

The Group	Share capital	Share premium	Merger reserve	Statutory /equity reserves	Foreign exchange reserve	Accumulated profits/(loss)	Total attributable to equity holders of the parents	Minority interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	47,425	61,905	5,055	5,788	7	77,736	197,916	6,528	204,444
Acquisition of subsidiary	-	-	-	-	-	-	-	600	600
Profit for the period	-	-	-	-	-	8,926	8,926	152	9,078
Transfer of share premium	61,905	(61,905)	-	-	-	-	-	-	-
Exchange differences arising from translation of an overseas subsidiary	-	-	-	-	(82)	-	(82)	-	(82)
At 31 March 2006	109,330	-	5,055	5,788	(75)	86,662	206,760	7,280	214,040
Exchange differences arising from translation of an overseas subsidiary	-	-	-	-	21	-	21	-	21
Profit for the period	-	-	-	-	-	12,455	12,455	240	12,695
At 30 June 2006	109,330	-	5,055	5,788	(54)	99,117	219,236	7,520	226,756

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### Second Quarter Financial Statement for the period ended 30 June 2007

At 1 January 2007	109,330	-	5,055	5,788	(1,102)	91,756	210,827	51,049	261,876
Net proceed of issued shares under convertible notes	38,865	-	-	-	-	-	38,865	-	38,865
Profit for the period	-	-	-	-	-	3,263	3,263	(1,337)	1,926
Transfer of SBP to equity reserve	-	-	-	772	-	-	772	-	772
Exchange differences arising from translation of an overseas subsidiary	-	-	-	-	(255)	-	(255)	9	(246)
At 31 March 2007	148,195	-	5,055	6,560	(1,357)	95,019	253,472	49,721	303,193
Acquisition of subsidiary	-	-	-	-	-	-	-	3,958	3,958
Exchange differences arising from translation of an overseas subsidiary	-	-	-	-	(2,719)	-	(2,719)	(1,683)	(4,402)
Transfer of SBP to equity reserve	-	-	-	804	-	-	804	-	804
Loss for the period	-	-	-	-	-	(1,977)	(1,977)	288	(1,689)
At 30 June 2007	148,195	-	5,055	7,364	(4,076)	93,042	249,580	52,284	301,864



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The Company	Share capital	Share premium	Statutory/ equity reserve	Accumulated (losses)/profits	Total
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
At 1 January 2006	47,425	61,905	-	1,573	110,903
Transfer of share premium	61,905	(61,905)	-	-	-
Loss for the period	-	-	-	(2,826)	(2,826)
At 31 March 2006	109,330	-	-	(1,253)	108,077
Profit for the period	-	-	-	18,074	18,074
At 30 June 2006	109,330	-	-	16,821	126,151
At 1 January 2007	109,330	-	-	(18,157)	91,173
Net proceed of issued shares under convertible notes	38,865	-	-	-	38,865
Profit for the period	-	-	-	17,683	17,683
Transfer of SBP to equity reserve	-	-	772	-	772
At 31 March 2007	148,195	-	772	(474)	148,493
Transfer of SBP to equity reserve	-	-	804	-	804
Loss for the period	-	-	-	(2,696)	(2,696)
At 30 June 2007	148,195	-	1,576	(3,170)	146,601

**1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. Stated also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

On 3 January 2007, the Company entered into a subscription agreement with Pacific Capital Investment Management Limited ("PCIM"), whereby the Company issued unsecured non-interest bearing convertible notes, each with a principal value of S\$50,000 amounting in aggregate to a sum of up to S\$8,000,000. By 31 March 2007, PCIM had converted the notes in full.

As a result of the Conversions, as at 30 June 2007, the issued and paid-up capital of the company was S\$30,302,912 (RMB148,195,000) comprising 266,540,400 ordinary shares.

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2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation in the financial statements have been consistently applied by the Group for the periods presented.

5. **There any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months ended 30 June 2007	3 months ended 30 June 2006	6 months ended 30 June 2007	6 months ended 30 June 2006
<b>(Loss)/earnings per ordinary share for the period based on net profit attributable to shareholders:</b>				
<b>Basic and fully diluted (RMB cents) (Note 1)</b>	<b>(0.74)</b>	<b>5.09</b>	<b>0.50</b>	<b>8.74</b>
Note 1:				
Basic and fully diluted (loss)/earnings per share were based on:				

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<b>Net (loss)/profit for the period (RMB'000)</b>	<b>(1,977)</b>	<b>12,455</b>	<b>1,286</b>	<b>21,381</b>
	<b>No. of shares</b>	<b>No. of shares</b>	<b>No. of shares</b>	<b>No. of shares</b>
Shares outstanding at beginning of the period	266,540,400	244,535,400	244,535,400	244,535,400
Weighted average number of new shares issued during the period	-	-	14,599,718	-
<b>Weighted average number of shares issued during the period (basic and fully diluted)</b>	<b>266,540,400</b>	<b>244,535,400</b>	<b>259,135,118</b>	<b>244,535,400</b>

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
<b>Net asset value per ordinary shares (RMB cents)</b>	<b>93.64</b>	<b>86.22</b>	<b>55.00</b>	<b>37.28</b>
<b>Net asset value (RMB'000)</b>	<b>249,580</b>	<b>210,827</b>	<b>146,601</b>	<b>91,173</b>
<b>Issued and fully paid ordinary shares</b>	<b>266,540,400</b>	<b>244,535,400</b>	<b>266,540,400</b>	<b>244,535,400</b>

**8. A review of the performance for the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for current financial period reported on, including ( where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Revenue Analysis**

<b>Revenue (RMB'000)</b>	<b>2Q2007</b>	<b>2Q2006</b>	<b>+/(-) % change</b>	<b>1H2007</b>	<b>1H2006</b>	<b>+/(-) % change</b>
Oilfield and other services	5,042	20,023	(75)	6,680	33,207	(80)
Software & related services	-	2,255	n.m	8,106	7,928	2
Others	-	-	-	-	607	n.m
<b>Total</b>	<b>5,042</b>	<b>22,278</b>	<b>(77)</b>	<b>14,786</b>	<b>41,742</b>	<b>(65)</b>

In 2Q07, Group revenue fell 77% to RMB5.0 million from RMB22.3 million in 2Q06 due mainly to significantly less contribution from oilfield services segment as well as an absence of revenue from software sales and services. Oilfield services revenue was down due to four main factors.

Firstly, in 2Q07, the Group has adopted new monitoring and control measures, which have led to a halt in doing further business with customers that have long outstanding receivables. Secondly, existing customers in its Ta Zhi Oil Field in Xinjiang have drilled less number of wells in 1H07, resulting in less mud logging services during the period. In addition, there was also a reallocation of resources to the Group's Shaanbei integrated oilfield services project which started production in June 2007 and made a maiden contribution in revenue of RMB0.9m for 2Q07. Lastly, there was no contribution from Shaanxi Long Top while management considered its future (refer Subsequent Event).

**Cost and Earnings Analysis**

In view of the reduction in business activities, management has focused on the control and reduction of costs and expenses. Accordingly, in 2Q07, selling and distribution costs fell 81% to RMB0.2 million and were down 57% in 1H2007. Research and development cost fell 77% to RMB0.3 million in 2Q07 and 41% in 1H07 as compared to the corresponding periods in FY06 as a result of a decrease in new software development activities as most of the major software series pursued was completed in 1Q07.

Administrative expenses was up 22% to RMB4.4 million in 2Q07 and up 6% to RMB8.4 million in 1H07 as a result of a one time expense of RMB1.6 million from the employee share option scheme granted in January 2007. Otherwise, administrative expenses would have decreased by 13% as compared to 1H2006.

As a result of significantly lower revenue, the Group recorded a loss of RMB2.0 million in 2Q07 and a profit attributable to shareholders of RMB1.3 million in 1H07.

#### **Financial Position and Liquidity**

As of 30 June 2007, trade receivable was lower at RMB 63.7 million compared to RMB 79.1 million as at 31 March 2007 and RMB74.8 million as at 31 December 2006, due to lower sales and the partial collection of outstanding receivables from our customers. It is noted that some of the receivables have been more than 12 months past due and there would be some write-offs in due course but the amount cannot be quantified currently as collection efforts are continuing.

Other receivables increased by RMB11.6 million from 31 December 2006 as a result of a deposit of RMB9.4 million placed with Shaanbei Da Ming (our customer at Shaanbei integrated oilfield services project) as a guarantee for oil well drilling cost. There was also an additional RMB1.0 million of prepayment to our vendors during the period.

Trade and other payables decreased by RMB13.6 million to RMB22.0 million due to the payment made for the Group's 48% equity stake in CPHL (Cambodia) Limited during the period.

Cash balance stood relatively unchanged at RMB99.5 million versus RMB99.7 million as at end March 2007 and RMB100.8 million as at 31 December 2006.

#### **Subsequent Event – Exit of ERP Business**

The Company on 6 August 2007 signed a transfer agreement with Ms Chen Xiao Ming, the minority shareholder of Shaanxi Long Top Technology Co. Ltd ("SLT"), to acquire the remaining 30% share equity of SLT. SLT is in the business of enterprise resource planning ("ERP") with focus in the oil and gas sector in China.

Under the agreement, the Company will transfer all liabilities, current assets(excluding cash and bank balances) and fixed assets of SLT to Ms Chen. In addition, the Company will transfer fully all existing ERP business under SLT, their related obligations and contingent liabilities, including all related ERP staff and their welfare to Ms Chen. Upon completion of the transfer, SLT will become a wholly owned subsidiary of the Company, and the Group will exit the ERP business completely.

There is no cash consideration to Ms Chen nor from Ms Chen under the agreement. The effective disposal of SLT's business will result in a write-off of approximately RMB 5 million.

Rationale: As mentioned in our earlier announcement in February 2007, the Group has embarked on the streamlining of the business of SLT. It has now been concluded that the nature of ERP business does not fit into the mainstay oilfield services and exploration and production ("E&P") business of the Group. As a result, the Group has reached an agreement with the minority shareholder to effect this transfer agreement in the Company's bid to exit the ERP business. This will allow the Group to focus its resources on its core business.

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

The Group did not make any forecast or prospect statement in the last results announcement dated 14 May 2007.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In the first half of 2007, contributions from our software sales and services were flat and the bulk of the sales took place in 1Q2007. This was within our expectations as the group is moving its focus away from software sales. However, oilfield services contribution from the mud logging services were below our expectations as our customers were seen to engage in less drilling activities at the Ta Zhi Oil field in Xinjiang in 2Q07 and 1H07. In addition, the Group has also put in place monitoring and control measures to slow down or stop the provision of services to customers who have long outstanding trade receivables. As a result, the Group expects contribution from mud logging services to be muted for FY2007 as compared to FY2006.

In Shaanbei (Xi'an, China), progress in the integrated oilfield services contract has exceeded the Group's target and expectations. Currently, we have completed drilling of a total of 29 wells. Out of the 29 wells, 15 wells have started oil production while the other 14 wells are expected to start production by end of August 2007. In addition, another 4 wells are being drilled and are expected to start production by the end of September. As a result of the greater than expected ease of operations at the Shaanbei project, we have made plans to increase the targeted number of wells drilled there. By the end of 2007, we expect to drill up to a total of 50 production wells at Shaanbei.

The Group is currently also in the final stage of discussion to acquire a similar project involving 11.1 km<sup>2</sup> of an oil block in China which have existing production wells.

For our Cambodia Offshore Oil Block D PSC, workflow is progressing according to our timeline and commitment to the project. Our team is in the midst of working on the exploratory drilling design plan, pending the final structural reports from PGS. This is expected to take a few months.

In Indonesia, our wholly-owned subsidiary, Petroservices Engineering Inc has embarked on a Joint Study Agreement at two areas of interests with Pertamina on potential EOR project in Kalimantan Selatan. However, the successful implementation of this project is still being assessed. The group also owns a 42% stake in PT Kamunan Energy, which owns a 20-year exploration and production rights in a gas field in Kamundan. We do not expect the Indonesia projects to have any impact on the group's earnings in FY2007.

#### 11. Dividend

##### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

##### (b) Corresponding Period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

##### (c) Date payable

Not applicable.

##### (d) Book Closure Date

Not applicable.

#### 12. If no dividend has been declared/recommend, a statement to that effect.

No dividend was declared for the 6 months ended 30 June 2007.

## STATEMENT BY DIRECTORS

### Pursuant to SGX Listing Rule 705(4)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the Second Quarter Results of the Group for the financial period ended 30 June 2007 to be false or misleading. The financial statements and other information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group of, and for, the period presented in this report.

#### By Order of the Board

**William Chan Shut Li**  
Chairman of the Board

**Zhao Ying**  
Director & CEO

14 August 2007