

MIRACH ENERGY LIMITED
(Formerly known as China Petrotech Holdings Limited)

Second Quarter Financial Statement for the period ended 30 June 2008

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

		Group			Group		
		3 months ended 30 June 2008	3 months ended 30 June 2007		6 months ended 30 June 2008	6 months ended 30 June 2007	
		Unaudited	Unaudited	+ / (-)	Unaudited	Unaudited	+ / (-)
	Note	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue		11,864	5,042	135	19,395	14,786	31
Cost of sales		(8,024)	(2,047)	292	(12,885)	(3,834)	236
Gross profit		3,840	2,995	28	6,510	10,952	(41)
Other income	1	1,139	508	124	1,859	508	266
Research and development costs		(310)	(313)	(1)	(807)	(1,585)	(49)
Selling and distribution costs		(1,845)	(211)	774	(3,006)	(706)	326
Administrative expenses		(3,207)	(4,390)	(27)	(7,637)	(8,481)	(10)
Other operating expenses		(11)	(377)	(97)	(11)	(735)	(99)
Interest income		40	463	(91)	114	651	(82)
Finance cost		(40)	(205)	(80)	(43)	(208)	(79)
Share of loss of associates		(443)	(159)	179	(781)	(159)	391
(Loss)/profit from continuing operations before taxation		(837)	(1,689)	(50)	(3,802)	237	n.m.
Income tax expense		-	-	-	-	-	-
(Loss)/profit for the period		(837)	(1,689)	(50)	(3,802)	237	n.m.
Attributable to:							
Equity holders of the parent		(837)	(1,977)	n.m.	(3,523)	1,286	n.m.
Minority interest		-	288	n.m.	(279)	(1,049)	(73)
(Loss)/profit for the period		(837)	(1,689)	(50)	(3,802)	237	n.m.

n.m.: not meaningful

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Notes:

1. Other income comprised:

	3 months ended 30 June 2008	3 months ended 30 June 2007	6 months ended 30 June 2008	6 months ended 30 June 2007
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
VAT refunds	-	508	-	508
Disposal gain of subsidiary	573	-	573	-
Deferred income reversal	-	-	246	-
Others	566	-	1,040	-
	1,139	508	1,859	508

Notes to Income Statement:

	Group			Group		
	3 months ended 30 June 2008	3 months ended 30 June 2007	+ / (-)	6 months ended 30 June 2008	6 months ended 30 June 2007	+ / (-)
	Unaudited	Unaudited	%	Unaudited	Unaudited	%
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Foreign exchange (loss)/gain	(342)	(377)	(9)	132	(735)	n.m.
Depreciation of property, plant and equipment	2,929	379	673	5,125	541	847
Amortization of intangible assets	15	1,014	(99)	323	2,272	(86)
Disposal loss of equipment	11	-	n.m.	11	-	n.m.

n.m.: not meaningful

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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.

	Notes	Group		Company	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
		Unaudited	Audited	Unaudited	Audited
		RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	1&2	68,862	70,117	114	150
Intangible assets	1	179	1,241	-	-
Subsidiaries		-	-	139,116	139,116
Associates		48,730	49,510	48,730	49,510
Total non-current assets		117,771	120,868	187,960	188,776
Inventories		2,625	3,791	1,660	1,660
Trade and other receivables	1	14,258	21,040	401	281
Amount due from subsidiaries		-	-	24,249	24,249
Amount due from an associate		55,537	49,528	6,152	5,252
Cash and cash equivalents	1	90,904	121,637	18,423	32,545
Total current assets		163,324	195,996	50,885	63,987
Total assets		281,095	316,864	238,845	252,763
Share capital		196,425	196,425	196,425	196,425
Reserves		40,589	46,632	(25,651)	(22,721)
Equity attributable to equity Holders of the parent		237,014	243,057	170,774	173,704
Minority interests	1	-	6,657	-	-
Total equity		237,014	249,714	170,774	173,704
Non-current liability					
Deferred tax liability		390	390	-	-
Total non-current liability		390	390	-	-
Trade and other payables	1	43,691	56,001	15,709	16,533
Amount due to subsidiary		-	-	52,362	53,413
Amount due to related company		-	2,242	-	1,580
Amount due to a director		-	7,533	-	7,533
Deferred income	1	-	984	-	-
Total current liabilities		43,691	66,760	68,071	79,059
Total liabilities		44,081	67,150	68,071	79,059
Total equity and liabilities		281,095	316,864	238,845	252,763

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Notes to balance sheet:

1. Trade receivables decreased by RMB11.0 million to RMB3.0 million. Other receivables increased by RMB6.3million to RMB11.3 million and were mainly attributed to prepayments for equipment to our vendor and account receivables that arose from the disposal of Ba Zhou Zhong You Yang Guang Oil & Gas Technology Co. Ltd (“BZZY”) during the period.

Divestment of BZZY: Pursuant to a sales and purchase agreement on June 2008, the Company’s wholly owned subsidiary, Xi’an Genozoic Petro Tech Co., Ltd (“XCPT”) has disposed of its 60% stake in BZZY to a minority shareholder of BZZY, for a consideration of RMB8.7 million. This was derived based on the total net asset value of RMB14.5 million of BZZY as at 31 March 2008.

2. The increase of property, plant and equipment was mainly attributed to development expenditures from Shannbei oil production during the period.

1(b)(ii) Aggregate amount of group’s borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2008		As at 30/06/2007	
Secured	Unsecured	Secured	Unsecured
Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30/06/2008		As at 30/06/2007	
Secured	Unsecured	Secured	Unsecured
Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
Nil	Nil	Nil	Nil

Details of any collateral:

Not applicable.

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

	Group		Group	
	3 months ended 30 June 2008	3 months ended 30 June 2007	6 months ended 30 June 2008	6 months ended 30 June 2007
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
Operating activities				
(Loss)/profit from ordinary activities before taxation	(837)	(1,689)	(3,802)	237
Adjustments for :				
Depreciation and amortization	2,944	1,393	5,448	2,813
Finance costs	40	205	43	208
Interest income	(40)	(463)	(114)	(651)
Share based payment transfer to equity reserve	-	804	35	1,576
Deferred Income reversal	-	-	(246)	-
Loss on sales of fixed asset	11	-	11	-
Gain on disposal of subsidiary	(573)	-	(573)	-
Share of losses of associates	443	159	781	159
Operating profit before working capital changes	1,988	409	1,583	4,342
Changes in working capital:				
Inventories	1,206	16	1,089	(1)
Trade and other receivables	11,334	7,624	9,929	(38)
Amount due from associate	(5,540)	-	(6,009)	-
Amount due to directors	-	-	(7,533)	-
Trade and other payables	(6,440)	(2,560)	(9,828)	(10,022)
Cash generated from/(used in) operations	2,548	5,489	(10,769)	(5,719)
Interest received	40	463	114	651
Interest paid	(40)	(205)	(43)	(208)
Cash flows from/(used in) operating activities	2,548	5,747	(10,698)	(5,276)
Investing activities				
Purchase of property, plant and equipment	(7,392)	(218)	(12,007)	(447)
Purchase of intangible assets	-	(137)	-	(28,606)
Proceeds from sales of fixed assets	58	-	58	-
Investment in associate	-	(4,838)	-	(4,838)
Net cash outflow on disposal of a subsidiary	(5,531)	-	(5,531)	-
Cash flows used in investing activities	(12,865)	(5,193)	(17,480)	(33,891)
Financing activities				
Net Proceeds from shares issued under convertible notes	-	-	-	38,865
Cash flows from financing activities	-	-	-	38,865
Net (decrease)/increase in cash and cash equivalents	(10,317)	554	(28,178)	(302)
Cash and cash equivalents at beginning of the period	102,279	99,650	121,637	100,760
Effect of foreign exchange rates changes	(1,058)	(707)	(2,555)	(961)
Cash and cash equivalents at end of the period	90,904	99,497	90,904	99,497

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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	Merger reserve	Statutory /equity reserves	Foreign exchange reserve	Accumulated profits/(loss)	Total attributable to equity holders of the parents	Minority interest	Total equity
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
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
At 1 January 2008	196,425	5,055	9,004	(4,200)	36,773	243,057	6,657	249,714
Loss for the period	-	-	-	-	(2,686)	(2,686)	(279)	(2,965)
Transfer of SBP to equity reserve	-	-	35	-	-	35	-	35
Exchange differences arising from translation of an overseas subsidiary	-	-	-	(1,497)	-	(1,497)	-	(1,497)
At 31 March 2008	196,425	5,055	9,039	(5,697)	34,087	238,909	6,378	245,287
Disposal of subsidiary	-	-	-	-	-	-	(6,378)	(6,378)
Loss for the period	-	-	-	-	(837)	(837)	-	(837)
Exchange differences arising from translation of an overseas subsidiary	-	-	-	(1,058)	-	(1,058)	-	(1,058)
At 30 June 2008	196,425	5,055	9,039	(6,755)	33,250	237,014	-	237,014

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The Company	Share capital	Statutory/ equity reserve	Accumulated (losses)/profits	Total
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
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
At 1 January 2008	196,425	3,216	(25,937)	173,704
Loss for the period	-	-	(1,336)	(1,336)
Transfer of SBP to equity reserve	-	35	-	35
At 31 March 2008	196,425	3,251	(27,273)	172,403
Loss for the period	-	-	(1,629)	(1,629)
At 30 June 2008	196,425	3,251	(28,902)	170,774

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 acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer 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.

There was no change in the Company's issued share capital since 31 December 2007.

1(d)(iii) To show the 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.

The Company does not have any treasury shares. Total number of issued share as at 30 June 2008 and 31 December 2007 were 290,960,419.

1(d)(iv) 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.

Not applicable.

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.

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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 2008	3 months ended 30 June 2007	6 months ended 30 June 2008	6 months ended 30 June 2007
(Loss)/earnings per ordinary share for the period based on net (loss)/profit attributable to shareholders:				
Basic and fully diluted (RMB cents) (Note 1)	(0.29)	(0.74)	(1.21)	0.50
Note 1:				
Basic and fully diluted (loss)/earnings per share were based on:				
Net (loss)/profit for the period (RMB'000)	(837)	(1,977)	(3,523)	1,286
	No. of shares	No. of shares	No. of shares	No. of shares
Shares outstanding at beginning of the period	290,960,419	266,540,400	290,960,419	244,535,400
Weighted average number of new shares issued during the period	-	-	-	14,599,718
Weighted average number of shares issued during the period (basic and fully diluted)	290,960,419	266,540,400	290,960,419	259,135,118

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 2008	30 June 2007	30 June 2008	30 June 2007
Net asset value per ordinary shares (RMB cents)	81.46	93.64	58.69	55.00
Net asset value (RMB'000)	237,014	249,580	170,774	146,601
Issued and fully paid ordinary shares	290,960,419	266,540,400	290,960,419	266,540,400

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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. 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

Revenue (RMB'000)	2Q2008	2Q2007	% change	1H2008	1H2007	% change
Oil production contracts	5,590	-	n.m.	10,364	-	n.m.
Oilfield services	6,231	5,042	24	7,938	6,680	19
Software & related services	43	-	n.m.	1,093	8,106	(87)
Total	11,864	5,042	135	19,395	14,786	31

In 2Q08, the Group registered an increase of 135% in revenue to RMB11.9 million, versus RMB5.0 million in 2Q07; revenue grew 58% as compared to 1Q08. Gross profit rose 28% to RMB3.8 million in 2Q08 versus RMB3.0 million in 2Q07 and 44% versus RMB2.7 million in 1Q08, while loss attributable to shareholders was RMB0.83 million, versus loss of RMB2.0 million in 2Q07 and loss of RMB 2.69 million in 1Q08.

The key contribution to the year-on-year growth in revenue was the RMB5.6 million sales from oil production contracts, which was absent in 2Q07. Oil production revenue from Shaanbei made up 47% of total revenue in the quarter.

Oil Production Contracts

Oil production contracts registered revenue of RMB5.6 million in 2Q08. There was no revenue contribution from oil production in the previous quarter as the Company only started its oil production contracts in 2Q07 and actual oil production revenue were only realized in 3Q07. However, 2Q08 revenue was 17% higher than 1Q08 revenue as some of the production wells that were previously shut down for maintenance has been resumed.

Oilfield services

In the quarter under review, oilfield services recorded revenue of RMB6.2 million, compared to RMB5.0 million in 2Q07 and RMB 1.7 million in 1Q08. Oilfield services revenue from BZZY (which was divested in 2Q08) was absent in 1H08 but was compensated with a growth in contribution from fees charged for technical services as well as drilling design services provided by our subsidiaries to CPHL Cambodia.

Software and related services

Software sales and related services registered a small contribution of RMB0.04 million in 2Q08 versus RMB1.1 million in 1Q08 and nil in 2Q07 as the Company scale down this business segment to channel resources to develop its exploration and production business.

Cost and Earnings Analysis

Gross profit increased by 28% from RMB3.0 million to RMB3.8 million, by a much smaller quantum than the revenue growth as the new income stream from oil production contracts commands lower margins than software sales.

Other income was recorded at RMB1.1 million as a result of a disposal gain from the divestment of BZZY. Minority interest is nil for this quarter due to the divestment of BZZY during the period.

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Selling and distribution costs were significantly higher at RMB1.8 million in 2Q08 compared to RMB0.2 million in 2Q07. This increase was attributable to additional staff costs from the Shaanbei project as well as continual business development activities in Indonesia and Cambodia. Administrative expenses were lower at RMB3.2 million in 2Q08 compared to RMB4.4 million in 2Q07 as a one off expense attributed to the employee share options scheme was incurred in 2Q07.

Subsequently, total operating costs amounted to RMB5.4 million, and loss attributable to shareholders narrowed to RMB0.6 million versus RMB2.0 million in 2Q07.

Financial Position and Liquidity

The group recorded a cash balance of RMB90.9 million as at 30 June 2008. Property, plant and equipment stood at RMB68.9 million related mainly to development expenditures for Shaanbei oil production.

Trade receivables decreased by RMB11.0 to RMB3.0 million due better payment schedules from customers. Other receivables were recorded at RMB11.3 million and the amount was attributable to prepayments for equipment to our vendors during the period and account receivables that arose from the disposal of Ba Zhou Zhong You.

Total assets stood as at 30 June 2008 were recorded at RMB281.1 million and net asset value at RMB237.0 million or RMB 81.5 cents per share.

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 15 May 2008.

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.

The Group did not experience any significant trends or conditions in the industry that are different from that seen in 1Q08, apart from continuing surge in global oil prices in 2Q08. As at the date of this announcement, oil prices have come off its historical high and are still holding at an attractive level as compared to the average oil price last year. A sharp increase in oil prices may work both ways for the Group, in terms of better sales price of our production and better demand for oilfield services, but may increase the costs of acquiring oilfield concessions in future.

The Group's production contracts in Shaanbei have shown better performance in 2Q08 as total oil production volume was higher. The Group may derive the bulk of its revenue from this production area for FY08.

With regards to Block D in Cambodia Offshore Oil Field, our associate company, CPHL Cambodia is conducting advanced and further studies on the seismic results and has drawn up an exploration well drilling design. This will be further studied, modified and fine-tuned as further insight in the seismic studies are gained. CPHL Cambodia and its appointed investment bank are still working on potential farm-out of a partial working interest in Cambodia.

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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 2008.

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 2008 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

Lui Che Kin
Director & CFO

11 August 2008