

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

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

### Consolidated Statement of Comprehensive Income

		Group		
		Year ended 31 December 2009	Year ended 31 December 2008	+ / (-)
	Notes	(Unaudited) RMB'000	(Audited) RMB'000	Change (%)
<b>Revenue</b>		<b>18,775</b>	<b>34,210</b>	<b>(45)</b>
Cost of sales		(14,118)	(25,082)	(44)
<b>Gross profit</b>		<b>4,657</b>	<b>9,128</b>	<b>(49)</b>
Other income	1	1,477	2,278	(35)
Research and development costs		-	(1,249)	n.m.
Selling and distribution costs		(3,684)	(7,956)	(54)
Administrative expenses	2	(11,044)	(15,603)	(29)
Other operating expenses	2	(12,215)	(40,842)	(70)
<b>Results from operating activities</b>		<b>(20,809)</b>	<b>(54,244)</b>	<b>(62)</b>
Finance income		569	850	(33)
Finance costs		(15)	(127)	(88)
Share of losses of associates		(4,506)	(2,651)	(70)
Share of loss of a joint venture		(125)	-	n.m.
<b>Loss from continuing operations before income tax</b>		<b>(24,886)</b>	<b>(56,172)</b>	<b>(56)</b>
Income tax expense		-	390	n.m.
<b>Net loss for the year</b>		<b>(24,886)</b>	<b>(55,782)</b>	<b>(55)</b>
<b>Other comprehensive income :</b>				
Exchange difference on translation of oversea subsidiaries		(841)	(2,679)	(69)
<b>Other comprehensive income for the year</b>		<b>(841)</b>	<b>(2,679)</b>	<b>(69)</b>
<b>Total comprehensive income for the year</b>		<b>(25,727)</b>	<b>(58,461)</b>	<b>(56)</b>

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

### Consolidated Statement of Comprehensive Income (continue from previous page)

		Group		
		Year ended 31 December 2009	Year ended 31 December 2008	+ / (-)
	Notes	(Unaudited) RMB'000	(Audited) RMB'000	Change (%)
<b>Loss attributable to:</b>				
Owners of the parent		(24,886)	(55,503)	(55)
Minority interest		-	(279)	n.m.
		<b>(24,886)</b>	<b>(55,782)</b>	<b>(55)</b>
<b>Total comprehensive income attributable :</b>				
Owners of the parent		(25,727)	(58,182)	(56)
Minority interest		-	(279)	n.m.
		<b>(25,727)</b>	<b>(58,461)</b>	<b>(56)</b>

*n.m.: not meaningful*

### Notes to Consolidated Statement of Comprehensive Income:

#### 1. Other income comprises:

	Year ended 31 December 2009	Year ended 31 December 2008
	(Unaudited) RMB'000	(Audited) RMB'000
Deferred income reversal	-	246
Foreign exchange gain, net	588	-
Gain on disposal a subsidiary	-	1,481
Written back on other payable	600	-
Others	289	551
	<b>1,477</b>	<b>2,278</b>

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

### 2. Other operating expenses and depreciation expenses:

	Group		
	Year ended 31 December	Year ended 31 December	Change
	(Unaudited) 2009	(Audited) 2008	+ / (-) %
	RMB'000	RMB'000	
Foreign exchange (gain)/loss, net	(588)	590	n.m.
Depreciation of property, plant and equipment	6,460	10,728	(40)
Amortization of intangible assets	-	354	n.m.
Allowance for doubtful trade and non-trade receivables	623	8,329	(93)
Impairment loss on intangible assets	-	149	n.m.
Impairment loss on inventories	940	1,329	(29)
Loss on disposal of property, plant and equipment	3	117	(97)
Impairment loss on property, plant and equipment	10,390	29,365	(65)
Loss on disposal of a subsidiary	-	963	n.m.

*n.m.: not meaningful*

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

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

### Statement of Financial Position

	Group		Company	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current assets</b>				
Cash and cash equivalents	106,835	72,798	44,602	2,012
Pledge fixed deposit	4,528	5,059	4,528	5,059
Trade and other receivables	4,026	4,425	336	721
Amount due from subsidiaries (non-trade)	-	-	15,291	24,257
Amount due from an associate	85,566	59,505	8,756	6,987
Inventories	323	2,148	-	776
<b>Total current assets</b>	<b>201,278</b>	<b>143,935</b>	<b>73,513</b>	<b>39,812</b>
<b>Non-current assets</b>				
Property, plant and equipment	18,087	34,780	112	180
Subsidiaries	-	-	111,856	110,931
Joint venture	1,927	-	-	-
Associates	44,673	46,597	44,673	46,597
<b>Total non-current assets</b>	<b>64,687</b>	<b>81,377</b>	<b>156,641</b>	<b>157,708</b>
<b>Total assets</b>	<b>265,965</b>	<b>225,312</b>	<b>230,154</b>	<b>197,520</b>
<b>Equity attributable to equity holders of the company</b>				
Share capital	270,579	196,425	270,579	196,425
Reserves	(36,130)	(11,057)	(106,360)	(64,332)
<b>Total equity</b>	<b>234,449</b>	<b>185,368</b>	<b>164,219</b>	<b>132,093</b>
<b>Current Liabilities</b>				
Trade and other payables	31,516	38,820	19,306	16,087
Amount due to subsidiaries (non-trade)	-	-	46,629	49,340
Amount due to related companies	-	624	-	-
Amount due to a director	-	500	-	-
<b>Total current liabilities</b>	<b>31,516</b>	<b>39,944</b>	<b>65,935</b>	<b>65,427</b>
<b>Total liabilities</b>	<b>31,516</b>	<b>39,944</b>	<b>65,935</b>	<b>65,427</b>
<b>Total equity and liabilities</b>	<b>265,965</b>	<b>225,312</b>	<b>230,154</b>	<b>197,520</b>

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

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

Amount repayable in one year or less, or on demand

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
(Unaudited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000	(Audited) RMB'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
(Unaudited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000	(Audited) RMB'000
Nil	Nil	Nil	Nil

Details of any collateral:

Not applicable.

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

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

### Consolidated Statement of Cash Flows

	Group	
	Year ended 31 December 2009	Year ended 31 December 2008
	(Unaudited) RMB'000	(Audited) RMB'000
Cash flow from operating activities		
<b>Loss before income tax</b>	<b>(24,886)</b>	<b>(56,172)</b>
Adjustments for:		
Interest expenses	15	127
Interest income	(569)	(850)
Depreciation of property, plant and equipment	6,460	10,728
Amortisation of intangible assets	-	354
Allowance for doubtful trade receivables	-	352
Allowance for doubtful other receivables	623	7,977
Loss on disposal of property, plant and equipment	3	117
Loss on disposal of a subsidiary	-	963
Gain on disposal of a subsidiary	-	(1,481)
Impairment loss on intangible assets	-	149
Impairment loss on property, plant and equipment	10,390	29,365
Write down of inventories	940	1,329
Share option recognized	654	493
Deferred income reversal	-	(246)
Share of losses of associates	4,506	2,651
Share of loss of a joint venture	125	-
<b>Operating cash flow before working capital changes</b>	<b>(1,739)</b>	<b>(4,144)</b>
Changes in working operating assets and liabilities:		
Inventories	885	238
Trade and other receivables	(224)	9,694
Balance with related companies	(624)	(1,618)
Balance with director	(500)	(7,033)
Amount due from an associate	(26,060)	(9,977)
Trade and other payables	(7,186)	(12,412)
<b>Cash used in operations</b>	<b>(35,448)</b>	<b>(25,252)</b>
Interest received	569	850
Interest paid	(15)	(127)
<b>Cash flows used in operating activities</b>	<b>(34,894)</b>	<b>(24,529)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(537)	(12,568)
Net cash outflow on disposal of a subsidiary	-	(4,463)

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

### 1(c) Consolidated Statement of Cash Flows (continue from the previous page)

	Group	
	Year ended 31 December 2009	Year ended 31 December 2008
Investment in associates	(3,298)	-
Investment in a joint venture	(2,051)	-
Proceeds from disposal of property, plant and equipment	257	197
<b>Cash flows used in investing activities</b>	<b>(5,629)</b>	<b>(16,834)</b>
<b>Cash flows from financing activities</b>		
Pledged fixed deposits	531	(105)
Net proceeds from rights issue	39,668	-
Net proceeds from share placement exercise	34,486	-
<b>Cash flows generated from/(used in) financing activities</b>	<b>74,685</b>	<b>(105)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>34,162</b>	<b>(41,468)</b>
Cash and cash equivalents at beginning of year	72,798	116,683
Effects of exchange rate changes on balances held in foreign currency	(125)	(2,417)
<b>Cash and cash equivalents at end of year</b>	<b>106,835</b>	<b>72,798</b>

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

1(d)(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

Attributable to owners of the parent company								
The Group	Share capital	Merger reserve	Statutory /equity reserves	Foreign exchange reserve	Accumulated profits/(loss)	Total	Minority interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2008	196,425	5,055	9,004	(4,200)	36,773	243,057	6,657	249,714
Share options reserve recognized	-	-	493	-	-	493	-	493
Total comprehensive income for the year	-	-	-	(2,679)	(55,503)	(58,182)	(279)	(58,461)
Disposal of a subsidiary	-	-	-	-	-	-	(6,378)	(6,378)
As at 31 December 2008	196,425	5,055	9,497	(6,879)	(18,730)	185,368	-	185,368
As at 1 January 2009	196,425	5,055	9,497	(6,879)	(18,730)	185,368	-	185,368
Net proceeds from rights issue	39,668	-	-	-	-	39,668	-	39,668
Net proceeds from share placement	34,486	-	-	-	-	34,486	-	34,486
Transfer of share option reserve	-	-	(1,267)	-	1,267	-	-	-
Share options reserve recognized	-	-	654	-	-	654	-	654
Total comprehensive income for the year	-	-	-	(841)	(24,886)	(25,727)	-	(25,727)
As at 31 December 2009	270,579	5,055	8,884	(7,720)	(42,349)	234,449	-	234,449



# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

### Statement of Changes in Equity (continue from the previous page)

The Company	Share capital	Statutory/ equity reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2008</b>	<b>196,425</b>	<b>3,216</b>	<b>(25,937)</b>	<b>173,704</b>
Share options reserves recognized	-	493	-	493
Total comprehensive income for the year	-	-	(42,104)	(42,104)
<b>As at 31 December 2008</b>	<b>196,425</b>	<b>3,709</b>	<b>(68,041)</b>	<b>132,093</b>
<b>As at 1 January 2009</b>	<b>196,425</b>	<b>3,709</b>	<b>(68,041)</b>	<b>132,093</b>
Net proceeds from rights issue	39,668	-	-	39,668
Net proceeds from share placement	34,486	-	-	34,486
Transfer of share option reserve	-	(1,267)	1,267	-
Share options reserves recognized	-	654	-	654
Total comprehensive income for the year	-	-	(42,682)	(42,682)
<b>As at 31 December 2009</b>	<b>270,579</b>	<b>3,096</b>	<b>(109,456)</b>	<b>164,219</b>

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

---

- 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. Stated 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.**

On 20 April 2009, the Company allotted and issued 402,207,937 ordinary shares at an exercise price of S\$0.022 per share pursuant to the Rights issue. The net proceed of the new issued shares was S\$8,633,439 (RMB 39,667,619).

On 15 October 2009, the Company allotted and issued 31,500,000 ordinary shares, 30,000,000 ordinary shares and 12,000,000 ordinary shares to Mr. Zhang Deda, Ms. Cao Hai Xa and Mr. Qin Feng respectively at an issue price of S\$0.1031 per share by Placement. The net proceed of the new issued shares was S\$7,181,811 (RMB 34,486,389).

As at 31 December 2009, the Company's issued and paid-up capital was S\$55,668,162 (RMB 270,579,000) (31 December 2008: S\$39,852,912 (RMB 196,425,000)) comprising 766,668,356 ordinary shares (31 December 2008: 290,960,419 ordinary shares).

There were no outstanding convertibles as at 31 December 2009 and 31 December 2008.

- 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 31 December 2009 was 766,668,356 and 31 December 2008 was 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.

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

Except as disclosed in paragraph 5 below, there has been no change in the accounting policies and methods of computation in the financial statements as compared with the audited annual financial statements for the year ended 31 December 2008.

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

---

5. **Whether there are 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.**

The Group and the Company adopted the new or revised Singapore Financial Report Standards that are effective for annual periods beginning on or after 1 January 2009 as follow:

FRS 1(R) - Presentation of Financial Statements (Revised)  
FRS 8 - Operating Segments

The adoption of the above standards did not result in any substantial change to the Group's and the Company's accounting policies nor any significant impact on the financial statements except for the following:

FRS 1(R) - Presentation of Financial Statement (Revised)  
FRS 1(R) changes the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

FRS 8 - Operating Segments

FRS 8 supersedes FRS 14 - Segment Reporting. FRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

In contrast, FRS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments may change.

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

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.

	Year ended 31 December 2009	Year ended 31 December 2008 (Restated)
<b>Loss per ordinary share for the year based on net loss attributable to equity holders of the company:</b>		
<b>Basic and fully diluted (RMB cents) (Note 1)</b>	<b>(4.08)</b>	<b>(15.26)</b>
Note 1:		
Basic and fully diluted loss per share were based on:		
<b>Net loss for the year (RMB'000)</b>	<b>(24,886)</b>	<b>(55,503)</b>
	<b>No. of shares</b>	<b>No. of shares</b>
Shares outstanding at beginning of the year	290,960,419	290,960,419
Weighted average number of new shares issued during the year	319,525,762	72,740,105*
Weighted average number of shares issued during the year (basic and fully diluted)	610,486,181	363,700,524

\* In April 2009, the Company allotted and issued 402,207.937 ordinary shares pursuant to the 3 Rights shares for 1 existing ordinary shares. The weighted average number of shares issued as at 31 December 2008 was calculated with this adjustment factor.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury share of the issuer at the end of the:-** (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
<b>Net asset value per ordinary shares (RMB cents)</b>	30.58	63.71	21.42	45.40
<b>Net asset value (RMB'000)</b>	234,449	185,368	164,219	132,093
<b>Issued and fully paid ordinary shares</b>	766,668,356	290,960,419	766,668,356	290,960,419

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

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)	Year ended 31 December 2009	Year ended 31 December 2008	+/(-) % change
Oil production contracts	11,096	20,558	(46)
Oilfield services	7,679	11,509	(33)
Software & related services	-	2,143	n.m.
<b>Total</b>	<b>18,775</b>	<b>34,210</b>	<b>(45)</b>

In FY09, the Group recorded total revenue of RMB 18.8 million (versus RMB 34.2 million in FY08), gross profit of RMB 4.7 million (versus RMB 9.1 million in FY08), and net loss of RMB 24.9 million (versus net loss of RMB 55.8 million in FY08).

#### Oil production contracts

Revenue from oil production contracts in the 33 km<sup>2</sup> working area in Shaanbei, where the Group provides drilling and production services to a unit of Sinopec, Ganquan Daming Company, decreased by 46% to RMB 11.1 million in FY09 as compared to RMB 20.6 million in FY08. This is mainly due to lower production rates in the area and lower oil delivery prices. The Company had announced that it has signed a sale and purchase agreement to dispose the subsidiary that manage the oil production contract in Shaanbei in February 2010.

#### Oilfield services

Oilfield services recorded revenue of RMB 7.7 million in FY09, compared to RMB 11.5 million in FY08. This comprised the revenue of RMB 5.7 million derived from technical, management and consultation services provided to associate CPHL Cambodia Company Ltd ("CPHLC").

#### Software and related services

The Group had scaled down its non-core software product sales and solutions since December 2008, thereby not recording any further revenue in this segment.

### **Cost and Earnings Analysis**

Gross profit for the year was down from RMB 9.1 million in FY08 to RMB 4.7 million, in tandem with the decrease in revenue.

Selling and distribution costs decreased from RMB 8.0 million in FY08 to RMB 3.7 million in FY09 as a result of significant lower transportation costs of wastage water of oil wells in Shaanbei resulting from the installation of water pipelines that manage to bring costs down significantly. Selling costs were also lower after the disposal of software product sales subsidiary, "Xi'an Cenozoic Oilfield Information Engineering Co, Ltd", where a large part of marketing costs were previously incurred.

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

---

Administrative expenses also went down from RMB 15.6 million in FY08 to RMB 11.0 million in FY09 due to lower staff costs and other office expenses related to the scaled down software product sales business. The Company also implemented further costs cutting measures throughout the year.

Other operating expenses decreased significantly from RMB 40.8 million in FY08 to RMB 12.2 million in FY09. This was attributable to a major allowance for doubtful receivables and a huge impairment costs related to oilfield equipments in Shaanbei incurred in FY08. Impairment costs related to oilfield equipments in Shaanbei for FY09 was RMB 10.4 million, one third of that recorded in FY08.

### **Financial Position and Liquidity**

Group cash balance was higher at RMB 106.8 million as at 31 December 2009, versus RMB 72.8 million as at 31 December 2008 mainly due to fund raising exercises taken to buffer up resources for the development of exploration and production assets and for working capital purposes.

Property, plant and equipment, which mainly comprised development expenditures in the Shaanbei Oil Production Contract, was significantly lower at RMB 18.1 million at 31 December 2009 versus RMB 34.8 million at 31 December 2008. This was due to the provision for impairment loss of RMB 10.4 million as a result of a write down to RMB 16.5 million, which was derived from its transacted price, thereby representing the fair value.

Trade receivables decreased from RMB 3.3 million at 31 December 2008 to RMB 2.9 million at 31 December 2009. Trade receivables were lower due to lower oil production volume and sales in Shaanbei. Other receivables remain unchanged at RMB 1.1 million at 31 December 2009 and 2008.

Trade and other payables decreased from RMB 38.8 million as at 31 December 2008 to RMB 31.5 million at 31 December 2009 and are mainly related to expenditures in Shaanbei Oil Production. This is expected to be reduced after the completion of the disposal of the subsidiary, Xi'an Quanbin Oilfield Technology Co. Ltd. ("XQB"), in Shaanbei.

The amount due from associate company CPHLC increased from RMB 59.5 million at 31 December 2008 to RMB 85.6 million at 31 December 2009. The increase comprised mainly of fees due to a subsidiary of the Company arising from the provision of oilfield technical services to CPHLC that amounted to RMB 5.7 million, and advancement from the Company and its subsidiaries to CPHLC, that amounted to RMB 20.4 million.

In September 2009, the Group established an Indonesian company, PT Petroenergy Utama Wiriagar ("Wiriagar") with its Indonesian partner and each party holds a 50% equity interest of Wiriagar. The Group invested RMB 2.0 million in Wiriagar as at 31 December 2009.

**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 11 November 2009.

**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 fourth quarter of year 2009, crude oil prices were sustained at the third quarter levels of between USD60 to USD75 per barrel, as some economies started to report improved economic indicators. Given the lower volatility of oil prices in the second half of 2009, we observed an

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

increase in activities in the oil and gas industry, as various players in the industry started to position themselves in the market for new opportunities and long term business development.

With regards to the above mentioned factors, we believe interests in the oil and gas industry will remain strong and active in the foreseeable future, which would likely drive more investments in the industry.

At the corporate level, the Company asserts its focus on its exploration and production business. The long term strategic focus for the Company is to establish meaningful production revenue while it continues to develop and enhance the value of its exploration assets. In FY09, besides working on developing exploration assets held by the Company, mainly in Cambodia and Indonesia, management has been assessing various production blocks to build up its production revenue.

Notwithstanding the abovementioned, we announced in February 2010 that the Company has signed a sale and purchase agreement to dispose its wholly-owned subsidiary, XQB. XQB holds the oil production contracts in Shaanbei, which made up 59% of total revenue of the Company in FY09. Despite this significance and the fact that the Company is keenly focus in building a production revenue base, the decision to dispose XQB was attributed to the undermentioned factors. These include production rates and oil delivery prices in Shaanbei that stayed below expectations for an extended period of time. Time and resources spent by management on improving overall production rate and negotiating for better oil delivery prices could not yield satisfactory results. Furthermore, XQB also incurred 80% of the Company's total selling and distribution costs despite its unsatisfactory performance. Given these factors, the disposal would help the Company stem losses in that area and conserve both management and financial resources for acquisitions of production fields with direct operatorship, rather than as a contracted service production team, as in the case in Shaanbei.

Nonetheless, the Company would like to point out that after completion of the disposal, it will not record any revenue for oil production until such time after new production oil fields are identified and acquired. However, the management views this absence in oil production revenue as a transitional one.

The Company also announced that its associated companies, PT Kamundan Energy and Wiriagar, have jointly signed an MOU to bring in a new partner to participate in their exploration and production activities in Indonesia, in the Kamundan and Wiriagar operating area. This is part of the Company's efforts to develop its exploration assets and at the same time lower its exploration risks by bringing in new investors. However, the MOU is non-binding and the finalization of the contract is subject to due diligence results. The Company will update shareholders on the progress of the MOU at the appropriate time.

### 11. Dividend

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

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

No dividend was declared for the year ended 31 December 2009.

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

### PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

**13 (a) Segmented revenue and results for operating or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group operates three operating segments, software and related services segment, oilfield services segment and oil exploration and oilfield development segment.

	Software and related services		Oilfield services		Oil exploration and oilfield development		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	-	2,143	7,679	11,509	11,096	20,558	18,775	34,210
<b>Segment results</b>	<b>(31)</b>	<b>(10,545)</b>	<b>(422)</b>	<b>(410)</b>	<b>(14,773)</b>	<b>(36,071)</b>	<b>(15,226)</b>	<b>(47,026)</b>
Unallocated operating (expenses)/income							(5,583)	(7,218)
Results from operating activities							(20,809)	(54,244)
Finance income							569	850
Finance costs							(15)	(127)
Income tax expense							-	390
Share of losses of associates							(4,506)	(2,651)
Share of loss of a joint venture							(125)	-
<b>Loss for the year</b>							<b>(24,886)</b>	<b>(55,782)</b>
<b>Assets and liabilities</b>								
Segment assets	50,523	63,563	15,558	5,963	18,137	41,266	84,218	110,792
Investment in associates & a joint venture							46,600	46,597
Unallocated assets							135,147	67,923
<b>Total assets</b>							<b>265,965</b>	<b>225,312</b>
Segment liabilities	290	290	6,469	8,040	5,436	15,528	12,195	23,858
Unallocated liabilities							19,321	16,086
<b>Total liabilities</b>							<b>31,516</b>	<b>39,944</b>



# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

### Operating segments of the Group (continue from previous page)

	Software and related services		Oilfield services		Oil exploration and oilfield development		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Other segment information</b>								
Depreciation	-	440	319	613	6,070	9,594	6,389	10,647
Unallocated depreciation							71	81
							6,460	10,728
Amortization of intangible assets	-	107	-	247	-	-	-	354
Impairment loss on intangible assets	-	149	-	-	-	-	-	149
Impairment loss on property, plant and equipment	-	-	-	-	10,390	29,365	10,390	29,365
Capital expenditure	-	-	25	1,120	507	10,945	532	12,065
Unallocated capital expenditure							5	113
							537	12,178

### 13 (b)

	People's Republic of China		Kingdom of Cambodia		Indonesia		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	11,096	22,701	5,700	9,929	1,979	1,580	18,775	34,210
Segment assets	219,365	178,715	40,617	43,753	5,983	2,844	265,965	225,312
Capital expenditure	537	12,178					537	12,178

### 14. In review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

# MIRACH ENERGY LIMITED

## Full Year Financial Statement for the Year Ended 31 December 2009

### 15. A breakdown of sales.

Group	Latest Year 2009	Previous Year 2008	+ / (-) % Change
	(Unaudited) RMB'000	(Unaudited) RMB'000	
(a) Sales for first half year*	8,477	19,395	(56)
(b) Loss after tax*	(4,699)	(3,802)	24
(c) Sales for second half year*	10,298	14,815	(30)
(d) Loss after tax*	(20,187)	(51,980)	(61)

### 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year 2009 (RMB million)	Latest Full Year 2008 (RMB million)
Ordinary	Nil	Nil
Preference	Nil	Nil
Total :	Nil	Nil

### 17. Interested Person Transactions

No interested person transactions were entered into during the year ended 31 December 2009.

#### By Order of the Board

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

**Lui Che Kin**  
Director & CFO

26 February 2010