

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2010

- 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

	Notes	Group		
		3 months ended 31 March 2010 (Unaudited) RMB'000	3 months ended 31 March 2009 (Unaudited) RMB'000	+ / (-) Change (%)
Continuing Operations				
Revenue		1,497	1,504	-
Cost of sales		-	(178)	n.m.
Gross profit		1,497	1,326	13
Other income	1	122	-	n.m.
Selling and distribution costs		(1,029)	(175)	488
Administrative expenses		(2,457)	(2,349)	5
Other operating expenses		-	(88)	n.m.
Results for the period from operating activities	2	(1,867)	(1,286)	45
Finance income		3	1	200
Finance costs		(1)	(1)	-
Share of losses of associates		(507)	(530)	(4)
Share of loss of a joint venture		(71)	-	n.m.
Loss for the period from continuing operations before income tax		(2,443)	(1,816)	35
Income tax expense		-	-	-
Loss for the period from continuing operations		(2,443)	(1,816)	35
Discontinued Operation				
Loss for the period from discontinued operation		-	(898)	n.m.
Net loss for the period		(2,443)	(2,714)	(10)

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Consolidated Statement of Comprehensive Income (continue from previous page)

		Group		
		3 months ended 31 March 2010	3 months ended 31 March 2009	+ / (-)
	Notes	(Unaudited) RMB'000	(Unaudited) RMB'000	Change (%)
Other comprehensive income :				
Currency translation difference arising from consolidation		(107)	214	n.m.
Other comprehensive income for the period		(107)	214	n.m.
Total comprehensive income for the period		(2,550)	(2,500)	2
Loss attributable to:				
Equity holders of the Company		(2,363)	(2,714)	(13)
Minority interests		(80)	-	n.m.
		(2,443)	(2,714)	(10)
Total comprehensive income attributable to :				
Equity holders of the Company		(2,470)	(2,500)	(1)
Minority interests		(80)	-	n.m.
		(2,550)	(2,500)	2

n.m.: not meaningful

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Notes to Consolidated Statement of Comprehensive Income:

1. Other income comprises:

	3 months ended 31 March 2010	3 months ended 31 March 2009
	(Unaudited) RMB'000	(Unaudited) RMB'000
Foreign exchange gain, net	118	-
Others	4	-
	122	-

2. Results for the period from operating activities is arrived at after charging /(crediting):

	Group		
	3 months ended 31 March 2010	3 months ended 31 March 2009	Change
	(Unaudited) RMB'000	(Unaudited) RMB'000	+ /(-)%
Foreign exchange (gain)/loss, net	(118)	88	n.m.
Depreciation of property, plant and equipment	104	279	(63)

n.m.: not meaningful

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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.

Statements of Financial Position

	Notes	Group		Company	
		31 March 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000	31 March 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Current assets					
Cash and cash equivalents		102,544	106,835	44,806	44,602
Pledged fixed deposit		4,524	4,528	4,524	4,528
Trade and other receivables		2,675	4,026	249	336
Amount due from an associate		87,380	85,566	9,118	8,756
Amounts due from subsidiaries (non-trade)		-	-	17,026	15,291
Inventories		15	323	-	-
Assets of disposal group classified as held-for-sale	1	18,137	-	-	-
Total current assets		215,275	201,278	75,723	73,513
Non-current assets					
Property, plant and equipment		1,483	18,087	102	112
Subsidiaries		-	-	111,856	111,856
Joint venture		1,855	1,926	-	-
Associates		43,449	43,956	43,449	43,956
Total non-current assets		46,787	63,969	155,407	155,924
Total assets		262,062	265,247	231,130	229,437
Equity attributable to equity holders of the company					
Share capital		270,579	270,579	270,579	270,579
Reserves		(39,317)	(36,847)	(108,388)	(107,077)
		231,262	233,732	162,191	163,502
Minority interest		(78)	-	-	-
Total equity		231,184	233,732	162,191	163,502
Current liabilities					
Trade and other payables		25,031	31,515	22,319	19,299
Amounts due to subsidiaries (non-trade)		-	-	46,620	46,636
Amount due to minority interest of a subsidiary		411	-	-	-
Liabilities of disposal group classified as held-for-sale	1	5,436	-	-	-
Total current liabilities		30,878	31,515	68,939	65,935
Total liabilities		30,878	31,515	68,939	65,935
Total equity and liabilities		262,062	265,247	231,130	229,437

Notes 1: On 15 January 2010, the Company signed a sales and purchase agreement to dispose its 100% equity interest of Xi'an Quanbin Oilfield Technology Co., Ltd. ('XQB'). This disposal has not been completed on 31 March 2010, accordingly the assets and liabilities comprising the disposal group were classified as held for sale.

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

Amount repayable in one year or less, or on demand

As at 31/03/2010		As at 31/12/2009	
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 31/03/2010		As at 31/12/2009	
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.

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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.

Consolidated Statement of Cash Flows

	Group	
	3 month ended 31 March 2010	3 month ended 31 March 2009
	(Unaudited) RMB'000	(Unaudited) RMB'000
Cash flow from operating activities		
Loss before income tax	(2,443)	(2,714)
Adjustments for:		
Interest expenses	1	11
Interest income	(3)	(2)
Depreciation of property, plant and equipment	104	1,631
Loss on disposal of property, plant and equipment	-	6
Share option recognized	-	347
Share of losses of associates	507	530
Share of loss of a joint venture	71	-
Operating cash flow before working capital changes	(1,763)	(191)
Changes in working operating assets and liabilities:		
Inventories	-	63
Trade and other receivables	175	(119)
Amount due from an associate	(1,814)	(2,142)
Trade and other payables	(1,048)	(616)
Amount due to minority shareholder of a subsidiary	411	-
Cash used in operations	(4,039)	(3,005)
Interest received	3	2
Interest paid	(1)	(11)
Cash flows used in operating activities	(4,037)	(3,014)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(2)
Proceeds from disposal of property, plant and equipment	-	68
Net cash inflow on acquisition of a subsidiary	2	-
Cash flows generated from investing activities	2	66
Cash flows from financing activities		
Pledged fixed deposits	4	-
Cash flows generated from financing activities	4	-
Net decrease in cash and cash equivalents	(4,031)	(2,948)
Cash and cash equivalents at beginning of year	106,835	72,798
Effects of exchange rate changes on balances held in foreign currency	(107)	214
Cash and cash equivalents at end of the period ^(note 1)	102,697	70,064

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Note:

1. Cash and cash equivalents at the period ended 31 March 2010 in the consolidated statement of cash flows includes RMB153,193 which belongs to the disposal group.

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 equity holders of the Company								
The Group	Share capital	Merger reserve	Statutory /equity reserves	Foreign exchange reserve	Accumulated profits /(losses)	Total	Minority interests	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 2009	196,425	5,055	9,497	(6,879)	(18,730)	185,368	-	185,368
Share options reserve recognized	-	-	347	-	-	347	-	347
Total comprehensive income for the period	-	-	-	214	(2,714)	(2,500)	-	(2,500)
At 31 March 2009	196,425	5,055	9,844	(6,665)	(21,444)	183,215	-	183,215
At 1 January 2010	270,579	5,055	8,884	(7,633)	(43,153)	233,732	-	233,732
Minority interest on business combination	-	-	-	-	-	-	2	2
Total comprehensive income for the period	-	-	-	(107)	(2,363)	(2,470)	(80)	(2,550)
At 31 March 2010	270,579	5,055	8,884	(7,740)	(45,516)	231,262	(78)	231,184

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

The Company	Share capital	Statutory/ equity reserves	Accumulated losses	Total
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
At 1 January 2009	196,425	3,709	(68,041)	132,093
Share options reserves recognized	-	347	-	347
Total comprehensive income for the period	-	-	(1,868)	(1,868)
At 31 March 2009	196,425	4,056	(69,909)	130,572
At 1 January 2010	270,579	3,096	(110,173)	163,502
Total comprehensive income for the period	-	-	(1,311)	(1,311)
At 31 March 2010	270,579	3,096	(111,484)	162,191

- 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.**

There is no change in the Company's issued share capital since 31 December 2009.

- 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 shares as at 31 March 2010 and 31 December 2009 were 766,668,356.

- 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.

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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. 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.

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 31 March 2010	3 months ended 31 March 2009
		(Restated)
Loss per ordinary share of the Group for the financial period based on net loss attributable to equity holders of the Company:		
Basic and fully diluted (RMB cents)	(0.31)	(0.75)
Basic and fully diluted loss per share were based on:		
Net loss for the period(RMB'000)	(2,363)	(2,714)
	No. of shares	No. of shares
Shares outstanding at beginning of the year	766,668,356	363,700,524
Weighted average number of new shares issued during the period	-	-
Weighted average number of shares issued during the period (basic and fully diluted)	766,668,356	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 during the period ended 31 March 2009 was calculated and restated with a corresponding adjustment factor.

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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 March 2010	31 December 2009	31 March 2010	31 December 2009
Net asset value per ordinary share (RMB cents)	30.16	30.49	21.16	21.33
Net asset value (RMB'000)	231,262	233,732	162,191	163,502
Issued and fully paid ordinary shares	766,668,356	766,668,356	766,668,356	766,668,356

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.**

Income Statement

Revenue for the Group's continuing operations in 1Q2010 is little change from the previous corresponding period of 1Q2009, at RMB1.5 million. Gross profit increased by 13% to RMB1.5 million in 1Q2010 versus RMB1.3 million in 1Q2009, mainly due to no cost of sales incurred in 1Q2010.

The selling and distribution costs increased to RMB1.0 million in 1Q2010 versus RMB0.2 million in 1Q2009 despite a decrease in revenue due to the disposal of XQB. The higher costs were incurred as a result of business development work which included identifying target assets, analyzing and interpreting their existing seismic data, carrying out geological field work, due diligence and other business negotiation activities.

Loss for the Group's discontinued operations, XQB, (which held Shaanbei oil production contracts) in 1Q2010 was nil versus RMB0.9 million in 1Q2009. Pursuant to the sale and purchase agreement signed in January 2010 to dispose of XQB, all revenue and costs accruing to XQB was transferred to the buyer with effect from 1 January 2010.

Cash flow, revenue, assets and liabilities

Cash balance for the Group was 4% lower at RMB102.5 million in 1Q2010 mainly due to a net cash outflow from operating activities of RMB4.0 million.

Trade and other receivables were down from RMB4.0 million to RMB2.7 million, mainly due to the arising of an "assets of disposal group" classified as held-for-sale as the disposal process has not been completed as of 31 March 2010. This also gave rise to a fall in the value of property, plant and equipment from RMB18.1 million to RMB1.5 million, and also led to the liabilities of disposal group of RMB5.4 million.

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

The Group did not make any forecast or prospect statement in the last results announcement dated 26 February 2010.

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.

Following the sales of oil production contracts in Shaanbei, the Group will not record any production revenue transitorily. Currently, management is assessing various opportunities to acquire new assets to build up its earnings base. It is also developing its petroleum assets in Cambodia and Indonesia.

Industry wise, a sustainable buoyant energy resources industry is expected due to the accelerating demand from the Asia Pacific region. With the global economic recovery underway albeit the high volatility, investments in energy resources in Asia, including the upstream segment, is likely to increase in order to satisfy the growing demand.

11. Dividend

	(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 dividend was declared for the 3 months ended 31 March 2010.

Statement by Directors

Pursuant to Rule 705(4) of the Listing Manual of the SGX-ST

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the First Quarter Results of the Group for the financial period ended 31 March 2010 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

12 May 2010