

MIRACH ENERGY LIMITED

Second Quarter Financial Statement for the Period Ended 30 June 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

	Note	Group			Group		
		3 months ended 30 June 2010	3 months ended 30 June 2009	+ / (-)	6 months ended 30 June 2010	6 months ended 30 June 2009	+ / (-)
		(Unaudited) RMB'000	(Unaudited) RMB'000	Change (%)	(Unaudited) RMB'000	(Unaudited) RMB'000	Change (%)
Revenue		1,604	3,809	(58)	3,101	8,477	(63)
Cost of sales		-	(2,672)	n.m.	-	(5,815)	n.m.
Gross profit		1,604	1,137	41	3,101	2,662	16
Other income	1	-	1,061	n.m.	4	967	(100)
Selling and distribution costs		(434)	(857)	(49)	(1,463)	(1,688)	(13)
Administrative expenses		(2,633)	(2,641)	(0)	(5,090)	(5,416)	(6)
Other operating expenses		(1,646)	-	n.m.	(1,528)	-	n.m.
Results for the period for operating activities	2	(3,109)	(1,300)	139	(4,976)	(3,475)	43
Interest income		8	4	100	11	6	83
Finance costs		-	(1)	n.m.	(1)	(12)	(92)
Share of losses of associates		(472)	(688)	(31)	(979)	(1,218)	(20)
Share of loss of a joint venture		(83)	-	n.m.	(154)	-	n.m.
Loss from operations before income tax		(3,656)	(1,985)	84	(6,099)	(4,699)	30
Income tax expense		-	-	-	-	-	-
Loss for the period		(3,656)	(1,985)	84	(6,099)	(4,699)	30

n.m.: not meaningful

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1(a) (continue)

	Note	Group			Group		
		3 months ended	3 months ended		6 months ended	6 months ended	
		30 June	30 June	+ / (-)	30 June	30 June	+ / (-)
		2010	2009		2010	2009	
		(Unaudited)	(Unaudited)	Change	(Unaudited)	(Unaudited)	Change
		RMB'000	RMB'000	(%)	RMB'000	RMB'000	(%)
Other comprehensive income :							
Reclassification adjustment :							
-Disposal of a subsidiary		92	-	n.m.	92	-	n.m.
Currency translation difference arising from consolidation		(563)	(230)	145	(670)	(16)	4,088
Other comprehensive income for the period		(471)	(230)	105	(578)	(16)	3,518
Total comprehensive income for the period		(4,127)	(2,215)	86	(6,677)	(4,715)	42
Loss attributable to:							
Equity holders of the Company		(3,584)	(1,985)	81	(5,947)	(4,699)	27
Minority interests		(72)	-	n.m.	(152)	-	n.m.
		(3,656)	(1,985)	84	(6,099)	(4,699)	30
Total comprehensive income attributable to:							
Equity holders of the Company		(4,056)	(2,215)	83	(6,526)	(4,715)	38
Minority interests		(71)	-	n.m.	(151)	-	n.m.
		(4,127)	(2,215)	86	(6,677)	(4,715)	42

n.m.: not meaningful

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Notes to Consolidated Statement of Comprehensive Income:

1. Other income comprises:

	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
Gain on disposal of property, plant and equipments	-	51	-	45
Foreign exchange gain*	-	1,010	-	922
Others	-	-	4	-
	-	1,061	4	967

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

	Group			Group		
	3 months ended 30 June 2010	3 months ended 30 June 2009	+ /(-)	6 months ended 30 June 2010	6 months ended 30 June 2009	+ /(-)
	Unaudited	Unaudited	Change	Unaudited	Unaudited	Change
	RMB'000	RMB'000	(%)	RMB'000	RMB'000	(%)
Foreign exchange loss/(gain), net*	247	(1,010)	n.m.	129	(922)	n.m.
Depreciation of property, plant and equipment	104	1,615	(94)	208	3,246	(94)
Gain on disposal of property, plant and equipment, net	-	(51)	n.m.	-	(45)	n.m.
Loss on disposal of a subsidiary	1,400	-	n.m.	1,400	-	n.m.

*The foreign exchange gain of RMB 118,000 in 1Q2010 was classified as other income. Whereas, the foreign exchange loss of RMB 247,000 recorded in 2Q10 was partially offset by the foreign exchange gain recorded for 1Q2010, resulting in a net foreign exchange loss of RMB 129,000 which was classified as other operation expenses in 1H2010.

n.m.: not meaningful

MIRACH ENERGY LIMITED

Second Quarter Financial Statement for the Period Ended 30 June 2010

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	
		30 June 2010	31 December 2009	30 June 2010	31 December 2009
		(Unaudited) RMB'000	(Audited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000
Current assets					
Cash and cash equivalents		107,192	106,835	45,304	44,602
Pledged fixed deposit		-	4,528	-	4,528
Trade and other receivables		4,333	4,026	669	336
Amount due from an associate		89,220	85,566	9,758	8,756
Amounts due from a joint venture		848	-	-	-
Amounts due from subsidiaries (non-trade)		-	-	10,065	15,291
Inventories		15	323	-	-
Total current assets		201,608	201,278	65,796	73,513
Non-current assets					
Property, plant and equipment		1,397	18,087	95	112
Subsidiaries		-	-	111,863	111,856
Joint venture		1,773	1,926	-	-
Associates		42,977	43,956	42,977	43,956
Total non-current assets		46,147	63,969	154,935	155,924
Total assets		247,755	265,247	220,731	229,437
Equity attributable to equity holders of the company					
Share capital		270,579	270,579	270,579	270,579
Reserves		(43,373)	(36,847)	(111,882)	(107,077)
		227,206	233,732	158,697	163,502
Minority interest		(147)	-	-	-
Total equity		227,059	233,732	158,697	163,502
Current liabilities					
Trade and other payables		19,901	31,515	15,407	19,299
Amounts due to subsidiaries (non-trade)		-	-	46,627	46,636
Amount due to minority interest of a subsidiary		795	-	-	-
Total current liabilities		20,696	31,515	62,034	65,935
Total liabilities		20,696	31,515	62,034	65,935
Total equity and liabilities		247,755	265,247	220,731	229,437

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Second Quarter Financial Statement for the Period Ended 30 June 2010

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 June 2010		As at 31 December 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 30 June 2010		As at 31 December 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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Second Quarter Financial Statement for the Period Ended 30 June 2010

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		Group	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 10	30 June 09	30 June 10	30 June 09
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Cash flow from operating activities				
Loss from ordinary activities before income tax	(3,656)	(1,985)	(6,099)	(4,699)
Adjustments for :				
Interest expenses	-	1	1	12
Interest income	(8)	(4)	(11)	(6)
Depreciation of property, plant and equipment	104	1,615	208	3,246
Gain on disposal of property, plant and equipment	-	(51)	-	(45)
Loss on disposal of a subsidiary	1,400	-	1,400	-
Share option recognized	-	174	-	521
Share of losses of associates	472	688	979	1,218
Share of loss of a joint venture	83	-	154	-
Operating cash flow before working capital changes	(1,605)	438	(3,368)	247
Changes in working operating assets and liabilities :				
Inventories	-	(41)	-	22
Trade and other receivables	(1,658)	164	(1,483)	45
Amount due from an associate	(1,840)	(1,600)	(3,654)	(3,742)
Amount due from a joint venture	(848)	-	(848)	-
Trade and other payables	(5,130)	61	(6,178)	(555)
Amount due to minority interest of a subsidiary	386	-	797	-
Cash flows used in operations	(10,695)	(978)	(14,734)	(3,983)
Interest received	8	4	11	6
Interest paid	-	(1)	(1)	(12)
Cash flows used in operating activities	(10,687)	(975)	(14,724)	(3,989)

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Second Quarter Financial Statement for the Period Ended 30 June 2010

1(c) (continue)

	Group		Group	
	3 months ended	3 months ended	6 months ended	6 months ended
	30 June 10	30 June 09	30 June 10	30 June 09
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Cash flows from investing activities				
Purchases of property, plant and equipment	(18)	(11)	(18)	(13)
Proceeds from disposal of property, plant and equipment	-	139	-	207
Net cash inflow on disposal of a subsidiary	11,240	-	11,240	-
Cash flows generated from investing activities	11,222	128	11,222	194
Cash flow from financing activities				
Pledged fixed deposit	4,528	(4,117)	4,528	(4,117)
Net proceeds from rights issue	-	39,668	-	39,668
Capital contributions from minority interests of a subsidiary	-	-	2	-
Cash flows generated from financing activities	4,528	35,551	4,530	35,551
Net increase in cash and cash equivalents	5,063	34,704	1,028	31,756
Cash and cash equivalents at beginning of the period	102,697	70,064	106,835	72,798
Effects of foreign exchange rate changes	(568)	(230)	(671)	(16)
Cash and cash equivalents at end of the period	107,192	104,538	107,192	104,538

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Second Quarter Financial Statement for the Period Ended 30 June 2010

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
Net proceeds from Rights issue	39,668	-	-	-	-	39,668	-	39,668
Transfer of share option reserve	-	-	(1,267)	-	1,267	-	-	-
Share options reserve recognized	-	-	174	-	-	174	-	174
Total comprehensive income for the period	-	-	-	(230)	(1,985)	(2,215)	-	(2,215)
At 30 Jun 2009	236,093	5,055	8,751	(6,895)	(22,162)	220,842	-	220,842
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
Minority interest on business combination	-	-	-	-	-	-	2	2
Total comprehensive income for the period	-	-	-	(472)	(3,584)	(4,056)	(71)	(4,127)
At 30 June 2010	270,579	5,055	8,884	(8,212)	(49,100)	227,206	(147)	227,059

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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
Net proceeds from Rights issue	39,668	-	-	39,668
Transfer of share option reserve	-	(1,267)	1,267	-
Total comprehensive income for the period	-	-	(987)	(987)
Share options reserve recognized	-	174	-	174
At 30 June 2009	236,093	2,963	(69,629)	169,427
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
Total comprehensive income for the period	-	-	(3,494)	(3,494)
At 30 June 2010	270,579	3,096	(114,978)	158,697

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.

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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 30 June 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.

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.

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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 2010	3 months ended 30 June 2009	6 months ended 30 June 2010	6 months ended 30 June 2009
		(Restated)		(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)	(0.47)	(0.32)	(0.78)	(0.95)
Basic and fully diluted loss per share were based on:				
Net loss for the period(RMB'000)	(3,584)	(1,985)	(5,947)	(4,699)
	No. of shares	No. of shares	No. of shares	No. of shares
Shares outstanding at beginning of the year	766,668,356	363,700,524	766,668,356	363,700,524
Weighted average number of new shares issued during the period	-	260,677,845	-	131,059,027
Weighted average number of shares issued during the period (basic and fully diluted)	766,668,356	624,378,369*	766,668,358	494,759,551*

* In April 2009, the Company allotted and issued 402,207,937 ordinary shares pursuant to the 3-for-1 rights issue. The weighted average number of shares issued during the period ended 31 March and 30 June 2009 were calculated and restated with a corresponding 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	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Net asset value per ordinary share (RMB cents)	29.62	30.49	20.70	21.33
Net asset value (RMB'000)	227,059	233,732	158,697	163,502
Issued and fully paid ordinary shares	766,668,356	766,668,356	766,668,356	766,668,356

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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.**

Income Statement

The Group recorded revenue from operations of RMB 1.6 million in 2Q10, down from RMB 3.8 million in the previous corresponding quarter of 2Q09. This was the result of the disposal of Sha'anbei oil production business with effect from 1 January 2010, leading to the absent of oil production revenue in the first half year of 2010. Oil field services contributed to the bulk of revenue in 2Q10.

Gross profit increased to RMB 1.6 million in 2Q10 from RMB 1.1 million in 2Q09 despite the decline in turnover, as there was no direct cost of sales in oil field services revenue.

Selling and distribution costs were lower at RMB 0.4 million in 2Q10 versus RMB 0.9 million in 2Q09 as business development activities incurred less costs in the period, while administrative costs remained relatively constant.

The Group recorded other operating costs of RMB 1.6 million in 2Q10 attributable to the loss on disposal of RMB 1.4 million that resulted from the divestment of the Sha'anbei oil production business. There was also a RMB 0.2 million foreign exchange losses recorded in the quarter. Including these one-off expenses, the Group recorded loss attributable to shareholders of RMB 4.1 million in 2Q10 as compared to RMB 2.2 million in the previous corresponding quarter.

Cash flow, revenue, assets and liabilities

Cash balance for the Group stood at RMB 107.2 million as at 30 June 2010, slightly higher than RMB 106.8 million as at 31 December 2009, as the previously pledged deposit of RMB 4.5 million was relinquished in 2Q10.

Trade receivable were significantly lower at RMB 0.1 million as at 30 June 2010 compared to RMB 2.9 million as at 31 December 2009, as RMB 1.9 million has been collected and another RMB 0.8 million reduction was part of the divestment of Sha'anbei oil production business. Other receivables stood at RMB 4.2 million as at 30 June 2010 compared to RMB 1.1 million as at 31 December 2009. The increase was mainly due to advancement made for project developments in Indonesia.

Trade payable also decreased significantly from RMB 10.3 million as at 31 December 2009 to RMB 0.01 million as at 30 June 2010 as a result of repayment of RMB 5.5 million debts and deducting the RMB 4.8 million payables related to the divestment of the Sha'anbei oil production business. The divestment also led to a sharp reduction in property, plant and equipment from RMB 18.1 million as at 31 December 2009 to RMB 1.4 million as at 30 June 2010. As a result, total assets decreased from RMB 265.2 million to RMB 247.8 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 12 May 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.**

With the divestment of the oil production business in Sha'anbei, the Group is currently only recording revenue contribution from the provision of technical oil field services, as the other energy assets held by the Company are in exploration phases. While developing its exploration assets, which have taken a much longer than expected time frame due to the size and complexity of these projects, the Group continues to carry out geological field work, due diligence and negotiations to identify production assets to achieve diversification and growth in revenue. With regards to this, the Group is currently evaluating a few projects that involve producing energy assets and is in the process of procuring and implementing one of the projects.

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/recommendeded, a statement to that effect.**

No dividend was declared for the 3 months ended 30 June 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 Second Quarter Results of the Group for the financial period ended 30 June 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

11 August 2010