

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

- 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

(Figures for FY2010 have been restated to account for the effects of a change in the functional currency of the Company and the accounts presentation of the Group as explained in paragraph 5. All amounts in this announcement are stated in U.S. Dollars except where otherwise indicated.)

		Group		
		3 months ended 31 March 2011	3 months ended 31 March 2010	+ / (-)
	Notes	(Unaudited) USD'000	(Restated) USD'000	Change (%)
Revenue		1,807	220	721
Cost of sales		(1,231)	-	n.m.
Gross profit		576	220	162
Other income	1	54	18	200
Selling and distribution costs		(58)	(151)	(62)
Administrative expenses		(771)	(361)	114
Other operating expenses		-	-	-
Results for the period from operating activities	2	(199)	(274)	(27)
Finance income		1	-	n.m.
Finance costs		-	-	-
Share of losses of associates		(65)	(74)	(12)
Share of loss of a joint venture		(7)	(11)	(36)
Loss for the period before income tax		(270)	(359)	(25)
Income tax expense		-	-	-
Net loss for the period		(270)	(359)	(25)

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

Consolidated statement of comprehensive income (continues from previous page)

		Group		
		3 months ended 31 March 2011	3 months ended 31 March 2010	+ / (-)
	Notes	(Unaudited) USD'000	(Restated) USD'000	Change (%)
Other comprehensive income :				
Currency translation difference arising from consolidation		70	(16)	n.m.
Other comprehensive income for the period		70	(16)	n.m.
Total comprehensive income for the period		(200)	(375)	(47)
Loss attributable to:				
Equity holders of the Company		(257)	(347)	(26)
Minority interests		(13)	(12)	8
		(270)	(359)	(25)
Total comprehensive income attributable to :				
Equity holders of the Company		(181)	(363)	(50)
Minority interests		(19)	(12)	58
		(200)	(375)	(47)

n.m.: not meaningful

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

Notes to Consolidated statement of comprehensive income:

1. Other income comprises:

	3 months ended 31 March 2011	3 months ended 31 March 2010
	(Unaudited) USD'000	(Restated) USD'000
Foreign exchange gain, net	54	17
Other	-	1
	54	18

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

	Group		
	3 months ended 31 March 2011	3 months ended 31 March 2010	Change
	(Unaudited) USD'000	(Restated) USD'000	+ / (-)%
Foreign exchange gain, net	54	17	218
Depreciation of property, plant and equipment	24	16	50
Amortisation of deferred mining expenditures and deferred exploration and development expenditures	371	-	n.m.

n.m.: not meaningful

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

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 2011	31 December 2010	31 March 2011	31 December 2010
		(Unaudited) USD'000	(Restated) USD'000	(Unaudited) USD'000	(Restated) USD'000
Current assets					
Cash and cash equivalents		12,942	13,688	3,612	4,768
Pledged fixed deposit		-	-	-	-
Trade and other receivables		315	357	122	122
Amount due from an associate		14,206	13,861	1,666	1,558
Amounts due from subsidiaries (non-trade)		-	-	2,483	1,860
Inventories		46	138	-	-
Total current assets		27,509	28,044	7,883	8,308
Non-current assets					
Property, plant and equipment		311	235	41	45
Deferred mining expenditure		852	533	-	-
Exploration and evaluation expenditure		65	71	-	-
Other receivables and prepayments		1,288	1,008	1,456	1,358
Deferred tax assets		93	93	-	-
Subsidiaries		-	-	16,890	16,890
Associates		6,311	6,376	8,715	8,715
Joint venture		373	382	-	-
Total non-current assets		9,293	8,698	27,102	27,008
Total assets		36,802	36,742	34,985	35,316
Equity attributable to equity holders of the company					
Share capital		40,855	40,855	40,855	40,855
Reserves		(7,535)	(7,348)	(15,011)	(14,883)
Minority interest		33,320	33,507	25,844	25,972
Total equity		33,214	33,420	25,844	25,972
Current liabilities					
Trade and other payables		3,409	3,143	2,377	2,434
Amounts due to subsidiaries (non-trade)		-	-	6,764	6,910
Amount due to minority interest of a subsidiary		179	179	-	-
Total current liabilities		3,588	3,322	9,141	9,344
Total equity and liabilities		36,802	36,742	34,985	35,316

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

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

Amount repayable in one year or less, or on demand

As at 31/03/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
(Unaudited)	(Unaudited)	(Restated)	(Restated)
USD'000	USD'000	USD'000	USD'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/03/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
(Unaudited)	(Unaudited)	(Restated)	(Restated)
USD'000	USD'000	USD'000	USD'000
Nil	Nil	Nil	Nil

Details of any collateral:

Not applicable.

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

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 2011	3 month ended 31 March 2010
	(Unaudited) USD'000	(Restated) USD'000
Cash flow from operating activities		
Loss before income tax	(270)	(359)
Adjustments for:		
Interest expenses	-	-
Interest income	(1)	-
Depreciation of property, plant and equipment	24	15
Amortisation of deferred mining expenditures and deferred exploration and development expenditures	371	-
Share of losses of associates	65	74
Share of loss of a joint venture	7	11
Operating cash flow before working capital changes	196	(259)
Changes in working operating assets and liabilities:		
Inventories	93	-
Trade and other receivables and prepayments	(251)	26
Amount due from an associate	(345)	(274)
Trade and other payables	267	(159)
Amount due to minority shareholder of a subsidiary	-	62
Cash used in operations	(40)	(604)
Interest received	1	
Interest paid	-	-
Cash flows used in operating activities	(39)	(604)
Cash flows from investing activities		
Purchase of property, plant and equipment	(100)	-
Deferred mining expenditures	(684)	-
Cash flows used in investing activities	(784)	-
Cash flows from financing activities		
Pledged fixed deposits	-	1
Cash flows generated from financing activities	-	1
Net decrease in cash and cash equivalents	(823)	(603)
Cash and cash equivalents at beginning of year	13,688	16,131
Effects of exchange rate changes on balances held in foreign currency	77	(22)
Cash and cash equivalents at end of the period	12,942	15,506

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

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
	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000
At 1 January 2010	35,913	611	1,105	(1,039)	(7,496)	29,094	-	29,094
Total comprehensive income for the period	-	-	-	(16)	(347)	(363)	(12)	(375)
At 31 March 2010	35,913	611	1,105	(1,055)	(7,843)	28,731	(12)	28,719
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) USD'000	(Unaudited) USD'000	(Unaudited) USD'000	(Unaudited) USD'000	(Unaudited) USD'000	(Unaudited) USD'000	(Unaudited) USD'000	(Unaudited) USD'000
At 1 January 2011, as previously presented	35,913	611	1,105	(1,309)	(8,961)	27,359	(85)	27,274
Effect of change of functional currency of the company	4,942	152	236	(121)	939	6,148	(2)	6,146
At 1 January 2011 as restated	40,855	763	1,341	(1,430)	(8,022)	33,507	(87)	33,420
Foreign exchange differences	-	-	-	-	-	-	(6)	(6)
Total comprehensive income for the period	-	-	-	70	(257)	(187)	(13)	(200)
At 31 March 2011	40,855	763	1,341	(1,360)	(8,279)	33,320	(106)	33,214

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

Statement of changes in equity (continues from the previous page)

The Company	Share capital	Statutory/ equity reserves	Accumulated losses	Total
	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000
At 1 January 2010	35,913	406	(13,466)	22,853
Total comprehensive income for the period	-	-	(193)	(193)
At 31 March 2010	35,913	406	(13,659)	22,660
The Company	Share capital	Statutory/ equity reserves	Accumulated losses	Total
	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000	(Restated) USD'000
At 1 January 2011, as previously presented	35,913	406	(14,237)	22,082
Effect of change of functional currency of the company	4,942	61	(1,113)	3,890
At 1 January 2011 as restated	40,855	467	(15,350)	25,972
Total comprehensive income for the period	-	-	(128)	(128)
At 31 March 2011	40,855	467	(15,478)	25,844

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-back, 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 2010.

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 2011 and 31 December 2010 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.

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

- 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.**

Change in Functional and Presentation Currency

In prior years, the Company measured its transactions in Chinese Renminbi ("RMB") and presented the Group's and the Company's financial statements in RMB. In compliance with FRS 21 (The Effects of Changes in Foreign Exchange Rates), the Company has determined that its functional currency is United States Dollars ("US\$") and has accordingly changed its functional currency from RMB to US\$ with effect from 1 January 2011 to reflect the economic substance of the underlying circumstances and events relevant to the Company. The underlying change is prospective and has therefore no effect on the Company's financial results prior to 1 January 2011.

The Company and the Group have also determined that it is more appropriate to present the financial statements of the Company and the Group in US\$ as a substantial part of the Group's operating activities are in US\$ and it is the functional currency of the Company. Accordingly, the presentation currency of the consolidated financial statements has also been changed from RMB to US\$. Accordingly, the comparative figures for income and expenses in the income statement have been translated at the average exchange rate for the financial year ended 31 December 2010 and the comparative figures for assets and liabilities in the balance sheet have been translated at the closing rate as at 31 December 2010 respectively.

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

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 2011	3 months ended 31 March 2010
		(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 (USD cents)	(0.03)	(0.05)
Basic and fully diluted loss per share were based on:		
Net loss for the period(USD'000)	257	359
	No. of shares	No. of shares
Shares outstanding at beginning of the year	766,668,356	766,668,356
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	766,668,356

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 2011 (Unaudited)	31 December 2010 (Restated)	31 March 2011 (Unaudited)	31 December 2010 (Restated)
Net asset value per ordinary share (USD cents)	4.35	4.37	3.37	3.39
Net asset value (USD'000)	33,320	33,507	25,844	25,972
Issued and fully paid ordinary shares	766,668,356	766,668,356	766,668,356	766,668,356

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

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 (USD'000)	1Q2011	1Q2010	+/-% change
Oilfield services	607	220	176
Coal mining	1,200	-	-
Total	1,807	220	721

In 1Q2011, the Group recorded a considerable increase in revenue, which jumped 721% to US\$1.8 million, versus US\$0.22 million in 1Q2010. The growth in revenue was due largely to contribution from its coal mining business. Coal mining business at the Samarinda coal mine recorded US\$1.2 million in revenue in 1Q2011. In addition, oilfield services revenue also grew 176% to US\$0.61 million, attributable to new EOR services revenue from the oilfields in Oman.

Gross profit rose 162% to US\$0.58 million in 1Q2011 versus US\$0.22 million in 1Q2010. The increase was due to the contribution from coal sales during the period.

Selling and distribution costs were lowered from US\$0.16million to US\$0.06 million as less marketing activities were conducted during the first quarter.

Administrative expenses increased substantially by 114% from US\$0.36 million in 1Q2010 to US\$0.77 million in 1Q2011. The increase was mainly due to the coal mining activities carried out during the period.

The Group recorded a narrower operating loss of US\$0.20 million in the quarter, versus operating loss of US\$0.27 million in 1Q2010.

Net loss attributable to shareholders of the Group was US\$0.18 million in 1Q2011 compared to US\$0.36 million in 1Q2010.

Balance Sheet movement:

Cash balance for the Group stood at US\$12.9 million as at 31 March 2011.

Amount due from an associate was marginally higher and related mainly to amounts due from CPHL (Cambodia) Company Limited.

Inventory decreased from US\$0.14 million at 31 December 2010 to US\$0.05 million at 31 March 2011, mainly due to lower stock level of coal.

Property plant and equipment was US\$0.31 million, higher from US\$0.24 million in December 2010 related to the coal mine activities.

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

Deferred mining expenditure was recorded at US\$0.85 million as at 31 March 2011 compared with US\$0.53 million as at 31 December 2010. This was related to the coal mine at Samarinda.

Other receivables and prepayments rose from US\$1.0 million to US\$1.29 million related to sales and delivery activities of coal mine.

Trade and other payables increased from US\$3.14 million as at 31 December 2010 to US\$3.41 million, mainly due to the coal contractors' payables during the period.

Cash Flow

The Group turns in a positive operating cash flow before working capital changes of US\$0.20 million for the quarter, attributable to the coal business in Indonesia.

Operating cash outflow for the quarter narrowed to US\$0.04 million, versus the previous quarter's outflow of US\$0.6 million.

Investment cash outflows were US\$0.78 million for the quarter related to the purchase of equipment and deferred mining expenditures of coal mine.

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 2011.

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.

EOR

The Group has recorded its first EOR revenue in 1Q2011 following the strategic Cooperation Framework Agreement with China Petroleum Chemicals Company to develop overseas EOR market. Although contribution for this segment is small now, we expect the EOR market to remain buoyant along with sustainable oil prices, and would work to develop further business in the EOR services market.

Coal

The total production volume of coal was 28,000 tonnes in March 2011 and production rate is expected to increase in the next quarter due to improving weather conditions, barring other unforeseeable factors.

Convertible Bonds Issue

The Company has successfully completed its issue of Convertible Bonds to raise S\$16.9 million in April 2011. It is expected to use the proceeds from the issue for the acquisition and development of production oil field.

MIRACH ENERGY LIMITED

First Quarter Financial Statement for the Period Ended 31 March 2011

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 2011.

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 2011 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
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12 May 2011