

MIRACH ENERGY LIMITED

Second Quarter Financial Statement for the Period Ended 30 June 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.)

	Notes	Group			Group		
		3 months ended 30 June 2011	3 months ended 30 June 2010	+ / (-)	6 months ended 30 June 2011	6 months ended 30 June 2010	+ / (-)
		(Unaudited) USD'000	(Restated) USD'000	Change (%)	(Unaudited) USD'000	(Restated) USD'000	Change (%)
Revenue		1,197	236	407	3,004	456	559
Cost of sales		(651)	-	n.m.	(1,882)	-	n.m.
Gross profit		546	236	131	1,122	456	146
Other income	1	38	-	n.m.	92	18	411
Selling and distribution costs		(57)	(64)	(11)	(115)	(215)	(47)
Administrative expenses		(834)	(387)	116	(1,605)	(748)	115
Other operating expenses		-	(242)	n.m.	-	(242)	n.m.
Results for the period from operating activities	2	(307)	(457)	(33)	(506)	(731)	(31)
Finance income		1	2	(50)	2	2	0
Finance costs		(164)	-	n.m.	(164)	-	n.m.
Share of losses of associates		(65)	(70)	(7)	(130)	(144)	(10)
Share of loss of a joint venture		(2)	(12)	(83)	(9)	(23)	(61)
Loss for the period before income tax		(537)	(537)	0	(807)	(896)	(10)
Income tax expense		-	-	-	-	-	-
Net loss for the period		(537)	(537)	0	(807)	(896)	(10)

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Consolidated statement of comprehensive income (continues from previous page)

	Notes	Group			Group		
		3 months ended 30 June 2011	3 months ended 30 June 2010	+ / (-)	6 months ended 30 June 2011	6 months ended 30 June 2010	+ / (-)
		(Unaudited) USD'000	(Restated) USD'000	Change (%)	(Unaudited) USD'000	(Restated) USD'000	Change (%)
Other comprehensive income :							
Reclassification adjustment: - Disposal of a subsidiary		-	14	n.m.	-	14	n.m.
Currency translation difference arising from consolidation		334	(83)	n.m.	404	(99)	n.m.
Other comprehensive income for the period		334	(69)	n.m.	404	(85)	n.m.
Total comprehensive income for the period		(203)	(606)	(67)	(403)	(981)	(59)
Loss attributable to:							
Equity holders of the Company		(514)	(527)	(2)	(771)	(874)	(12)
Non-controlling interests		(23)	(10)	130	(36)	(22)	64
		(537)	(537)	0	(807)	(896)	(10)
Total comprehensive income attributable to :							
Equity holders of the Company		(169)	(596)	(72)	(350)	(959)	(64)
Non-controlling interests		(34)	(10)	240	(53)	(22)	141
		(203)	(606)	(67)	(403)	(981)	(59)

n.m.: not meaningful

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Notes to Consolidated statement of comprehensive income:

1. Other income comprises:

	3 months ended 30 June 2011	3 months ended 30 June 2010	6 months ended 30 June 2011	6 months ended 30 June 2010
	(Unaudited) USD'000	(Restated) USD'000	(Unaudited) USD'000	(Restated) USD'000
Foreign exchange gain, net	38	-	92	17
Others	-	-	-	1
	38	-	92	18

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

	Group			Group		
	3 months ended 30 June 2011	3 months ended 30 June 2010	Change	6 months ended 30 June 2011	6 months ended 30 June 2010	Change
	(Unaudited) USD'000	(Restated) USD'000	+/(-)%	(Unaudited) USD'000	(Restated) USD'000	+/(-)%
Foreign exchange gain, net	38	-	n.m.	92	17	441
Depreciation of property, plant and equipment	24	16	50	48	32	50
Amortisation of deferred mining expenditures and deferred exploration and development expenditures	585	-	n.m.	956	-	n.m.

n.m.: not meaningful

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Second Quarter Financial Statement for the Period Ended 30 June 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

	Group		Company	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	USD'000	USD'000	USD'000	USD'000
Current assets				
Cash and cash equivalents	26,534	13,688	16,973	4,768
Pledged fixed deposits	-	-	-	-
Trade and other receivables	1,274	357	236	122
Amount due from an associate	14,529	13,861	1,701	1,558
Amounts due from subsidiaries (non-trade)	-	-	2,900	1,860
Inventories	753	138	-	-
Total current assets	43,090	28,044	21,810	8,308
Non-current assets				
Property, plant and equipment	291	235	38	45
Deferred mining expenditure	746	533	-	-
Exploration and evaluation expenditure	63	71	-	-
Other receivables and prepayments	1,398	1,008	1,442	1,358
Deferred tax assets	97	93	-	-
Subsidiaries	-	-	16,890	16,890
Associates	6,245	6,376	8,715	8,715
Joint venture	372	382	-	-
Total non-current assets	9,212	8,698	27,085	27,008
Total assets	52,302	36,742	48,895	35,316
Equity attributable to equity holders of the company				
Share capital	40,855	40,855	40,855	40,855
Reserves	(6,733)	(7,348)	(14,272)	(14,883)
	34,122	33,507	26,583	25,972
Non-controlling interests	(129)	(87)	-	-
Total equity	33,993	33,420	26,583	25,972
Current liabilities				
Trade and other payables	6,438	3,143	3,915	2,434
Amounts due to subsidiaries (non-trade)	-	-	6,705	6,910
Amount due to non—controlling interests of a subsidiary	179	179	-	-
Total current liabilities	6,617	3,322	10,620	9,344
Non-current liabilities				
Convertible bonds	11,692	-	11,692	-
Total non-current liabilities	11,692	-	11,692	-
Total equity and liabilities	52,302	36,742	48,895	35,316

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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 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
(Unaudited) USD'000	(Unaudited) USD'000	(Restated) USD'000	(Restated) USD'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
(Unaudited) USD'000	(Unaudited) USD'000	(Restated) USD'000	(Restated) USD'000
11,692	Nil	Nil	Nil

Details of any collateral:

The Group's secured borrowing comprises 3.0 percent senior secured convertible bonds due on 2014.

The convertible bonds are secured on legal charge over the shares of the subsidiaries.

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Second Quarter Financial Statement for the Period Ended 30 June 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	
	6 months ended 30 June 2011	6 months ended 30 June 2010
	(Unaudited) USD'000	(Restated) USD'000
Cash flow from operating activities		
Loss before income tax	(807)	(896)
Adjustments for:		
Interest expenses	164	-
Interest income	(2)	(2)
Depreciation of property, plant and equipment	48	32
Option expense recognized	13	-
Loss on disposal of a subsidiary	-	205
Amortisation of deferred mining expenditures and deferred exploration and development expenditures	956	-
Share of losses of associates	130	144
Share of loss of a joint venture	9	23
Operating cash flow before working capital changes	511	(494)
Changes in working operating assets and liabilities:		
Inventories	(614)	-
Trade and other receivables and prepayments	(1,332)	(223)
Amount due from an associate	(668)	(552)
Amount due from a joint venture	-	(128)
Trade and other payables	3,296	(933)
Amount due to minority shareholder of a subsidiary	-	120
Cash generated from/(used) in operations	1,193	(2,210)
Interest received	2	2
Interest paid	-	-
Cash flows generated from/(used in) operating activities	1,195	(2,208)
Cash flows from investing activities		
Purchase of property, plant and equipment	(100)	(3)
Net cash inflow arising on disposal of a subsidiary	-	1,697
Deferred mining expenditures	(1,141)	-
Cash flows (used in)/generated from investing activities	(1,241)	1,694

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Consolidated statement of cash flow (Continue from the previous page)

	Group	
	6 months ended 30 June 2011	6 months ended 30 June 2010
	(Unaudited) USD'000	(Restated) USD'000
Cash flows from financing activities		
Issue of Convertible Bonds	13,694	-
Transaction cost for issue of Convertible Bonds	(1,196)	-
Pledged fixed deposits	-	663
Cash flows generated from financing activities	12,498	663
Net increase in cash and cash equivalents	12,452	149
Cash and cash equivalents at beginning of the period	13,688	15,646
Effects of exchange rate changes on balances held in foreign currency	394	390
Cash and cash equivalents at end of the period	26,534	16,185

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Second Quarter Financial Statement for the Period Ended 30 June 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	Non-controlling 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
Total comprehensive income for the period	-	-	-	(69)	(527)	(596)	(10)	(606)
At 30 June 2010	35,913	611	1,105	(1,124)	(8,370)	28,135	(22)	28,113
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	Non-controlling 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

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

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	Non-controlling 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
Issue of Convertible bonds	-	-	969	-	-	969	-	969
Option expense recognized	-	-	13	-	-	13	-	13
Foreign Exchange differences					(11)	(11)	11	-
Total comprehensive income for the period	-	-	-	214	(503)	(289)	(34)	(323)
At 30 June 2011	40,855	763	2,323	(1,146)	(8,793)	34,002	(129)	33,873

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
Total comprehensive income for the period	-	-	(513)	(513)
At 30 June 2010	35,913	406	(14,172)	22,147

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)
As 31 March 2011	40,855	467	(15,478)	25,844
Issue of Convertible Bonds	-	969	-	969
Option expense recognized	-	13	-	13
Total comprehensive income for the period	-	-	(243)	(243)
At 30 June 2011	40,855	1,449	(15,721)	26,583

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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.

On 23 March 2011, the Company entered into two Subscription Agreements with Legend Luso Investment Company Limited and Triple Master Investment Holdings Limited, whereby the Company issued an aggregate of S\$16,900,000 in aggregate principal amount of 3.0 percent senior secured convertible bonds at a conversion price of S\$0.12 for each share. As at 30 June 2011, none of convertible bond was converted.

On 24 March 2011, the Company entered into a Call Option Agreement with Sino Capital Holdings Limited ("SCHL"), whereby the Company granted the Call Option to SCHL to acquire 10,000,000 option shares at an issue price of S\$0.12 for each option share. As at 30 June 2011, none of Call Option was exercised.

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 30 June 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.

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.

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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 statement of comprehensive income 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 statement of financial position have been translated at the closing rate as at 31 December 2010 respectively.

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 2011	3 months ended 30 June 2010	6 months ended 30 June 2011	6 months ended 30 June 2010
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
Loss per ordinary share of the Group for the financial period based on net loss attributable to equity holders of the Company:				
Basic (USD cents)	(0.07)	(0.07)	(0.10)	(0.11)
Fully diluted (USD cents) (i)	N/A	N/A	N/A	N/A
Basic loss per share were based on:				
Net loss for the period(USD'000)	514	527	771	874
	No. of shares	No. of shares	No. of shares	No. of shares
Shares outstanding at beginning of the year	766,668,356	766,668,356	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	766,668,356	766,668,356

- (i) No diluted loss per share has been presented for the period ended 30 June 2011 as the exercise of share options and the conversion of outstanding convertible bonds would result in an anti-dilutive effect.

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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	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
Net asset value per ordinary share (USD cents)	4.45	4.37	3.47	3.39
Net asset value (USD'000)	34,122	33,507	26,583	25,972
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.

Statement of comprehensive income

Revenue (USD'000)	2Q2011	2Q2010	+/-% change	1H2011	1H2010	+/-% change
Oilfield services	404	236	71	1,011	456	122
Coal mining	793	-	n.m.	1,993	-	n.m.
Total	1,197	236	407	3,004	456	559

Group revenue quadrupled from US\$0.24 million in 2Q2010 to US\$1.20 million in 2Q2011, contributed by sales increase in both coal business and oilfield services, which made up 66% and 34% of total revenue respectively in the quarter. EOR business contributed US\$0.18 million while CPHLC contributed US\$0.23 million to oilfield services revenue.

The Group's oil and gas exploration and production segment is expected to generate revenue in the next twelve months as the Kampung Minyak oil field was acquired in July 2011 and will only start producing in the second half of the year.

Gross profit was reported at US\$0.55 million in 2Q2011, from US\$0.24 million in 2Q2010, owing to the higher sales.

Administrative expenses for the period more than doubled from US\$0.39 million in 2Q2010 to US\$0.83 million in 2Q2011. This was incurred mainly from the coal mining activities during the period.

There was a finance costs of US\$0.16 million that arose from the Convertible Bonds issued in April 2011.

The Group reported a smaller operating loss of US\$0.31 million in 2Q2011, versus operating loss of US\$0.46 million in 2Q2010.

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Net loss attributable to equity holders of the Group narrowed to US\$0.17 million in 2Q2011 compared to US\$0.60 million in 2Q2010.

Statement of financial position

Cash balance for the Group stood at US\$26.5 million at 30 June 2011. However, some of these cash had been used for the acquisition and related costs of the Kampung Minyak oil field in July 2011.

The amount due from an associate related largely to CPHL (Cambodia) Company Limited was slightly higher at US\$14.6 million.

Inventory increased to US\$0.75 million at 30 June 2011, due to an increase in the stock level of coal. During the period, there were insufficient number of barges allocated to the Group at the local jetty, resulting in less coal shipment and sales.

Trade and other receivables rose from US\$0.36 million at 31 December 2010 to US\$1.27 million at 30 June 2011 due to the increase of sales, advancement for coal production and opportunity cash payment for Kampung Minyak oil field during the period.

Other receivables and prepayments rose from US\$1.29 million at 31 March 2011 to US\$1.40 million at 30 June 2011 and were largely related to the coal mine operations.

Trade and other payables increased from US\$3.14 million at 31 December 2010 to US\$6.44 million at 30 June 2011, as a result of an increase in sales volume, outstanding payable for the bonds issue expenses and deposits received for share placement during the period.

Convertible bonds liability was US\$11.69 million at 30 June 2011.

Cash Flow

The Group registered positive operating cash flow before working capital changes of US\$0.51 million in 1H2011, as compared to a negative figure of US\$0.5 million in 1H2010, attributable to contribution from the coal business in Indonesia.

Investment cash outflows were US\$1.24 million in 1H2011 and these were related to the purchase of equipment and deferred mining expenditures of coal mine.

There was a positive net increase in cash of US\$12.45 million due to a US\$12.50 million of cash flow generated from convertible bonds issued in April 2011.

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 2011.

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Second Quarter Financial Statement for the Period Ended 30 June 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.

Coal

The total production volume of coal in 2Q2011 was higher than in 1Q2011, at 56,590 metric tonnes. However, delivery volume was at 24,240 metric tonnes due to the insufficient number of barges allocated to us at the jetty. As a result, there was higher inventory pile of 33,940 metric tonnes as at the end of June 2011. The Group is negotiating with the coal mine owner and jetty to secure a stable barge loading allocation to solve this logistic issue.

Oil Production

In July 2011, the Company announced that it has added a new license to its oil and gas asset portfolio. The Company signed a new KSO, or joint operation agreement, with PT PERTAMINA to produce oil at Kampung Minyak Field. In conjunction with the new oil field acquisition, Mirach Energy appointed Daqing Enterprise International (大庆石油国际工程公司) as the integrated oil field production and engineering services provider at Kampung Minyak. Following the takeover of the field near the end of July, we have commenced operations at Kampung Minyak. At various phase of development of the oil field, Kampung Minyak is expected to add a new source of revenue, income and cashflow to the Company once it start production.

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 30 June 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 Second Quarter Results of the Group for the financial period ended 30 June 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

12 August 2011