

MIRACH ENERGY LIMITED

First Quarter Financial Statements for the Period Ended 31 March 2012

1(a) An income statement and statement of comprehensive income, or a 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		
		3 months ended 31 March 2012 (Unaudited)	3 months ended 31 March 2011 (Unaudited)	+ / (-) Change
	Note	USD'000	USD'000	%
Revenue		235	1,807	(87)
Cost of sales		-	(1,231)	n.m.
Gross profit		235	576	(59)
Other income	1	21	54	(61)
Selling and distribution expenses		(45)	(58)	(22)
Administrative expenses		(946)	(771)	23
Other operating expenses		(298)	-	n.m.
Loss for the period from operating activities	2	(1,033)	(199)	419
Finance income		17	1	1,600
Finance costs		(231)	-	n.m.
Share of losses of associates		(53)	(65)	(18)
Share of loss of a joint venture		-	(7)	n.m.
Loss for the period before income tax		(1,300)	(270)	381
Income tax		-	-	-
Net loss for the period		(1,300)	(270)	381
Other comprehensive income:				
Currency translation differences arising from consolidation		59	70	(16)
Other comprehensive income for the period		59	70	(16)
Total comprehensive loss for the period		(1,241)	(200)	521
Net loss attributable to:				
Equity holders of the Company		(1,223)	(257)	376
Non-controlling interests		(77)	(13)	492
		(1,300)	(270)	381
Total comprehensive loss attributable to:				
Equity holders of the Company		(1,169)	(181)	546
Non-controlling interests		(72)	(19)	279
		(1,241)	(200)	521

n.m.: not meaningful

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Notes to Consolidated Statement of Comprehensive Income:

1. Other income comprises:

	Group	
	3 months ended 31 March 2012 (Unaudited)	3 months ended 31 March 2011 (Unaudited)
	USD'000	USD'000
Foreign exchange gain, net	21	54
	21	54

2. Results from operating activities were arrived at after charging:

	Group		
	3 months ended 31 March 2012 (Unaudited)	3 months ended 31 March 2011 (Unaudited)	Change
	USD'000	USD'000	%
Depreciation of property, plant and equipment	26	24	8
Amortisation of intangible assets	173	-	n.m.
Amortisation of deferred mining expenditure and exploration and evaluation expenditures	-	371	n.m.
Exploration and production costs	298	-	n.m.

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.

Statement of Financial Position

	Group As at		Company As at	
	31 March 2012 (Unaudited)	31 December 2011 (Audited)	31 March 2012 (Unaudited)	31 December 2011 (Audited)
	USD'000	USD'000	USD'000	USD'000
Current assets				
Cash and cash equivalents	9,391	10,971	3,488	4,954
Pledged fixed deposit	2,501	2,501	-	-
Trade and other receivables	605	800	348	353
Amount due from an associate	16,086	15,120	2,534	1,808
Amounts due from subsidiaries (non-trade)	-	-	16,017	15,747
Inventories	62	62	-	-
Total current assets	28,645	29,454	22,387	22,862
Non-current assets				
Property, plant and equipment	246	273	34	38
Intangible assets	9,909	10,082	-	-
Other receivables and prepayments	1,205	1,210	-	-
Available-for-sale financial assets	599	599	319	319
Subsidiaries	-	-	16,890	16,890
Associates	5,688	5,740	7,486	7,486
Total non-current assets	17,647	17,904	24,729	24,733
Total assets	46,292	47,358	47,116	47,595
Equity attributable to equity holders of the Company				
Share capital	40,855	40,855	40,855	40,855
Reserves	(10,382)	(9,236)	(18,086)	(17,675)
	30,473	31,619	22,769	23,180
Non-controlling interests	(601)	(529)	-	-
Total equity	29,872	31,090	22,769	23,180
Current liabilities				
Trade and other payables	4,064	4,143	2,389	2,444
Amounts due to subsidiaries (non-trade)	-	-	9,781	10,025
Amount due to non-controlling interests of a subsidiary	179	179	-	-
Total current liabilities	4,243	4,322	12,170	12,469
Non-current liabilities				
Convertible bonds	12,177	11,946	12,177	11,946
Total non-current liabilities	12,177	11,946	12,177	11,946
Total liabilities	16,420	16,268	24,347	24,415
Total equity and liabilities	46,292	47,358	47,116	47,595

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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 31/03/2012		As at 31/03/2011	
Secured (Unaudited) USD'000	Unsecured (Unaudited) USD'000	Secured (Unaudited) USD'000	Unsecured (Unaudited) USD'000
Nil	Nil	Nil	Nil

Amount repayable after one year:

As at 31/03/2012		As at 31/03/2011	
Secured (Unaudited) USD'000	Unsecured (Unaudited) USD'000	Secured (Unaudited) USD'000	Unsecured (Unaudited) USD'000
12,177	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 by a legal charge over the shares of the subsidiaries.

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1(c) A statement of cash flows (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 months ended 31 March 2012 (Unaudited)	3 months ended 31 March 2011 (Unaudited)
	USD'000	USD'000
Cash flows from operating activities		
Loss before income tax	(1,300)	(270)
Adjustments for:		
Interest expenses	231	-
Interest income	(17)	(1)
Depreciation of property, plant and equipment	26	24
Option expense recognised	18	-
Amortisation of deferred mining expenditures and exploration and evaluation expenditures	-	371
Amortisation of intangible assets	173	-
Share of losses of associates	53	65
Share of loss of a joint venture	-	7
Operating cash flows before working capital changes	(816)	196
Changes in operating assets and liabilities:		
Inventories	-	93
Trade and other receivables and prepayments	200	(251)
Amount due from an associate	(966)	(345)
Trade and other payables	(79)	267
Cash used in operations	(1,661)	(40)
Interest received	17	1
Interest paid	-	-
Cash flows used in operating activities	(1,644)	(39)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1)	(100)
Deferred mining expenditures	-	(684)
Cash flows used in investing activities	(1)	(784)
Net decrease in cash and cash equivalents	(1,645)	(823)
Cash and cash equivalents at beginning of the period	10,971	13,688
Effects of exchange rate changes on balances held in foreign currencies	65	77
Cash and cash equivalents at end of the period	9,391	12,942

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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

The Group	Attributable to owners of the equity holders of the Company							
	Share capital	Merger reserve	Statutory /equity reserves	Foreign exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2011	40,855	763	1,341	(1,430)	(8,022)	33,507	(87)	33,420
Total comprehensive income for the period	-	-	-	70	(257)	(187)	(19)	(200)
At 31 March 2011	40,855	763	1,341	(1,360)	(8,279)	33,320	(106)	33,214
The Group	Attributable to owners of the equity holders of the Company							
	Share capital	Merger reserve	Statutory /equity reserves	Foreign exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2012	40,855	763	2,360	(1,056)	(11,303)	31,619	(529)	31,090
Option expense recognised	-	-	18	-	-	18	-	18
Total comprehensive income for the period	-	-	-	59	(1,223)	(1,164)	(72)	(1,241)
At 31 March 2012	40,855	763	2,378	(997)	(12,526)	30,473	(601)	29,872

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Statement of Changes in Equity (to be continued)

The Company	Share capital (Unaudited) USD'000	Statutory/ equity reserves (Unaudited) USD'000	Accumulated losses (Unaudited) USD'000	Total (Unaudited) USD'000
At 1 January 2011	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

The Company	Share capital (Unaudited) USD'000	Statutory/ equity reserves (Unaudited) USD'000	Accumulated losses (Unaudited) USD'000	Total (Unaudited) USD'000
At 1 January 2012	40,855	1,486	(19,161)	23,180
Option expense recognised	-	18	-	18
Total comprehensive income for the period	-	-	(429)	(429)
At 31 March 2012	40,855	1,504	(19,590)	22,769

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 2011.

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 2012 and 31 December 2011 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. If 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 2012	3 months ended 31 March 2011
	(Unaudited)	(Unaudited)
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)	0.16	0.03
Fully diluted (USD cents) (i)	N/A	N/A
Basic loss per share were based on:		
Net loss for the period (USD'000)	1,223	257
	No. of shares	No. of shares
Shares outstanding at beginning of the period	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

- (i) No diluted loss per share has been presented for the period ended 31 March 2012 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	
	31 March 2012 (Unaudited)	31 December 2011 (Unaudited)	31 March 2012 (Unaudited)	31 December 2011 (Unaudited)
Net assets value per ordinary share (USD cents)	3.97	4.12	2.97	3.02
Net assets value (USD'000)	30,473	31,619	22,769	23,180
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)	First quarter of 2012	First quarter of 2011	+ / (-) Change %
Oilfield services	235	607	(61)
Coal mining	-	1,200	n.m
Total	235	1,807	(87)

In 1Q2012, the Group recorded revenue of US\$0.24 million, versus US\$1.81 million in 1Q2011, representing 87% decrease for the same period in 2011. The decrease was mainly attributed by the zero revenue from the coal mining due to the delivery and the jetty allocation issues persist, together with the demand from the Indian buyer was decreased. There has been no revenue from the EOR during the period as billing was yet to be finalized. Accordingly, gross profit decreased by 59% to US\$0.24 million in 1Q2012, versus US\$0.58 million in 1Q2011.

Selling and distribution expenses were slightly lowered from US\$0.58 million in 1Q2011 to US\$0.45 million in 1Q2012.

Administrative expenses rose by 23% from US\$0.77 million in 1Q2011 to US\$0.95 million in 1Q2012. The increase was mainly attributed by the cost of operations for the KM oilfield in Indonesia.

Other operating expenses of US\$0.30 million incurred in 1Q2012 were attributed by the commencement of exploitation and production activities at the KM oilfield in Indonesia.

Finance cost of US\$0.23 million represented by the coupon interest on convertible bonds issued by the Company in 2011.

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The Group incurred an operating loss of US\$1.03 million for the first quarter of 2012, versus an operating loss of US\$0.20 million in 1Q2011.

Net loss attributable to equity holders of the Group for 1Q2012 was US\$1.22 million, as compared to US\$0.26 million in 1Q2011.

Statement of Financial Position

The pledged fixed deposit was a bank guarantee of US\$2.5 million pledged in favour of a subsidiary of the Group, PT Kampung Minyak Energy, and would expire in July 2014.

Trade receivables decreased from US\$0.59 million at 31 December 2011 to US\$0.37 million at 31 March 2012. This was mainly attributable to the collection of several receivables from the coal mining activities. Other receivables amounted to US\$1.44 million at 31 March 2012, a slight increase from US\$1.42 million at 31 December 2011.

The amount due from associate company, CPHLC, increased from US\$15.12 million at 31 December 2011 to US\$16.09 million at 31 March 2012, represented by the advancement to CPHLC and technical service fee charge to CPHLC by the Group for the period.

Trade payables decreased from US\$0.78 million at 31 December 2011 to US\$0.71 million at 31 March 2012. This was mainly attributable to the repayment of trade payables related to the coal operations. Other payables amounted to US\$3.35 at 31 March 2012, a slight decrease from US\$3.36 million at 31 December 2011.

The non-current liabilities of US\$12.17 million were represented by the Convertible Bonds issued by the Company in 2011.

Net assets value of the Group were US\$30.47 million as at 31 March 2012, as compared to US\$31.62 million as at 31 December 2011. The decrease was attributed by the operating loss incurred by the Group for the period.

Statement of Cash Flows

Group cash balance stood at US\$9.39 million as at 31 March 2012, versus US\$10.97 million as at 31 December 2011. The decrease in cash balance was attributable to working capital utilised by the Group and cash advancement to the associate company, CPHLC, during the period.

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 28 February 2012.

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 next six months, the Group will be rolling out the work plan for the KM oilfield. By 3Q2012, the work team at KM will open and process 17 existing oil wells at the 200 to 400 metres upper Miocene layer rather than the 29 wells planned earlier. The Group will also embark on a new wells drilling program to drill 12 wells at the 400 to 470 metres lower Miocene layer. The targeted lower Miocene layer is estimated to have an original oil in place of 4 million barrels.

As stated in the last three reporting quarters, the coal production and sales segment is still facing an unresolved issue of the limited coal loading capacity at the jetty. The Group is therefore slowing down its coal production to control its related production variable costs. Unfortunately, there is still no clear solution to the issue, and this will affect the group's coal revenue depending on how and when a resolution can be achieved.

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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 2012.

13. If the Group has obtained a general mandate from shareholders of IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable as the Group has not obtained a general mandate from shareholders for IPTs.

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 2012 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

14 May 2012