GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED

(Incorporated in the Republic of Singapore on 24 May 2010)
(Company Registration Number 201011034Z)

Unaudited Financial Statements Announcement for the Third Quarter and Nine Months Ended 30 September 2013

The initial public offering of the Company's shares was sponsored by Canaccord Genuity Singapore Pte. Ltd. (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this announcement.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a) (i) Consolidated statement of comprehensive income

	Group					
	3 months ended 30.09.2013	**3 months ended 30.09.2012**	**Change +/(-)**	**9 months ended 30.09.2013**	**9 months ended 30.09.2012**	**Change +/(-)**
	US$	**US$**	**%**	**US$**	**US$**	**%**
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	34,787,502	14,105,005	147	84,747,687	59,176,220	43
Cost of sales	(25,691,128)	(8,145,058)	215	(56,247,171)	(35,774,696)	57
Gross Profit	**9,096,374**	**5,959,947**	53	**28,500,516**	**23,401,524**	22
Other income	774,302	237,284	226	1,138,604	279,401	308
General and administrative expenses	(2,049,902)	(1,124,859)	82	(6,275,451)	(4,431,702)	42
Other expenses	(2,812,682)	(12,356)	N.M.	(2,769,920)	(1,132,845)	145
Finance costs	(712,158)	(384,480)	85	(1,838,857)	(1,304,049)	41
Profit before income tax	**4,295,934**	**4,675,536**	(8)	**18,754,892**	**16,812,329**	12
Income tax expense	(702,656)	(1,459,620)	(52)	(4,810,836)	(4,518,477)	6
Profit after income tax	**3,593,278**	**3,215,916**	12	**13,944,056**	**12,293,852**	13
Other comprehensive income, net of tax:						
Exchange differences on translation	(9,146,212)	(960,747)	852	(13,059,858)	(2,010,269)	550
Gain on revaluation of leasehold property	776,632	-	N.M.	776,632	-	N.M.
Total comprehensive income	**(4,776,302)**	**2,255,169**	(312)	**1,660,830**	**10,283,583**	(84)
Profit attributable to:						
Owners of the Company	3,456,984	3,205,291	8	13,576,234	12,132,916	12
Non-controlling interests	136,294	10,625	1183	367,822	160,936	129
	3,593,278	3,215,916	12	13,944,056	12,293,852	13
Total comprehensive income attributable to:						
Owners of the Company	(4,829,738)	2,236,294	(316)	1,391,374	10,133,123	(86)
Non-controlling interests	53,436	18,875	183	269,456	150,460	79
	(4,776,302)	2,255,169	(312)	1,660,830	10,283,583	(84)

1(a) (ii) Profit before income tax is arrived at after charging/(crediting) the following:

	Group					
	3 months ended 30.09.2013 US$ (Unaudited)	**3 months ended 30.09.2012 US$** (Unaudited)	**Change +/(-) %**	**9 months ended 30.09.2013 US$** (Unaudited)	**9 months ended 30.09.2012 US$** (Unaudited)	**Change +/(-) %**
Other income:						
- Interest income	(144,384)	(8,857)	1530	(466,186)	(20,869)	2134
- Foreign exchange gain (net)	-	(228,702)	N.M.	-	(167,544)	N.M.
- Gain from repayment of financial liability	(601,717)	-	N.M.	(601,717)	-	N.M.
Other expenses:						
- Foreign exchange loss (net)	2,710,962	-	N.M.	2,644,366	-	N.M.
- Loss on disposal of property, plant and equipment (net)	82,993	9,568	767	80,065	4,070	1867
- Listing expenses	-	10,599	N.M.	-	910,599	N.M.
Interest expense	712,158	384,480	85	1,838,857	1,304,049	41
Depreciation of property, plant and equipment	2,441,085	2,661,290	(8)	8,609,786	7,842,141	10
Amortisation of deferred expenditure	-	-	N.M.	656,106	-	N.M.
Deferred mining evaluation assets written-off	-	53,007	N.M.	-	53,007	N.M.

N.M. not meaningful

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

	Group		Company	
	30.09.2013 US$ (Unaudited)	**31.12.2012 US$** (Audited)	**30.09.2013 US$** (Unaudited)	**31.12.2012 US$** (Audited)
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	33,502,165	69,080,464	28,052,918	63,769,951
Trade and other receivables	15,783,529	4,149,661	32,905,530	2,230,120
Prepayments	18,968,372	3,113,951	151,714	37,483
Inventories	16,915,756	2,080,695	-	-
Total current assets	85,169,822	78,424,771	61,110,162	66,037,554

	Group		Company	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
	US$	US$	US$	US$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Non-current assets				
Prepayments	1,099,960	2,520,225	-	-
Investment in subsidiaries	-	-	15,693,029	15,693,029
Deferred expenditure	922,608	1,248,869	-	-
Property, plant and equipment	74,445,824	72,098,450	357,852	2,789,652
Investment property	3,419,212	-	3,419,212	-
Deferred tax assets	1,131,121	781,019	-	-
Other non-current asset	139,313	-	139,313	-
Total non-current assets	81,158,038	76,648,563	19,609,406	18,482,681
Total assets	**166,327,860**	**155,073,334**	**80,719,568**	**84,520,235**
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowing	262,771	266,764	262,771	266,764
Trade and other payables	6,004,000	2,897,937	4,796,685	4,637,844
Amount due to a related party	2,078,917	7,783,247	-	-
Current portion of finance leases	10,714,136	4,073,371	-	-
Income tax payable	1,423,328	3,988,577	15,647	62,313
Total current liabilities	20,483,152	19,009,896	5,075,103	4,966,921
Non-current liabilities				
Bank borrowing	345,440	558,018	345,440	558,018
Amount due to a related party	-	6,279,420	-	-
Finance leases	15,130,941	1,542,833	-	-
Provisions	1,423,617	896,938	88,926	-
Deferred tax liabilities	3,549,632	3,051,981	26,844	8,174
Total non-current liabilities	20,449,630	12,329,190	461,210	566,192
Capital, reserves and non-controlling interests				
Share capital	82,518,674	82,518,674	82,518,674	82,518,674
Other reserve	14,349	14,349	-	-
Revaluation reserve	776,632	-	776,632	-
Translation reserve	(17,633,658)	(4,672,166)	(3,323,201)	(1,195,856)
Retained earnings (Accumulated losses)	59,156,593	45,580,359	(4,788,850)	(2,335,696)
Equity attributable to owners of the Company	124,832,590	123,441,216	75,183,255	78,987,122
Non-controlling interests	562,488	293,032	-	-
Total equity	125,395,078	123,734,248	75,183,255	78,987,122
Total liabilities and equity	**166,327,860**	**155,073,334**	**80,719,568**	**84,520,235**

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

	Group			
	30.09.2013		31.12.2012	
	Secured US$ (Unaudited)	Unsecured US$ (Unaudited)	Secured US$ (Unaudited)	Unsecured US$ (Unaudited)
Amount repayable in one year or less, or on demand	10,976,907	2,078,917	4,340,135	7,783,247
Amount repayable after one year	15,476,381	-	2,100,851	6,279,420
Total	26,453,288	2,078,917	6,440,986	14,062,667

Details of any collateral and security:
Our Group's bank borrowing and finance lease liabilities are secured by our leasehold property and leased assets, respectively.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			
	3 months ended 30.09.2013 US$ (Unaudited)	3 months ended 30.09.2012 US$ (Unaudited)	9 months ended 30.09.2013 US$ (Unaudited)	9 months ended 30.09.2012 US$ (Unaudited)
Operating activities				
Profit before income tax	4,295,934	4,675,536	18,754,892	16,812,329
Adjustments for:				
Amortisation of deferred expenditure	-	-	656,106	-
Deferred mining evaluation assets written-off	-	53,007	-	53,007
Depreciation of property, plant and equipment	2,441,085	2,661,290	8,609,786	7,842,141
Loss on disposal of property, plant and equipment	82,993	9,568	80,065	4,070
Interest expense	712,158	384,480	1,838,857	1,304,049
Interest income	(144,384)	(8,857)	(466,186)	(20,868)
Gain from repayment of financial liability	(601,717)	-	(601,717)	-
Retirement benefit obligations	188,822	164,108	844,350	502,995
Net foreign exchange losses (gains)	923,570	(236,147)	949,538	(277,153)
Operating cash flows before movements in working capital	7,898,461	7,702,985	30,665,691	26,220,570
Trade and other receivables, and prepayments	(8,559,388)	(257,776)	(25,995,148)	(59,089)
Inventories	(3,272,877)	55,873	(14,835,061)	(526,875)
Trade and other payables	701,175	(5,028,080)	3,045,488	(4,819,659)
Cash (used in) generated from operations	(3,232,629)	2,473,002	(7,119,030)	20,814,947
Income tax paid	(1,715,554)	(562,219)	(8,164,064)	(5,257,818)
Retirement benefit paid	(56,752)	(552,011)	(216,375)	(643,602)
Net cash (used in) from operating activities	(5,004,935)	1,358,772	(15,499,469)	14,913,527

	Group			
	3 months ended 30.09.2013	3 months ended 30.09.2012	9 months ended 30.09.2013	9 months ended 30.09.2012
	US$	US$	US$	US$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Investing activities				
Deferred expenditure (Note B)	-	(607,959)	(478,658)	(607,959)
Interest received	26,705	8,856	341,539	20,868
Advance payments for purchase of property, plant and equipment	(264,714)	(795,367)	(632,447)	(795,367)
Purchase of property, plant and equipment (Note C)	(787,333)	(23,598)	(2,578,930)	(1,144,942)
Proceeds on disposal of property, plant and equipment	6,259,136	14,075	6,361,389	63,042
Purchase of other non-current asset	-	-	(139,158)	-
Net cash from (used in) investing activities	5,233,794	(1,403,993)	2,873,735	(2,464,358)
Financing activities				
Fixed deposit pledged	(4,879)	-	(239,796)	(288,702)
Interest paid	(684,210)	(223,808)	(1,781,427)	(780,391)
Repayment of related party loans	-	-	-	(1,492,586)
Repayment of bank borrowing	(64,504)	(65,317)	(194,501)	(193,181)
Repayment of amount due to related party	(10,380,760)	-	(10,380,760)	(30,943)
Repayment of obligations under finance leases	(2,880,171)	(2,442,657)	(8,235,371)	(8,379,389)
Net cash used in financing activities	(14,014,524)	(2,731,782)	(20,831,855)	(11,165,192)
Net (decrease) increase in cash and cash equivalents	(13,785,665)	(2,777,003)	(33,457,589)	1,283,977
Cash and cash equivalents at beginning of the period	46,856,595	8,253,773	68,791,416	4,214,407
Effect of exchange rate changes on the balance held in foreign currencies	(19,043)	14,196	(2,281,940)	(7,418)
Cash and cash equivalents at end of the period (Note A)	**33,051,887**	**5,490,966**	**33,051,887**	**5,490,966**

Notes to consolidated cash flow statement:

Note A:

Cash and bank balance	8,004,178	5,490,966	8,004,178	5,490,966
Fixed deposits	25,497,987	288,702	25,497,987	288,702
Total	33,502,165	5,779,668	33,502,165	5,779,668
Less: Fixed deposit pledged	(450,278)	(288,702)	(450,278)	(288,702)
Cash and cash equivalents as per cash flow statement	33,051,887	5,490,966	33,051,887	5,490,966

Note B:

During the 9 months ended 30 September 2013, our Group capitalised US$521,891 (30 September 2012: US$607,959) as deferred expenditure, of which US$43,233 (30 September 2012: US$Nil) pertained to depreciation on property, plant and equipment.

Note C:

During the 9 months ended 30 September 2013, our Group acquired property, plant and equipment amounting to US$34,110,068 (30 September 2012: US$4,893,503), of which US$29,519,699 (30 September 2012: US$2,742,090) were acquired under finance lease arrangements and US$87,760 (30 September 2012: US$275,576) pertained to the provision for reinstatement of office premise. As at 30 September 2013, US$60,575 (30 September 2012: US$NIL) remained unpaid and was included as part of trade and other payable.

In addition, our Group utilised the advance payment of US$1,863,104 (30 September 2012: US$730,895) which was previously paid to purchase property, plant and equipment. Cash payments of US$2,578,930 (30 September 2012: US$1,144,942) were made to purchase property, plant and equipment.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group – financial period ended 30.09.2013 (Unaudited)

	Share capital US$	Other reserve US$	Revaluation Reserve US$	Translation reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1 January 2013	82,518,674	14,349	-	(4,672,166)	45,580,359	123,441,216	293,032	123,734,248
Total comprehensive income for the period	-	-	-	(3,898,138)	10,119,250	6,221,112	216,020	6,437,132
Balance at 30 June 2013	82,518,674	14,349	-	(8,570,304)	55,699,609	129,662,328	509,052	130,171,380
Total comprehensive income for the period	-	-	776,632	(9,063,354)	3,456,984	(4,829,738)	53,436	(4,776,302)
Balance at 30 September 2013	82,518,674	14,349	776,632	(17,633,658)	59,156,593	124,832,590	562,488	125,395,078

Group – financial period ended 30.09.2012 (Unaudited)

	Share capital US$	Translation reserve US$	Convertible loans reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1 January 2012	153,846	(244,775)	-	26,655,020	26,564,091	89,640	26,653,731
Arising from convertible loans	-	-	832,253	-	832,253	-	832,253
Total comprehensive income for the period	-	(1,030,796)	-	8,927,625	7,896,829	131,585	8,028,414
Balance at 30 June 2012	153,846	(1,275,571)	832,253	35,582,645	35,293,173	221,225	35,514,398
Total comprehensive income for the period	-	(968,997)	-	3,205,291	2,236,294	18,875	2,255,169
Balance at 30 September 2012	153,846	(2,244,568)	832,253	38,787,936	37,529,467	240,100	37,769,567

Company – financial period ended 30.09.2013 (Unaudited)

	Share capital US$	Revaluation reserve US$	Translation reserve US$	Accumulated losses US$	Total US$
Balance at 1 January 2013	82,518,674	-	(1,195,856)	(2,335,696)	78,987,122
Total comprehensive income for the period	-	-	(2,143,537)	(1,312,510)	(3,456,047)
Balance at 30 June 2013	82,518,674	-	(3,339,393)	(3,648,206)	75,531,075
Total comprehensive income for the period	-	776,632	16,192	(1,140,644)	(347,820)
Balance at 30 September 2013	82,518,674	776,632	(3,323,201)	(4,788,850)	75,183,255

Company – financial period ended 30.09.2012 (Unaudited)

	Share capital US$	Translation reserve US$	Convertible loans reserve US$	Accumulated losses US$	Total US$
Balance at 1 January 2012	153,846	46,884	-	(311,106)	(110,376)
Total comprehensive income for the period	-	(843)	-	(757,154)	(757,997)
Balance at 30 June 2012	153,846	46,041	-	(1,068,260)	(868,373)
Arising from convertible loans	-	-	832,253	-	832,253
Total comprehensive income for the period	-	(958,013)	-	(1,272,957)	(2,230,970)
Balance at 30 September 2012	153,846	(911,972)	832,253	(2,341,217)	(2,267,090)

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. State 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 were no changes in the Company's share capital of S$100,668,617 (US$82,518,674) between 30 June 2013 and 30 September 2013.

There were no outstanding convertibles or treasury shares held by the Company as at 30 September 2013 and 30 September 2012, save that the Company had received convertible loans amounting to S$19.6 million (US$15.4 million) which were converted to 98,702,639 ordinary shares on 5 October 2012.

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.

	30 September 2013	31 December 2012
Total number of issued shares (excluding treasury shares)	1,157,050,891	1,157,050,891

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. Our Company did not hold any treasury shares.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by our Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

Except as disclosed in Paragraph 5, our Group has consistently applied the same accounting policies and methods of computation in our Group's financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2012.

5. If there are any changes in 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

Our Group has adopted the applicable new and revised Financial Reporting Standards ("**FRS**") and Interpretations of Financial Reporting Standards ("**INT FRS**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013. The adoption of these new/revised FRSs INT FRSs and amendments to FRSs has no material impact on the financial performance or position of the Group.

In addition, the following are the new accounting policies implemented during the current financial period:

Inventories - our Group commenced coal trading business since the first quarter ended 31 March 2013. As such, inventories held for trading business are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss in the period of the change.

Investment property – our Group ceased to occupy our leasehold property and commenced rental of it in the third quarter ended 30 September 2013, thus we have reclassified it from property, plant and equipment to investment property. The leasehold property is currently stated at fair value, the initial difference between the fair value and book value is recognised in other comprehensive income, any subsequent changes in fair value will be recognised in the income statement.

Other than the above, our Group has consistently applied the same accounting policies and methods of computation in our Group's financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2012.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

		Group			
		3 months ended 30.09.2013 (Unaudited)	**3 months ended 30.09.2012** (Unaudited)	**9 months ended 30.09.2013** (Unaudited)	**9 months ended 30.09.2012** (Unaudited)
Earnings for computing earnings per share (US$)		3,456,984	3,205,291	13,576,234	12,132,916
(i)	Basic earnings per ordinary share (US cents)	0.30	0.40	1.17	1.52
	- Weighted average number of ordinary shares	1,157,050,891	800,000,000*	1,157,050,891	800,000,000*
Earnings for computing diluted earnings per share (US$)		3,456,984	3,365,963**	13,576,234	12,656,574**
(ii)	Earnings per ordinary share on a fully diluted basis (US cents)	0.30	0.37	1.17	1.41
	- Adjusted weighted average number of ordinary shares	1,157,050,891	898,702,639***	1,157,050,891	898,702,639***

* The weighted average number of ordinary shares is arrived at on the assumption that the sub-division of every one ordinary share into 4,000 ordinary shares had taken place on 1 January 2012 (sub-division was completed on 5 October 2012).

** Earnings after adjustment for imputed interest on convertible loans.

*** For the purpose of computing diluted earnings per share, the adjusted weighted average number of shares comprises:
(a) weighted average number of ordinary shares in issue, on the assumption that the sub-division of every one ordinary share into 4,000 ordinary shares had taken place on 1 January 2012 (sub-division was completed on 5 October 2012); and
(b) weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares arising from converting the convertible loans into 98,702,639 ordinary shares on 5 October 2012.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30.09.2013	**31.12.2012**	**30.09.2013**	**31.12.2012**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net asset value per ordinary share (US cents)	10.79	10.67	6.50	6.83

Net asset value per ordinary share is calculated based on equity attributable to owners of the Company divided by the total number of issued shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

8.1 Income Statement (3Q2013 vs. 3Q2012)

8.1 (a) Revenue

Our Group derived revenue from coal production, coal trading, mining services and equipment rental. Revenue increased by US$20.7 million from US$14.1 million in the third quarter ended 30 September 2012 ("**3Q2012**") to US$34.8 million in the third quarter ended 30 September 2013 ("**3Q2013**"), mainly due to the:

(i) increase in coal sales from BEK mining concession as a result of production ramp-up;
(ii) additional revenue contribution from mining services and coal trading; and
(iii) growth in revenue from equipment rental,

which were partially offset by the termination of coal cooperation contracts ("**CCC**") in September 2012.

Our average selling price ("**ASP**") has increased by US$6.3 per tonne from US$42.9 per tonne in 3Q2012 to US$49.2 per tonne in 3Q2013. Higher ASP is attributed to the higher revenue recorded by our coal trading business in 3Q2013 for which the underlying average calorific value of the coal was higher than that of the coal produced by CCC.

8.1 (b) Gross Profit

Our Group's gross profit increased by US$3.1 million, from US$6.0 million in 3Q2012 to US$9.1 million in 3Q2013. The increase in gross profit is in line with higher revenue from mining services, coal trading and equipment rental, which was partially offset by the termination of CCC in September 2013 and lower gross profit contribution from BEK mining concession.

Gross profit margin had reduced by 16 percentage points from 42% in 3Q2012 to 26% in 3Q2013 mainly due to the:

(i) changes in revenue contribution, as our Group recorded higher revenue from coal trading in 3Q2013 (3Q2012: US$Nil) and such business commands a lower margin as compared with CCC; and
(ii) lower margin from BEK due to higher cost as compared to 3Q2012,

which were partially offset by our mining services and equipment rental business which generally command a higher margin.

8.1 (c) Other Income

Other income mainly relates to foreign exchange gain and interest income. The increase from US$0.2 million in 3Q2012 to US$0.7 million in 3Q2013 is mainly due to a one-off gain from repayment of financial liability (as mentioned in paragraph 8.3(d)) and interest generated from the placement of unutilised IPO proceeds, partially offset by the reduction in foreign exchange gain.

8.1 (d) General and Administrative Expenses

General and administrative ("**G&A**") expenses increased by US$0.9 million, from US$1.1 million in 3Q2012 to US$2.0 million in 3Q2013. The increase was mainly due to higher employee related expenses and professional fees, in line with our business expansion and conversion to a public listed company.

8.1 (e) Other Expenses

Other expenses increased by US$2.7 million, from US$0.01 million in 3Q2012 to US$2.7 million in 3Q2013. The increase was mainly due to foreign exchange loss due to the depreciation of IDR against SGD and USD in 3Q2013.

8.1 (f) Finance Costs

Finance costs increased by US$0.3 million, from US$0.4 million in 3Q2012 to US$0.7 million in 3Q2013, in line with the additional finance leases entered into since 1Q2013 to finance our acquisition of mining equipment.

8.1 (g) Profit After Income Tax

Profit after income tax increased by US$0.4 million from US$3.2 million in 3Q2012 to US$3.6 million in 3Q2013, mainly due to the improved gross profit, partially offset by the increase in G&A and other expenses.

8.1 (h) Other Comprehensive Income

Other comprehensive income consists of exchange losses on translating the financial statements of the entities from their functional currencies to the Group's presentation currency and gain on revaluation of leasehold property. The increase of US$7.4 million from US$1.0 million to US$8.4 million mainly arose from the depreciation of IDR against SGD and USD in 3Q2013.

8.2 Income Statement (9M2013 vs. 9M2012)

8.2 (a) Revenue

Our Group derived revenue from coal production, coal trading, mining services and equipment rental. Revenue increased by US$25.5 million from US$59.2 million in 9M2012 to US$84.7 million in 9M2013, mainly due to:

(i) increase in coal sales from BEK mining concession as a result of production ramp-up;
(ii) additional revenue contribution from mining services and coal trading;
(iii) growth in revenue from equipment rental,

which were partially offset by the termination of CCC in September 2012.

Our Group's ASP decreased by US$16.3 per tonne from US$56.2 per tonne in 9M2012 to US$39.9 per tonne in 9M2013. This was due to our revenue in 9M2013 being mainly derived from BEK coal where the ASP was lower due to its lower average calorific value.

8.2 (b) Gross Profit

Gross profit increased by US$5.1 million, from US$23.4 million in 9M2012 to US$28.5 million in 9M2013. The increase in gross profit is in line with the revenue growth in the current financial period.

Gross profit margin reduced by 6 percentage points from 40% in 9M2012 to 34% in 9M2013 mainly due to the lower average margin commanded by coal trading as compared to our coal production, mining services and equipment rental business.

8.2 (c) Other Income

Other income mainly relates to foreign exchange gain and interest income. The increase from US$0.3 million in 9M2012 to US$1.1 million in 9M2013 is mainly due to a one-off gain from repayment of financial liability (as mentioned in paragraph 8.3(d)) and interest generated from the placement of unutilised IPO proceeds with financial institutions.

8.2 (d) General and Administrative Expenses

General and administrative expenses increased by US$1.9 million, from US$4.4 million in 9M2012 to US$6.3 million in 9M2013. The increase was mainly due to higher employee related expenses and professional fees, in line with our business expansion and conversion to a public listed company.

8.2 (e) Other Expenses

Other expenses increased by US$1.7 million, from US$1.1 million in 9M2012 to US$2.8 million in 9M2013. The increase was mainly due to foreign exchange loss arising from the depreciation of IDR against SGD and USD in 9M2013.

8.2 (f) Finance Costs

Finance costs increased by US$0.5 million, from US$1.3 million in 9M2012 to US$1.8 million in 9M2013, in line with the additional finance leases entered into since 1Q2013 to finance our acquisition of mining equipment.

8.2 (g) Profit After Income Tax

Profit after income tax increased by US$1.7 million from US$12.3 million in 9M2012 to US$14.0 million in 9M2013, mainly due to the improved gross profit, partially offset by the increase in G&A and other expenses.

8.2 (h) Other Comprehensive Income

Other comprehensive income consists of exchange losses on translating the financial statements of the Group entities from their functional currencies to the Group's presentation currency and gain on revaluation of leasehold property. The increase of US$10.3 million from US$2.0 million to US$12.3 million mainly arose from the depreciation of IDR against SGD and USD in 9M2013.

8.3 Statement of Financial Position (Group)

Our Group's equity attributable to owners of the Company increased by US$1.4 million, from US$123.4 million as at 31 December 2012 to US$124.8 million as at 30 September 2013. The increase reflected our Group's earnings in 9M2013, partially offset by the translation loss in 9M2013.

8.3 (a) Current Assets

Our Group's current assets increased by US$6.8 million, from US$78.4 million as at 31 December 2012 to US$85.2 million as at 30 September 2013. The increase was mainly due to increases in (i) trade and other receivables of US$11.7 million; (ii) prepayments of US$15.9 million; and (iii) inventory of US$14.8 million, partially offset by the decrease in cash and cash equivalents of US$35.6 million.

Trade and other receivables as at 30 September 2013 mainly comprised US$12.8 million trade receivables and US$1.9 million prepaid taxes.

In line with our business expansion, trade receivable balance increased by US$9.1 million, from US$3.7 million as at 31 December 2012 to US$12.8 million as at 30 September 2013, mainly due to:

(i) the increase in mining services and equipment rental revenue, and
(ii) the credit terms extended to coal sale customers (31 December 2012: advance payment basis).

Inventory balance as at 30 September 2013 comprised US$11.4 million coal inventories held for trading activities; US$3.9 million coal inventories produced from BEK mining concession; and the remaining being consumable inventories. The increase in inventory balance is in line with the production ramp-up in BEK mining concession and the commencement of our coal trading business activities in 1Q2013.

Prepayments as at 30 September 2013 included US$18.1 million of upfront payments pursuant to coal purchase contracts entered into previously.

8.3 (b) Non-current Assets

Our Group's non-current assets increased by US$4.6 million, from US$76.6 million as at 31 December 2012 to US$81.2 million as at 30 September 2013. The increase was mainly due to increases in (i) investment property of US$3.4 million; (ii) property, plant and equipment of US$2.3 million; and (iii) deferred tax asset of US$0.3 million; which were partially offset by decreases in (i) prepayments of US$1.4 million; and (ii) deferred expenditure of US$0.3 million.

The increase in property, plant and equipment was mainly due to additions of mining equipment and machinery in 9M2013, which was partially offset by depreciation expense, disposal of mining equipment, translation difference and reclassification of leasehold property from property, plant and equipment to investment property.

The addition of investment property was due to the reclassification of leasehold property from property, plant and equipment to investment property, at fair value. The increase from carrying value to fair value was recognised in other comprehensive income. Please also refer to paragraph 5 for further details on the related accounting policy.

8.3 (c) Current Liabilities

Our Group's current liabilities increased by US$1.5 million, from US$19.0 million as at 31 December 2012 to US$20.5 million as at 30 September 2013. The increase was mainly due to increases in (i) trade and other payables of US$3.1 million; and (ii) finance leases of US$6.6 million, which were partially offset by decreases in (i) amount due to a related party of US$5.7 million; and (ii) income tax payable of US$2.6 million.

8.3 (d) Non-Current Liabilities

Our Group's non-current liabilities increased by US$8.1 million, from US$12.3 million as at 31 December 2012 to US$20.4 million as at 30 September 2013. The increase was mainly due to increases in (i) finance lease of US$13.6 million to finance our acquisitions of mining equipment; (ii) provisions of US$0.5 million relating to retirement benefit obligations and reinstatement of office premises; and (iii) deferred tax liabilities of US$0.5 million. These were partially offset by decreases in (i) amount due to a related party of US$6.3 million; and (ii) bank borrowing of US$0.3 million. The decrease in amount due to a related party is mainly due to repayment made in 3Q2013, for which a discount of US$0.6 million was granted by the related party to our Group as part of the repayment arrangement.

8.4 Statement of Financial Position (Company)

Our Company's equity decreased by US$3.8 million from US$79.0 million as at 31 December 2012 to US$75.2 million as at 30 September 2013.

8.4 (a) Current Assets

Our Company's current assets decreased by US$4.9 million, from US$66.0 million as at 31 December 2012 to US$61.1 million as at 30 September 2013. The decrease was mainly due to a decrease in cash and cash equivalents of US$35.7 million, partially offset by the increase in trade and other receivables of US$30.7 million. The increase in trade and other receivables was mainly due to the utilisation of IPO proceeds by our subsidiaries. Please refer to Paragraph 14 for breakdown of IPO proceeds utilisation.

8.4 (b) Non-current Assets

Our Company's non-current assets increased by US$1.1 million, from US$18.5 million as at 31 December 2012 to US$19.6 million as at 30 September 2013. The increase was mainly due to an increase in investment property of US$3.4 million, which was partially offset by a decrease in property, plant and equipment of US$2.4 million.

The decrease in property, plant and equipment was mainly due to the reclassification of leasehold property from property, plant and equipment to investment property (please refer to paragraph 8.3(b) for further details).

8.4 (c) Current Liabilities

Our Company's current liabilities mainly consist of bank borrowing, trade and other payables and income tax payable.

8.4 (d) Non-Current Liabilities

Our Company's non-current liabilities mainly consist of bank borrowing, provision and deferred tax liabilities. Bank borrowing decreased by US$0.3 million due to repayments. This was partially offset by an increase in provision of US$0.1 million relating to reinstatement of office premise.

8.5 Cash Flow Statement (3Q2013 vs. 3Q2012)

Our Group's net cash used in operating activities in 3Q2013 was US$5.0 million. Operating cash flows before movements in working capital amounted to US$7.9 million and this was offset by cash outflows of (i) US$11.1 million to meet our working capital requirements; and (ii) US$1.8 million for payments of income tax and retirement benefit obligations.

Net cash from investing activities in 3Q2013 of US$5.3 million was mainly due to cash inflow from proceeds on disposal of property, plant and equipment of US$6.3 million, partially offset by advance payments and payments for the purchase of property, plant and equipment of US$1.1 million.

Net cash used in financing activities in 3Q2013 of US$14.0 million was mainly due to cash outflows in relation to (i) repayment of amount due to related party of US$10.4 million, (ii) repayment of bank borrowing and finance leases of US$2.9 million; and (iii) interest payment of US$0.7 million.

As a result of the aforementioned, there was a net decrease of US$13.8 million in cash and cash equivalents in 3Q2013.

8.6 Cash Flow Statement (9M2013 vs. 9M2012)

Our Group's net cash used in operating activities in 9M2013 was US$15.5 million. Operating cash flows before movements in working capital amounted to US$30.7 million and this was offset by cash outflows of (i) US$37.8 million to meet our working capital requirements (mainly pertaining to upfront payment of coal purchase agreements and purchase of coal trading inventories amounting to US$19.0 million and US$11.4 million, respectively); and (ii) US$8.4 million for payments of income tax and retirement benefit obligations.

Net cash from investing activities in 9M2013 of US$2.9 million was mainly due to cash inflows from (i) interest income of US$0.3 million; and (ii) proceeds on disposal of property, plant and equipment of US$6.4 million; partially offset by cash outflows for (i) advance payments and payments for the purchase of property, plant and equipment of US$3.2 million; and (ii) deferred expenditure of US$0.5 million.

Net cash used in financing activities in 9M2013 of US$20.8 million was mainly due to cash outflows in relation to (i) repayment of amount due to a related party of US$10.4 million; (ii) repayment of bank borrowing and finance leases of US$8.5 million; and (iii) interest payment of US$1.8 million.

As a result of the aforementioned, there was a net decrease of US$33.5 million in cash and cash equivalents in 9M2013.

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

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the 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

We noted that the Indonesian Coal Reference Price (HBA) has remained relatively unchanged in the last three months from US$76.70 in August 2013 to US$76.60 in November 2013[1]. Of late, the Indonesian coal mining industry has been under pressure from an expansionary supply situation, resulting in a deteriorating coal price environment and prices are expected to remain relatively soft in the near future. Notwithstanding the aforesaid, market expectations of growth in demand from China is still expected to take place for as long as seaborne coal prices are more competitive than domestic prices. Barring unforeseen circumstances and subject to execution risks, we expect our sales volume to increase, in line with our planned increase in production capacity. We expect our key operating costs, mainly in relation to fuel and labour, to increase generally in line with the inflation rates in Indonesia.

Our Group will continue to look out for business expansion opportunities which may include acquisitions, joint ventures and/or strategic alliances to expand our business operations and increase our coal production levels. In addition to the mining services contracts as well as coal sale and purchase contracts which we have recently secured, we intend to continue to enter into suitable coal mining arrangements with other third party sources to gain access to new concession areas to expand our operations. Since the beginning of FY2013, we had entered into conditional sale and purchase agreements to purchase five mining concessions in Kutai Barat Regency, East Kalimantan. Please refer to the respective announcements for further information.

[1] Source: Coalspot.com - Indonesian Coal Reference Price (HBA)

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the third quarter ended 30 September 2013.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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

No IPT mandate has been obtained from shareholders. In addition, there was no IPT whose value exceeded S$100,000 during the third quarter and nine months ended 30 September 2013.

14. Use of IPO Proceeds

As of the date of this announcement, the utilisation of our Group's IPO net proceeds is set out below:

Use of proceeds	Amount allocated (as disclosed in the Prospectus) (US$ 'million)	Amount utilised as at the date of this announcement (US$ 'million)	Balance of net proceeds as at the date of this announcement (US$ 'million)
Acquisition of additional mining equipment and machinery	25.0	(9.5)	15.5
Construction of jetty and barge loading facilities	2.0	(1.4)	0.6
Business expansion including acquisitions, joint ventures and/or strategic alliances	10.0	(7.9)	2.1
General working capital purposes	26.7	(26.7)*	-
Net proceeds	**63.7**	**(45.5)**	**18.2**

* As of 4 July 2013, the amount allocated for general working capital purposes was fully utilised. US$26.7 million was used to satisfy the upfront payments in relation to mining cooperation agreements, and payment of corporate taxes, employee salaries, renovation costs for the Company's new corporate office, and payment for coal purchased for trading and consumable inventories.

15. Negative confirmation pursuant to Rule 705(5)

We, Charles Antonny Melati and Dhamma Surya, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company (the "**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the third quarter and nine months ended 30 September 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Charles Antonny Melati
Executive Chairman

Dhamma Surya
Chief Executive Officer

13 November 2013