



GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED

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

Unaudited First Quarter Financial Statements Announcement

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2015

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

1(a)(i) Consolidated statement of profit or loss

	Group		Change +/(-) %
	3 months ended 31.03.2015 US\$ (Unaudited)	3 months ended 31.03.2014 US\$ (Unaudited)	
Revenue	2,893,028	16,598,935	(83)
Cost of sales	(3,802,020)	(14,515,992)	(74)
Gross (Loss) Profit	(908,992)	2,082,943	(144)
Other income	1,576,657	1,329,614	19
General and administrative expenses	(1,989,643)	(2,158,513)	(8)
Other expenses	(247,795)	(19,968)	1141
Finance costs	(2,002,190)	(576,353)	247
(Loss) Profit before income tax	(3,571,963)	657,723	(643)
Income tax	866,069	(568,657)	(252)
(Loss) Profit after income tax	(2,705,894)	89,066	(3138)
(Loss) Profit attributable to:			
Owners of the Company	(2,680,833)	72,115	(3817)
Non-controlling interests	(25,061)	16,951	(248)
	(2,705,894)	89,066	(3138)

1(a)(ii) Consolidated statement of profit or loss and other comprehensive income

	Group		Change +/(-) %
	3 months ended 31.03.2015 US\$ (Unaudited)	3 months ended 31.03.2014 US\$ (Unaudited)	
(Loss) Profit after income tax	(2,705,894)	89,066	(3138)
Other comprehensive income, net of tax:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
- Exchange differences on translation	(2,310,434)	4,057,538	(157)
Total comprehensive income	<u>(5,016,328)</u>	<u>4,146,604</u>	(221)
Total comprehensive income attributable to:			
Owners of the Company	(4,962,007)	4,097,415	(221)
Non-controlling interests	(54,321)	49,189	(210)
	<u>(5,016,328)</u>	<u>4,146,604</u>	(221)

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

	Group		Change +/(-) %
	3 months ended 31.03.2015 US\$ (Unaudited)	3 months ended 31.03.2014 US\$ (Unaudited)	
Other income:			
- Interest income	(165,776)	(29,046)	471
- Foreign exchange gain (net)	(1,358,943)	(1,242,404)	9
Other expenses:			
- Loss on disposal of property, plant and equipment (net)	247,638	19,968	1140
Interest expense	2,002,190	576,353	247
Depreciation of property, plant and equipment	1,244,325	1,755,668	(29)

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	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	11,821,956	13,339,167	11,723,283	12,875,141
Trade and other receivables	33,148,912	31,596,601	71,322,162	72,615,198
Deposits and prepayments	29,476,682	30,176,683	72,444	78,398
Inventories	4,425,413	4,768,975	-	-
Total current assets	78,872,963	79,881,426	83,117,889	85,568,737
Non-current assets				
Trade receivables	4,744,016	7,565,204	-	-
Deposits and prepayments	2,420,442	2,373,359	107,007	111,264
Investment in subsidiaries	-	-	72,554,117	72,554,117
Property, plant and equipment	110,311,851	115,130,106	186,925	218,141
Investment property	3,342,781	3,484,058	3,342,781	3,484,058
Other non-current asset	127,316	132,697	127,316	132,697
Deferred tax assets	3,230,181	2,998,675	-	-
Total non-current assets	124,176,587	131,684,099	76,318,146	76,500,277
Total assets	203,049,550	211,565,525	159,436,035	162,069,014
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank borrowings	191,731	264,854	191,731	264,854
Trade and other payables	15,536,164	13,432,330	11,477,078	11,116,943
Current portion of finance leases	7,693,114	9,704,519	-	-
Income tax payable	26,514	50,009	15,409	49,286
Total current liabilities	23,447,523	23,451,712	11,684,218	11,431,083

	Group		Company	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Non-current liabilities				
Finance leases	2,224,405	2,511,662	-	-
Notes payable	70,223,733	72,807,779	70,223,733	72,807,779
Provisions	1,404,879	1,355,269	87,431	90,032
Deferred tax liabilities	2,719,646	3,393,411	118,189	106,804
Total non-current liabilities	76,572,663	80,068,121	70,429,353	73,004,615
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	776,632	776,632
Translation reserve	(23,809,313)	(21,528,139)	(4,391,554)	(4,186,712)
Retained earnings (Accumulated losses)	43,190,003	45,870,836	(1,581,288)	(1,475,278)
Equity attributable to owners of the Company	102,690,345	107,652,352	77,322,464	77,633,316
Non-controlling interests	339,019	393,340	-	-
Total equity	103,029,364	108,045,692	77,322,464	77,633,316
Total liabilities and equity	203,049,550	211,565,525	159,436,035	162,069,014

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

	Group			
	31.03.2015		31.12.2014	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand	7,884,845	1,003,431	9,969,373	2,411,241
Amount repayable after one year	2,224,405	70,223,733	2,511,662	72,807,779
Total	10,109,250	71,227,164	12,481,035	75,219,020

Details of any collateral and security:

As at 31 March 2015, our Group's bank borrowing and finance lease liabilities are secured by our investment property and leased assets, respectively.

In July 2014, our Group issued Medium Term Notes of S\$100 million. The Notes will mature in January 2018 and bear interest at a fixed rate of 7% per annum payable semi-annually in arrear. Separately, our Group has pledged a deposit of S\$3.5 million for the purpose of securing our coupon payment obligations.

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 31.03.2015 US\$ (Unaudited)	3 months ended 31.03.2014 US\$ (Unaudited)
Operating activities		
(Loss) Profit before income tax	(3,571,963)	657,723
Adjustments for:		
Depreciation of property, plant and equipment	1,244,325	1,755,668
Loss on disposal of property, plant and equipment	247,638	19,968
Interest expense	2,002,190	576,353
Interest income	(165,776)	(29,046)
Retirement benefit obligations	103,573	146,300
Net foreign exchange gains	(1,805,284)	(159,239)
Operating cash flows before movements in working capital	(1,945,297)	2,967,727
Trade and other receivables	1,154,394	(4,642,724)
Deposits and prepayments	721,139	227,893
Inventories	343,562	(920,024)
Trade and other payables	3,515,663	(2,778,503)
Cash generated from (used in) operations	3,789,461	(5,145,631)
Income tax paid	(433,574)	(1,159,741)
Retirement benefit obligation paid	-	(23,921)
Net cash from (used in) operating activities	<u>3,355,887</u>	<u>(6,329,293)</u>
Investing activities		
Interest received	730	7,605
Advance payments for purchase of property, plant and equipment	(149,104)	(144,157)
Purchase of property, plant and equipment	(65,849)	(3,004)
Proceeds on disposal of property, plant and equipment	924,599	-
Net cash from (used in) investing activities	<u>710,376</u>	<u>(139,556)</u>
Financing activities		
Interest paid	(2,941,892)	(564,421)
Proceeds from bank borrowing	-	2,556,000
Repayment of bank borrowing	(63,047)	(64,499)
Repayment of obligations under finance leases	(2,066,598)	(2,721,578)
Net cash used in financing activities	<u>(5,071,537)</u>	<u>(794,498)</u>

Group

	3 months ended 31.03.2015 US\$ (Unaudited)	3 months ended 31.03.2014 US\$ (Unaudited)
Net decrease in cash and cash equivalents	(1,005,274)	(7,263,347)
Cash and cash equivalents at beginning of the period	10,666,464	17,814,850
Effect of exchange rate changes on cash balances held in foreign currencies	(403,561)	108,030
Cash and cash equivalents at end of the period (Note A)	9,257,629	10,659,533

Notes to consolidated cash flow statement:Note A:

Cash and bank balances	173,987	739,685
Deposits	11,647,969	9,919,848
Total	11,821,956	10,659,533
Less: Deposit pledged	(2,564,327)	-
Cash and cash equivalents as per cash flow statement	9,257,629	10,659,533

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 31.03.2015

	<u>Share capital</u> US\$	<u>Other reserve</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Retained earnings</u> US\$	<u>Equity attributable to owners of the Company</u> US\$	<u>Non-controlling interests</u> US\$	<u>Total</u> US\$
Balance at 1 January 2015	82,518,674	14,349	776,632	(21,528,139)	45,870,836	107,652,352	393,340	108,045,692
Loss for the period	-	-	-	-	(2,680,833)	(2,680,833)	(25,061)	(2,705,894)
Other comprehensive income for the period	-	-	-	(2,281,174)	-	(2,281,174)	(29,260)	(2,310,434)
Balance at 31 March 2015	82,518,674	14,349	776,632	(23,809,313)	43,190,003	102,690,345	339,019	103,029,364

Group – financial period ended 31.03.2014

	<u>Share capital</u> US\$	<u>Other reserve</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Retained earnings</u> US\$	<u>Equity attributable to owners of the Company</u> US\$	<u>Non-controlling interests</u> US\$	<u>Total</u> US\$
Balance at 1 January 2014	82,518,674	14,349	776,632	(20,088,782)	58,495,324	121,716,197	587,627	122,303,824
Profit for the period	-	-	-	-	72,115	72,115	16,951	89,066
Other comprehensive income for the period	-	-	-	4,025,300	-	4,025,300	32,238	4,057,538
Balance at 31 March 2014	82,518,674	14,349	776,632	(16,063,482)	58,567,439	125,813,612	636,816	126,450,428

Company – financial period ended 31.03.2015

	<u>Share capital</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Balance at 1 January 2015	82,518,674	776,632	(4,186,712)	(1,475,278)	77,633,316
Loss for the period	-	-	-	(106,010)	(106,010)
Other comprehensive income for the period	-	-	(204,842)	-	(204,842)
Balance at 31 March 2015	<u>82,518,674</u>	<u>776,632</u>	<u>(4,391,554)</u>	<u>(1,581,288)</u>	<u>77,322,464</u>

Company – financial period ended 31.03.2014

	<u>Share capital</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Balance at 1 January 2014	82,518,674	776,632	(3,359,822)	(1,100,388)	78,835,096
Loss for the period	-	-	-	(1,220,525)	(1,220,525)
Other comprehensive income for the period	-	-	286,788	-	286,788
Balance at 31 March 2014	<u>82,518,674</u>	<u>776,632</u>	<u>(3,073,034)</u>	<u>(2,320,913)</u>	<u>77,901,359</u>

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 31 December 2014 and 31 March 2015.

On 21 April 2015, the Company entered into a subscription agreement with Dektos Capital SPC (the "**Subscriber**"), pursuant to which the Subscriber shall subscribe for, and the Company shall allot and issue 28,000,000 new original shares (the "**New Shares**") at an issue price of S\$0.18 for each New Share. Please refer to the Company's announcement on 21 April 2015 for further information. As of the date of this announcement, the New Shares have not been issued.

There were no outstanding convertibles or treasury shares held by the Company as at 31 March 2015 and 31 March 2014.

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.

	31 March 2015	31 December 2014
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 below, 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 2014.

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 2015. 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.

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 31.03.2015 (Unaudited)	3 months ended 31.03.2014 (Unaudited)
Earnings per share ("EPS")		
Earnings for computing EPS (US\$)	(2,680,833)	72,115
Weighted average number of ordinary shares ⁽¹⁾	1,157,050,891	1,157,050,891
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) ⁽²⁾	(0.23)	0.01

(1) The calculation for the basic and diluted EPS is based on the weighted average number of ordinary shares in issue during the respective financial periods.

(2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

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

	Group		Company	
	31.03.2015 (Unaudited)	31.12.2014 (Unaudited)	31.03.2015 (Unaudited)	31.12.2014 (Unaudited)
Net assets value ("NAV") per share				
NAV (US\$)	102,690,345	107,652,352	77,322,464	77,633,316
Number of issued shares	1,157,050,891	1,157,050,891	1,157,050,891	1,157,050,891
Net asset value per ordinary share (US cents)	8.88	9.30	6.68	6.71

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of: (a) 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; 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**

8.1 Income Statement (1Q2015 vs. 1Q2014)

Revenue, cost of sales and gross profit

Our revenue decreased by US\$13.7 million, from US\$16.6 million in the first quarter ended 31 March 2014 ("1Q2014") to US\$2.9 million in the first quarter ended 31 March 2015 ("1Q2015"). This was mainly due to the weak coal price and soft demand for mining services which resulted in a decrease in coal revenue of US\$7.4 million and mining services revenue of US\$6.3 million. In light of the current coal market situation, this contributed to the temporary halt of our BEK operation since the last quarter, marginal coal trading activities and a decrease in demand for mining services in 1Q2015.

Our cost of sales decreased by US\$10.7 million, from US\$14.5 million in 1Q2014 to US\$3.8 million in 1Q2015. The decrease in cost of sales is generally in line with the decrease in revenue. Our Group incurred a gross loss of US\$0.9 million in 1Q2015, which was mainly due to higher cost of production for mining services caused by unfavourable weather conditions hampering our mining operations.

Other income and indirect expenses

Other income, mainly comprising foreign exchange ("forex") gain and interest income, increased by US\$0.3 million, from US\$1.3 million in 1Q2014 to US\$1.6 million in 1Q2015. This was mainly due to higher forex gain and additional non-cash interest income recognised on financial asset carried at amortised cost.

General and administrative expenses decreased by US\$0.2 million, from US\$2.2 million in 1Q2014 to US\$2.0 million 1Q2015. The decrease was mainly due to cost controls and reduction of VAT expenses incurred by certain Indonesian entities.

Other expenses increased by US\$0.2 million quarter-on-quarter. The increase was mainly due to loss on disposal of old heavy equipment incurred in 1Q2015.

Finance costs increased by US\$1.4 million, from US\$0.6 million in 1Q2014 to US\$2.0 million in 1Q2015, mainly due to interest expense pertaining to the notes payable issued in July 2014.

Depreciation and amortisation

Depreciation decreased by US\$0.6 million, from US\$1.8 million in 1Q2014 to US\$1.2 million in 1Q2015. The decrease was mainly due to disposal of old heavy equipment in 1Q2015, and lower depreciation expense on mining property which is consistent with the decrease in our coal sales.

Income tax

Income tax decreased by US\$1.5 million, from US\$0.6 million tax expense in 1Q2014 to US\$0.9 million tax credit in 1Q2015, in line with the decrease in our earnings. The higher effective tax rate in 1Q2014 was mainly attributed to certain non-tax-adjustable items and an additional tax assessment for an earlier tax year.

Profit after income tax

Profit after income tax decreased by US\$2.8 million from a profit of US\$0.1 million in 1Q2014 to a loss of US\$2.7 million in 1Q2015, mainly due to operating losses and higher finance costs and other expenses; partially offset by higher other income and lower general and administrative expenses.

Other comprehensive income

Other comprehensive income consisted of translation exchange differences. The translation loss in 1Q2015 was mostly due to the weakening of IDR against USD (1Q2014: translation gain due to strengthening of IDR against USD).

8.2 Statement of Financial Position (Group)

Our Group's equity attributable to owners of the Company decreased by US\$5.0 million, from US\$107.7 million as at 31 December 2014 to US\$102.7 million as at 31 March 2015. The decrease reflected our Group's losses coupled with foreign exchange translation loss in 1Q2015.

Current assets

Our Group's current assets decreased marginally by US\$1.0 million, from US\$79.9 million as at 31 December 2014 to US\$78.9 million as at 31 March 2015. The decrease was mainly due to decreases in (i) cash and cash equivalents of US\$1.5 million; (ii) deposits and prepayments of US\$0.7 million; and (iii) inventory of US\$0.4 million; partially offset by the increase in trade and other receivables of US\$1.6 million.

Trade and other receivables as at 31 March 2015 mainly comprised US\$19.4 million of trade receivables, US\$5.8 million of prepaid taxes, refundable acquisition deposit of US\$2.0 million and payments made to a third party of US\$3.1 million to secure the rights to use and purchase jetty facilities.

Inventory balance decreased by US\$0.4 million, from US\$4.8 million as at 31 December 2014 to US\$4.4 million as at 31 March 2015, mainly due to translation loss.

Prepayments as at 31 March 2015 included US\$26.9 million of upfront payments made pursuant to coal purchase contracts entered into previously.

Non-current assets

Our Group's non-current assets decreased by US\$7.5 million, from US\$131.7 million as at 31 December 2014 to US\$124.2 million as at 31 March 2015. The decrease was mainly due to decreases in (i) property, plant and equipment of US\$4.8 million; (ii) trade receivables of US\$2.8 million; and (iii) investment property of US\$0.1 million; partially offset by the increase in deferred tax asset of US\$0.2 million.

The decrease in property, plant and equipment was mainly due to translation loss of US\$2.8 million, disposal of old heavy equipment and depreciation expense in 1Q2015. The decrease in trade receivables was due to reclassification to current assets according to the repayment schedule.

Current liabilities

Our Group's current liabilities decreased by US\$0.1 million, from US\$23.5 million as at 31 December 2014 to US\$23.4 million as at 31 March 2015. The decrease was mainly due to the decrease in finance leases of US\$2.0 million; partially offset by the increase in trade and other payables of US\$2.1 million.

The decrease in finance leases was mainly due to repayment made in 1Q2015. The increase in trade and other payables was mainly due to increases in (i) advances received from customers of US\$2.2 million; (ii) trade payables and accrued expenses of US\$1.0 million; and (iii) VAT payable of US\$0.3 million. This was partially offset by the decrease in the accrued interest on notes payable of US\$1.4 million after the coupon payment in 1Q2015.

Non-current liabilities

Our Group's non-current liabilities decreased by US\$3.5 million, from US\$80.1 million as at 31 December 2014 to US\$76.6 million as at 31 March 2015. The decrease was mainly due to decreases in (i) notes payable of US\$2.6 million; (ii) deferred tax liabilities of US\$0.7 million; and (iii) finance leases of US\$0.3 million. The decrease in the SGD-denominated notes payable was mainly due to the strengthening of USD against SGD in 1Q2015.

8.3 Statement of Financial Position (Company)

Our Company's equity decreased by US\$0.3 million from US\$77.6 million as at 31 December 2014 to US\$77.3 million as at 31 March 2015.

Current assets

Current assets decreased by US\$2.5 million, from US\$85.6 million as at 31 December 2014 to US\$83.1 million as at 31 March 2015. The decrease was mainly due to the decreases in (i) trade and other receivables of US\$1.3 million; and (ii) cash and cash equivalents of US\$1.2 million.

Trade and other receivables mainly comprised intercompany receivables of US\$65.7 million, refundable acquisition deposit of US\$2.0 million and payments made to a third party of US\$3.1 million to secure the rights to use and purchase jetty facilities. The decrease in trade and other receivables arise mainly from the decrease in intercompany receivables of US\$1.4 million due to repayment.

Non-current assets

Non-current assets decreased by US\$0.2 million from US\$76.5 million as at 31 December 2014 to US\$76.3 million as at 31 March 2015, mainly due to translation loss on investment property.

Current liabilities

Current liabilities mainly consisted of bank borrowing, trade and other payables and income tax payable. Current liabilities increased by US\$0.3 million, from US\$11.4 million as at 31 December 2014 to US\$11.7 million as at 31 March 2015, mainly due to increase in intercompany payables of US\$1.4 million and increase in payables and accrued expenses; partially offset by the decrease in the accrued interest on notes payable of US\$1.4 million after the coupon payment in 1Q2015.

Non-current liabilities

Non-current liabilities mainly consisted of notes payable, provisions and deferred tax liabilities. Non-current liabilities decreased by US\$2.6 million, from US\$73.0 million as at 31 December 2014 to US\$70.4 million as at 31 March 2015, mainly due to translation gain on the SGD-denominated notes payable.

8.4 Cash Flow Statement (1Q2015 vs. 1Q2014)

Our Group's net cash from operating activities in 1Q2015 was US\$3.4 million. Operating cash flows before movements in working capital was an outflow of US\$1.9 million and this was offset by cash inflows of US\$5.7 million from our working capital movements. US\$0.4 million was used for payment of income tax.

Net cash from investing activities in 1Q2015 of US\$0.7 million was mainly due to proceeds on disposal of property, plant and equipment of US\$0.9 million, offset by advance payments and purchase of property, plant and equipment of US\$0.2 million.

Net cash used in financing activities in 1Q2015 of US\$5.1 million was mainly due to (i) interest payment of US\$2.9 million; and (ii) repayment of bank borrowings and finance leases of US\$2.2 million.

As a result of the aforementioned, there was a net decrease of US\$1.0 million in cash and cash equivalents in 1Q2015.

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

There is no material deviation in the actual results for the first quarter ended 31 March 2015 from what was previously discussed under paragraph 10 of the Company's financial statements for the fourth quarter ended 31 December 2014.

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

The Indonesian Coal Reference Price (HBA) has increased during the last three months from US\$64.65 in December 2014 to US\$67.76 in March 2015⁽¹⁾. Despite the marginal price improvement, the Indonesian coal mining industry continues to face pressure from an expansionary supply situation and weak demand, resulting in a general expectation of coal prices to remain relatively soft in the near future.

Our Group had on 18 August 2014 completed the acquisition of 66% of BIR, which through its Indonesian subsidiaries owns the SDJ mining concession located in South Kalimantan, Indonesia. Barring unforeseen circumstances, our Group expects to commence land clearing and overburden removal in the second half of this year. The production activities were previously estimated to begin in the second quarter of 2015. Please refer to the relevant announcements for further information. Pending the commencement of SDJ production operation, our Group does not expect improvement in our financial results in the near term.

⁽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 first quarter ended 31 March 2015.

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 first quarter ended 31 March 2015.

14. Negative confirmation pursuant to Rule 705(5)

We, Charles Antony 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 first quarter ended 31 March 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Charles Antony Melati
Executive Chairman

Dhamma Surya
Chief Executive Officer

13 May 2015