



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 Second Quarter and Six Months Ended 30 June 2015

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 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					
	3 months ended 30.06.2015 US\$ (Unaudited)	3 months ended 30.06.2014 US\$ (Unaudited)	Change +/(–) %	6 months ended 30.06.2015 US\$ (Unaudited)	6 months ended 30.06.2014 US\$ (Unaudited)	Change +/(–) %
Revenue	9,288,385	17,997,869	(48)	12,181,413	34,596,804	(65)
Cost of sales	(7,680,785)	(19,048,225)	(60)	(11,482,805)	(33,564,217)	(66)
Gross Profit (Loss)	1,607,600	(1,050,356)	(253)	698,608	1,032,587	(32)
Other income	202,483	229,330	(12)	420,197	316,539	33
General and administrative expenses	(1,790,279)	(2,209,524)	(19)	(3,779,922)	(4,368,037)	(13)
Other expenses	(2,913,236)	(1,574,484)	85	(1,802,088)	(352,047)	412
Finance costs	(2,153,475)	(570,432)	278	(4,155,665)	(1,146,785)	262
Loss before income tax	(5,046,907)	(5,175,466)	(2)	(8,618,870)	(4,517,743)	91
Income tax	(898,377)	2,030,092	(144)	(32,308)	1,461,435	(102)
Loss after income tax	(5,945,284)	(3,145,374)	89	(8,651,178)	(3,056,308)	183
Loss attributable to:						
Owners of the Company	(5,916,473)	(3,100,814)	91	(8,597,306)	(3,028,699)	184
Non-controlling interests	(28,811)	(44,560)	(35)	(53,872)	(27,609)	95
	(5,945,284)	(3,145,374)	89	(8,651,178)	(3,056,308)	183

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

	Group					
	3 months ended 30.06.2015 US\$ (Unaudited)	3 months ended 30.06.2014 US\$ (Unaudited)	Change +/-) %	6 months ended 30.06.2015 US\$ (Unaudited)	6 months ended 30.06.2014 US\$ (Unaudited)	Change +/-) %
Loss after income tax	(5,945,284)	(3,145,374)	89	(8,651,178)	(3,056,308)	183
Other comprehensive income, net of tax:						
<i>Items that may be subsequently reclassified to profit or loss</i>						
- Exchange differences on translation	(587,262)	(2,227,069)	(74)	(2,897,696)	1,830,469	(258)
Total comprehensive income	<u>(6,532,546)</u>	<u>(5,372,443)</u>	22	<u>(11,548,874)</u>	<u>(1,225,839)</u>	842
Total comprehensive income attributable to:						
Owners of the Company	(6,493,936)	(5,304,482)	22	(11,455,943)	(1,207,067)	849
Non-controlling interests	(38,610)	(67,961)	(43)	(92,931)	(18,772)	395
	<u>(6,532,546)</u>	<u>(5,372,443)</u>	22	<u>(11,548,874)</u>	<u>(1,225,839)</u>	842

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

	Group					
	3 months ended 30.06.2015 US\$ (Unaudited)	3 months ended 30.06.2014 US\$ (Unaudited)	Change +/-) %	6 months ended 30.06.2015 US\$ (Unaudited)	6 months ended 30.06.2014 US\$ (Unaudited)	Change +/-) %
Other income:						
- Interest income	(159,341)	(174,992)	(9)	(325,117)	(204,038)	59
Other expenses:						
- Foreign exchange loss (net)	1,771,786	1,481,134	20	412,843	238,730	73
- Loss on disposal of property, plant and equipment (net)	1,082,115	5,652	N.M.	1,329,753	25,620	N.M.
Interest expense	2,153,475	570,432	278	4,155,665	1,146,785	262
Depreciation of property, plant and equipment	1,174,042	1,745,547	(33)	2,418,367	3,501,215	(31)

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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	15,034,027	13,339,167	14,605,248	12,875,141
Trade and other receivables	35,673,499	31,596,601	70,882,849	72,615,198
Deposits and prepayments	29,081,873	30,176,683	65,305	78,398
Inventories	4,269,049	4,768,975	-	-
Total current assets	84,058,448	79,881,426	85,553,402	85,568,737
Non-current assets				
Trade receivables	1,901,400	7,565,204	-	-
Deposits and prepayments	2,340,110	2,373,359	109,027	111,264
Investment in subsidiaries	-	-	72,554,117	72,554,117
Property, plant and equipment	109,644,468	115,130,106	168,348	218,141
Investment property	3,413,983	3,484,058	3,413,983	3,484,058
Other non-current asset	130,028	132,697	130,028	132,697
Deferred tax assets	2,671,306	2,998,675	-	-
Total non-current assets	120,101,295	131,684,099	76,375,503	76,500,277
Total assets	204,159,743	211,565,525	161,928,905	162,069,014
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank borrowings	131,357	264,854	131,357	264,854
Trade and other payables	16,079,613	13,432,330	12,032,391	11,116,943
Current portion of finance leases	7,255,552	9,704,519	-	-
Income tax payable	159,514	50,009	144,823	49,286
Total current liabilities	23,626,036	23,451,712	12,308,571	11,431,083
Non-current liabilities				
Finance leases	4,289,494	2,511,662	-	-
Notes payable	72,094,511	72,807,779	72,094,511	72,807,779
Provisions	1,473,598	1,355,269	90,382	90,032
Deferred tax liabilities	2,527,118	3,393,411	2,266	106,804
Total non-current liabilities	80,384,721	80,068,121	72,187,159	73,004,615

	Group		Company	
	30.06.2015	31.12.2014	30.06.2014	31.12.2014
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Capital, reserves and non-controlling interests				
Share capital	86,170,842	82,518,674	86,170,842	82,518,674
Other reserve	14,349	14,349	-	-
Revaluation reserve	776,632	776,632	776,632	776,632
Translation reserve	(24,386,776)	(21,528,139)	(4,296,138)	(4,186,712)
Retained earnings (Accumulated losses)	37,273,530	45,870,836	(5,218,161)	(1,475,278)
Equity attributable to owners of the Company	99,848,577	107,652,352	77,433,175	77,633,316
Non-controlling interests	300,409	393,340	-	-
Total equity	100,148,986	108,045,692	77,433,175	77,633,316
Total liabilities and equity	204,159,743	211,565,525	161,928,905	162,069,014

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

	Group			
	30.06.2015		31.12.2014	
	Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand	7,386,909	2,320,044	9,969,373	2,411,241
Amount repayable after one year	4,289,494	72,094,511	2,511,662	72,807,779
Total	11,676,403	74,414,555	12,481,035	75,219,020

Details of any collateral and security:

As at 30 June 2015, the Group's bank borrowing and finance lease liabilities are secured by our investment property and leased assets, respectively.

In July 2014, the 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 arrears. Separately, the 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 30.06.2015 US\$ (Unaudited)	3 months ended 30.06.2014 US\$ (Unaudited)	6 months ended 30.06.2015 US\$ (Unaudited)	6 months ended 30.06.2014 US\$ (Unaudited)
Operating activities				
Loss before income tax	(5,046,907)	(5,175,466)	(8,618,870)	(4,517,743)
Adjustments for:				
Depreciation of property, plant and equipment	1,174,042	1,745,547	2,418,367	3,501,215
Loss on disposal of property, plant and equipment	1,082,115	5,652	1,329,753	25,620
Interest expense	2,153,475	570,432	4,155,665	1,146,785
Interest income	(159,341)	(174,992)	(325,117)	(204,038)
Retirement benefit obligations	79,565	153,722	183,138	300,022
Net foreign exchange losses (gains)	1,505,372	343,879	(307,935)	507,847
Operating cash flows before movements in working capital	788,321	(2,531,226)	(1,164,999)	759,708
Trade and other receivables	(2,574,967)	(1,182,545)	(1,420,573)	(5,825,270)
Deposits and prepayments	404,964	501,989	1,126,103	729,882
Inventories	156,364	7,026,951	499,926	6,106,927
Trade and other payables	(773,164)	(644,488)	2,742,499	(3,422,991)
Cash (used in) generated from operations	(1,998,482)	3,170,681	1,782,956	(1,651,744)
Income tax paid	(176,571)	(787,808)	(610,145)	(1,938,110)
Income tax refund	1,946,229	299,701	1,946,229	299,701
Retirement benefit obligation paid	-	(2,121)	-	(26,042)
Net cash (used in) from operating activities	(228,824)	2,680,453	3,119,040	(3,316,195)
Investing activities				
Interest received	793,316	2,058	794,047	9,663
Advance payments for purchase of property, plant and equipment	-	(160,444)	(131,682)	(304,136)
Purchase of property, plant and equipment	(3,740,652)	(150,343)	(3,818,836)	(153,347)
Proceeds on disposal of property, plant and equipment	4,264,230	666	5,188,829	666
Net cash from (used in) investing activities	1,316,894	(308,063)	2,032,358	(447,154)

Group

3 months ended 30.06.2015 US\$ (Unaudited)	3 months ended 30.06.2014 US\$ (Unaudited)	6 months ended 30.06.2015 US\$ (Unaudited)	6 months ended 30.06.2014 US\$ (Unaudited)
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Financing activities

Increase in restricted cash	-	(16,508)	-	(16,508)
Interest paid	(482,769)	(558,422)	(3,424,661)	(1,122,843)
Proceeds from bank borrowings	-	6,248,000	-	8,804,000
Repayment of bank borrowings	(64,874)	(5,629,421)	(127,921)	(5,693,920)
Proceeds from issuance of shares	3,740,537	-	3,740,537	-
Share issuance expense	(88,369)	-	(88,369)	-
Repayment of obligations under finance leases	(1,228,783)	(2,583,915)	(3,295,381)	(5,305,493)
Net cash from (used in) financing activities	1,875,742	(2,540,266)	(3,195,795)	(3,334,764)
Net increase (decrease) in cash and cash equivalents	2,963,812	(167,876)	1,955,603	(7,098,113)
Cash and cash equivalents at beginning of the period	9,257,629	10,659,533	10,666,464	17,814,850
Effect of exchange rate changes on the balance held in foreign currencies	193,638	425,394	(206,988)	200,314
Cash and cash equivalents at end of the period (Note A)	12,415,079	10,917,051	12,415,079	10,917,051

Notes to consolidated cash flow statement:

Note A:

Cash and bank balance	3,137,953	925,553	3,137,953	925,553
Deposits	11,896,074	10,008,006	11,896,074	10,008,006
Total	15,034,027	10,933,559	15,034,027	10,933,559
Less: Deposit pledged	(2,618,948)	-	(2,618,948)	-
Less: Restricted cash	-	(16,508)	-	(16,508)
Cash and cash equivalents as per cash flow statement	12,415,079	10,917,051	12,415,079	10,917,051

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 30.06.2015

	<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
Loss for the period	-	-	-	-	(5,916,473)	(5,916,473)	(28,811)	(5,945,284)
Share issuance	3,740,537	-	-	-	-	3,740,537	-	3,740,537
Share issuance expense	(88,369)	-	-	-	-	(88,369)	-	(88,369)
Other comprehensive income for the period	-	-	-	(577,463)	-	(577,463)	(9,799)	(587,262)
Balance at 30 June 2015	86,170,842	14,349	776,632	(24,386,776)	37,273,530	99,848,577	300,409	100,148,986

Group – financial period ended 30.06.2014

	<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
Loss for the period	-	-	-	-	(3,100,814)	(3,100,814)	(44,560)	(3,145,374)
Other comprehensive income for the period	-	-	-	(2,203,668)	-	(2,203,668)	(23,401)	(2,227,069)
Balance at 30 June 2014	82,518,674	14,349	776,632	(18,267,150)	55,466,625	120,509,130	568,855	121,077,985

Company – financial period ended 30.06.2015

	<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	82,518,674	776,632	(4,391,554)	(1,581,288)	77,322,464
Loss for the period	-	-	-	(3,636,873)	(3,636,873)
Share issuance	3,740,537	-	-	-	3,740,537
Share issuance expense	(88,369)	-	-	-	(88,369)
Other comprehensive income for the period	-	-	95,416	-	95,416
Balance at 30 June 2015	86,170,842	776,632	(4,296,138)	(5,218,161)	77,433,175

Company – financial period ended 30.06.2014

	<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	82,518,674	776,632	(3,073,034)	(2,320,913)	77,901,359
Loss for the period	-	-	-	(1,225,198)	(1,225,198)
Other comprehensive income for the period	-	-	545,035	-	545,035
Balance at 30 June 2014	82,518,674	776,632	(2,527,999)	(3,546,111)	77,221,196

- 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**

On 18 June 2015, the Company issued 28,000,000 new ordinary shares pursuant to a placement exercise at an issue price of S\$0.18 per share and raised gross proceeds of S\$5,040,000. Please refer to the relevant announcements for further information.

As at 30 June 2015, the Company's share capital comprised 1,185,050,891 shares (31 March 2015: 1,157,050,891). There were no outstanding convertibles or treasury shares as at 30 June 2015 and 30 June 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.**

	30 June 2015	31 December 2014
Total number of issued shares (excluding treasury shares)	1,185,050,891	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 does 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**

Save as disclosed in Paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the financial statements for the current reporting period 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

The 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 30.06.2015 (Unaudited)	3 months ended 30.06.2014 (Unaudited)	6 months ended 30.06.2015 (Unaudited)	6 months ended 30.06.2014 (Unaudited)
Earnings per share ("EPS")				
Earnings for computing EPS (US\$)	(5,916,473)	(3,100,814)	(8,597,306)	(3,028,699)
Weighted average number of ordinary shares ⁽¹⁾	1,161,050,891	1,157,050,891	1,159,061,941	1,157,050,891
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) ⁽²⁾	(0.51)	(0.27)	(0.74)	(0.26)

(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	
	30.06.2015 (Unaudited)	31.12.2014 (Unaudited)	30.06.2015 (Unaudited)	31.12.2014 (Unaudited)
Net assets value ("NAV") per share				
NAV (US\$)	99,848,577	107,652,352	77,433,175	77,633,316
Number of issued shares	1,185,050,891	1,157,050,891	1,185,050,891	1,157,050,891
Net asset value per ordinary share (US cents)	8.43	9.30	6.53	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

Financial performance (2Q2015 vs. 2Q2014)

Revenue decreased by US\$8.7 million from US\$18.0 million in 2Q2014 to US\$9.3 million in 2Q2015 mainly due to lower revenue from coal sales and mining services. Continued pressure in coal market contributed to the decrease in our top line.

Gross profit has improved in 2Q2015 mainly due to better equipment capacity utilisation for mining services, compared to gross loss of US\$1.1 million in 2Q2014 which included a non-recurring unrealised loss from coal trading inventories.

Other income mainly comprising interest and rental income, remained relatively stable at US\$0.2 million.

General and administrative expenses decreased by US\$0.4 million, from US\$2.2 million in 2Q2014 to US\$1.8 million in 2Q2015. The decrease was mainly due to cost controls and reduction of VAT expenses incurred by certain Indonesian entities.

Other expenses increased by US\$1.3 million, from US\$1.6 million in 2Q2014 to US\$2.9 million in 2Q2015. The increase was mainly due to loss on disposal of old heavy equipment and an increase in forex losses.

Finance costs increased by US\$1.6 million, from US\$0.6 million in 2Q2014 to US\$2.2 million in 2Q2015, mainly due to interest expense pertaining to the notes payable issued in July 2014.

Depreciation decreased by US\$0.5 million, from US\$1.7 million in 2Q2014 to US\$1.2 million in 2Q2015. The decrease was mainly due to savings from disposal of old heavy equipment.

Income tax of US\$0.9 million was recorded in 2Q2015 compared to tax credit of US\$2.0 million in 2Q2014, mainly due to additional tax assessments and non-recognition of deferred tax asset for tax losses relating to certain Indonesian entities.

The Group recorded a net loss of US\$5.9 million in 2Q2015 and US\$3.1 million in 2Q2014.

Financial performance (6M2015 vs. 6M2014)

Revenue decreased by US\$22.4 million from US\$34.6 million in 6M2014 to US\$12.2 million in 6M2015 mainly due to lower revenue from coal sales and mining services. Continued pressure in coal market contributed to the decrease in our top line.

Gross profit decreased by US\$0.3 million from US\$1.0 million in 6M2014 to US\$0.7 million in 6M2015, in line with the decrease in revenue. Margin has improved slightly in 6M2015 mainly due to better equipment capacity utilisation and the non-recurring losses in 2Q2014 as mentioned above.

Other income mainly comprising interest and rental income, increased by US\$0.1 million, from US\$0.3 million in 6M2014 to US\$0.4 million in 6M2015, mainly due to additional non-cash interest income recognised on financial asset carried at amortised cost.

General and administrative expenses decreased by US\$0.6 million, from US\$4.4 million in 6M2014 to US\$3.8 million in 6M2015. The decrease was mainly due to cost controls and reduction of VAT expenses incurred by certain Indonesian entities.

Other expenses increased by US\$1.4 million, from US\$0.4 million in 6M2014 to US\$1.8 million in 6M2015. The increase was mainly due to loss on disposal of old heavy equipment.

Finance costs increased by US\$3.1 million, from US\$1.1 million in 6M2014 to US\$4.2 million in 6M2015, mainly due to interest expense pertaining to the notes payable issued in July 2014.

Depreciation decreased by US\$1.1 million, from US\$3.5 million in 6M2014 to US\$2.4 million in 6M2015. The decrease was mainly due to savings from disposal of old heavy equipment.

Marginal income tax expense was recorded in 6M2015 compared to tax credit of US\$1.5 million in 6M2014, mainly due to additional tax assessments and non-recognition of deferred tax asset for tax losses relating to certain Indonesian entities.

The Group recorded a net loss of US\$8.7 million in 6M2015 and US\$3.1 million in 6M2014.

Cash Flow (2Q2015 vs. 2Q2014)

The Group recorded a net increase in cash and cash equivalents of US\$3.0 million in 2Q2015 compared to a decrease of US\$0.2 million in 2Q2014.

Net cash used in operating activities in 2Q2015 was US\$0.2 million. Operating cash flows before movements in working capital was an inflow of US\$0.8 million and this was offset by cash outflows of US\$2.8 million due to working capital requirement. Income tax refund of US\$1.9 million was received following the finalisation of tax assessment; partially offset by income tax paid of US\$0.2 million.

Net cash from investing activities in 2Q2015 of US\$1.3 million was mainly due to proceeds from disposal of property, plant and equipment of US\$4.3 million and interest received of US\$0.8 million; partially offset by purchase of property, plant and equipment of US\$3.7 million.

Net cash from financing activities in 2Q2015 of US\$1.9 million was mainly due to net proceeds from share placement of US\$3.7 million. This was partially offset by debts repayment of US\$1.3 million and interest payment of US\$0.5 million.

Cash Flow (6M2015 vs. 6M2014)

The Group recorded a net increase in cash and cash equivalents of US\$2.0 million in 6M2015 compared to a decrease of US\$7.1 million in 6M2014.

Net cash from operating activities in 6M2015 was US\$3.1 million. Operating cash flows before movements in working capital was an outflow of US\$1.2 million and this was offset by cash inflows of US\$2.9 million from our working capital movements. Income tax refund of US\$1.9 million was received following the finalisation of tax assessment; partially offset by income tax paid of US\$0.6 million.

Net cash from investing activities in 6M2015 of US\$2.0 million was mainly due to proceeds from disposal of property, plant and equipment of US\$5.2 million and interest received of US\$0.8 million; partially offset by advance payments and purchase of property, plant and equipment of US\$4.0 million.

Net cash used in financing activities in 6M2015 of US\$3.2 million was mainly due to debts repayment of US\$3.4 million and interest payment of US\$3.4 million; partially offset by net proceeds from share placement of US\$3.7 million.

Financial Position

Current assets increased by US\$4.2 million, from US\$79.9 million as at 31 December 2014 to US\$84.1 million as at 30 June 2015, mainly due to increases in trade and other receivables of US\$4.1 million and cash and cash equivalents of US\$1.7 million as explained in the cash flow analysis above; partially offset by decreases in deposits and prepayments of US\$1.1 million and inventories of US\$0.5 million.

Non-current assets decreased by US\$11.6 million, from US\$131.7 million as at 31 December 2014 to US\$120.1 million as at 30 June 2015, mainly due to decreases in non-current trade and other receivables and property, plant and equipment resulting from disposal of old heavy equipment.

Current liabilities changed marginally from US\$23.5 million as at 31 December 2014 to US\$23.6 million as at 30 June 2015, mainly due to higher trade and other payables offset by debts repayment.

Non-current liabilities increased by US\$0.3 million, from US\$80.1 million as at 31 December 2014 to US\$80.4 million as at 30 June 2015, mainly due to increase in finance leases; partially offset by reversal of timing difference in deferred tax liabilities.

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 second quarter ended 30 June 2015 from what was previously discussed under paragraph 10 of the Company's financial statements for the first quarter ended 31 March 2015.

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

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. The Indonesian Coal Reference Price (HBA) has decreased during the last three months from US\$67.76 in March 2015 to US\$59.59 in June 2015⁽¹⁾.

On 29 June 2015, the Group entered into an agreement with PT Bukit Makmur Mandiri Utama ("**BUMA**") for the provision of overburden removal and coal hauling services at the SDJ mining concession. On 2 July 2015, the Group secured a one year contract to supply 1.5 million tonnes of coal to BTG Pactual Commodities (Singapore) Pte Ltd. Please refer to the relevant announcements for further information. Barring unforeseen circumstances and subject to execution risk, the Group expects to commence SDJ mining operations in due course. We will release further operations update announcement as and when appropriate.

⁽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 second quarter ended 30 June 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 which value exceeded S\$100,000 during the second quarter and six months ended 30 June 2015.

14. Use of proceeds from share placement

As at the date of this announcement, the net proceeds from the Group's share placement in June 2015 has not been utilised.

15. 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 statements for the second quarter and six months ended 30 June 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

12 August 2015