



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 2015

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 30.09.2015 US\$ (Unaudited)	3 months ended 30.09.2014 US\$ (Unaudited)	Change +/(-) %	9 months ended 30.09.2015 US\$ (Unaudited)	9 months ended 30.09.2014 US\$ (Unaudited)	Change +/(-) %
Revenue	6,455,950	8,186,408	(21)	18,637,363	42,783,212	(56)
Cost of sales	(6,581,660)	(13,635,180)	(52)	(18,064,465)	(47,199,397)	(62)
Gross (loss) profit	(125,710)	(5,448,772)	(98)	572,898	(4,416,185)	(113)
Other income	1,727,490	983,346	76	1,734,844	1,053,566	65
General and administrative expenses	(1,607,646)	(2,337,085)	(31)	(5,387,568)	(6,705,122)	(20)
Other expenses	(762,000)	(136,750)	457	(2,151,245)	(242,478)	787
Finance costs	(1,911,776)	(1,934,938)	(1)	(6,067,441)	(3,081,723)	97
Loss before income tax	(2,679,642)	(8,874,199)	(70)	(11,298,512)	(13,391,942)	(16)
Income tax	1,272,013	2,644,323	(52)	1,239,705	4,105,758	(70)
Loss after income tax	(1,407,629)	(6,229,876)	(77)	(10,058,807)	(9,286,184)	8
Loss attributable to:						
Owners of the Company	(1,427,707)	(6,156,100)	(77)	(10,025,013)	(9,184,799)	9
Non-controlling interests	20,078	(73,776)	(127)	(33,794)	(101,385)	(67)
	(1,407,629)	(6,229,876)	(77)	(10,058,807)	(9,286,184)	8

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

	Group					
	3 months ended 30.09.2015 US\$ (Unaudited)	3 months ended 30.09.2014 US\$ (Unaudited)	Change +/(%)	9 months ended 30.09.2015 US\$ (Unaudited)	9 months ended 30.09.2014 US\$ (Unaudited)	Change +/(%)
Loss after income tax	(1,407,629)	(6,229,876)	(77)	(10,058,807)	(9,286,184)	8
Other comprehensive income, net of tax:						
<i>Items that may be subsequently reclassified to profit or loss</i>						
- Exchange differences on translation	(3,527,998)	(1,755,503)	101	(6,425,694)	74,966	N.M.
Total comprehensive income	<u>(4,935,627)</u>	<u>(7,985,379)</u>	(38)	<u>(16,484,501)</u>	<u>(9,211,218)</u>	79
Total comprehensive income attributable to:						
Owners of the Company	(4,906,241)	(7,904,999)	(38)	(16,362,184)	(9,112,066)	80
Non-controlling interests	(29,386)	(80,380)	(63)	(122,317)	(99,152)	23
	<u>(4,935,627)</u>	<u>(7,985,379)</u>	(38)	<u>(16,484,501)</u>	<u>(9,211,218)</u>	79

N.M. not meaningful

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

	Group					
	3 months ended 30.09.2015 US\$ (Unaudited)	3 months ended 30.09.2014 US\$ (Unaudited)	Change +/(%)	9 months ended 30.09.2015 US\$ (Unaudited)	9 months ended 30.09.2014 US\$ (Unaudited)	Change +/(%)
Other income:						
- Interest income	(141,911)	(222,805)	(36)	(467,028)	(426,843)	9
- Foreign exchange gain (net)	(1,550,106)	(698,787)	122	(1,137,263)	(460,057)	147
Other expenses:						
- Loss on disposal of property, plant and equipment (net)	702,155	105,444	566	2,031,908	131,064	N.M.
- Allowance for doubtful debt	-	31,306	(100)	-	31,306	(100)
Interest expense	1,911,776	1,934,938	(1)	6,067,441	3,081,723	97
Depreciation of property, plant and equipment	1,059,411	1,712,809	(38)	3,477,778	5,214,024	(33)

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	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Current assets				
Cash and cash equivalents	11,795,944	13,339,167	11,464,643	12,875,141
Trade and other receivables	36,092,894	31,596,601	69,045,322	72,615,198
Deposits and prepayments	28,340,623	30,176,683	26,378	78,398
Inventories	3,831,153	4,768,975	-	-
Total current assets	80,060,614	79,881,426	80,536,343	85,568,737
Non-current assets				
Trade receivables	-	7,565,204	-	-
Deposits and prepayments	2,142,178	2,373,359	102,841	111,264
Investment in subsidiaries	-	-	72,554,117	72,554,117
Property, plant and equipment	102,106,076	115,130,106	124,353	218,141
Investment property	3,224,677	3,484,058	3,224,677	3,484,058
Other non-current asset	122,818	132,697	122,818	132,697
Deferred tax assets	2,838,039	2,998,675	-	-
Total non-current assets	110,433,788	131,684,099	76,128,806	76,500,277
Total assets	190,494,402	211,565,525	156,665,149	162,069,014
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	62,419	264,854	62,419	264,854
Trade and other payables	14,966,295	13,432,330	10,064,328	11,116,943
Current portion of finance leases	5,517,926	9,704,519	-	-
Income tax payable	200,986	50,009	163,019	49,286
Total current liabilities	20,747,626	23,451,712	10,289,766	11,431,083
Non-current liabilities				
Finance leases	3,274,966	2,511,662	-	-
Notes payable	68,394,275	72,807,779	68,394,275	72,807,779
Provisions	1,430,307	1,355,269	86,433	90,032
Deferred tax liabilities	1,433,869	3,393,411	825	106,804
Total non-current liabilities	74,533,417	80,068,121	68,481,533	73,004,615

	Group		Company	
	30.09.2015	31.12.2014	30.09.2014	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	(27,865,310)	(21,528,139)	(4,647,108)	(4,186,712)
Retained earnings (Accumulated losses)	35,845,823	45,870,836	(4,406,516)	(1,475,278)
Equity attributable to owners of the Company	94,942,336	107,652,352	77,893,850	77,633,316
Non-controlling interests	271,023	393,340	-	-
Total equity	95,213,359	108,045,692	77,893,850	77,633,316
Total liabilities and equity	190,494,402	211,565,525	156,665,149	162,069,014

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

	Group			
	30.09.2015		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	5,580,345	994,867	9,969,373	2,411,241
Amount repayable after one year	3,274,966	68,394,275	2,511,662	72,807,779
Total	8,855,311	69,389,142	12,481,035	75,219,020

Details of any collateral and security:

As at 30 September 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 30.09.2015 US\$ (Unaudited)	3 months ended 30.09.2014 US\$ (Unaudited)	9 months ended 30.09.2015 US\$ (Unaudited)	9 months ended 30.09.2014 US\$ (Unaudited)
Operating activities				
Loss before income tax	(2,679,642)	(8,874,199)	(11,298,512)	(13,391,942)
Adjustments for:				
Depreciation of property, plant and equipment	1,059,411	1,712,809	3,477,778	5,214,024
Loss on disposal of property, plant and equipment	702,155	105,444	2,031,908	131,064
Allowance for doubtful debts	-	31,306	-	31,306
Interest expense	1,911,776	1,934,938	6,067,441	3,081,723
Interest income	(141,911)	(222,805)	(467,028)	(426,843)
Retirement benefit obligations	73,918	120,718	257,056	420,740
Net foreign exchange gains	(1,946,017)	(2,062,431)	(2,475,289)	(1,493,555)
Operating cash flows before movements in working capital	(1,020,310)	(7,254,220)	(2,406,646)	(6,433,483)
Trade and other receivables	862,116	(2,485,938)	(558,457)	(8,311,208)
Deposits and prepayments	805,497	(3,480,820)	1,931,600	(2,750,938)
Inventories	437,897	3,970,625	937,823	10,077,552
Trade and other payables	(1,243,026)	2,292,234	1,499,473	(1,130,757)
Cash (used in) generated from operations	(157,826)	(6,958,119)	1,403,793	(8,548,834)
Income tax paid	(19,230)	(796,678)	(629,375)	(2,734,788)
Income tax refund	352,200	3,899	2,298,429	303,600
Retirement benefit obligation paid	-	(8,967)	-	(35,009)
Net cash from (used in) operating activities	175,144	(7,759,865)	3,072,847	(11,015,031)
Investing activities				
Interest received	82,356	129,301	876,403	138,964
Advance payments for purchase of property, plant and equipment	(10,372)	(171,120)	(140,800)	(459,190)
Purchase of property, plant and equipment	(80,148)	(26,909,551)	(3,819,430)	(27,062,898)
Proceeds on disposal of property, plant and equipment	1,158,513	61,809	6,347,342	62,475
Net cash from (used in) investing activities	1,150,349	(26,889,561)	3,263,515	(27,320,649)

Group

3 months ended 30.09.2015 US\$	3 months ended 30.09.2014 US\$	9 months ended 30.09.2015 US\$	9 months ended 30.09.2014 US\$
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(Unaudited) (Unaudited) (Unaudited) (Unaudited)

Financing activities

Increase in restricted cash	-	(2,808,994)	-	(2,825,502)
Interest paid	(2,847,483)	(441,164)	(6,272,144)	(1,564,008)
Proceeds from bank borrowings	-	-	-	8,804,000
Repayment of bank borrowings	(62,612)	(3,307,150)	(190,533)	(9,001,070)
Proceeds from issuance of notes payable	-	80,593,166	-	80,593,166
Transaction costs pursuant to issuance of notes payable	-	(3,915,749)	-	(3,915,749)
Proceeds from issuance of shares	-	-	3,740,537	-
Share issuance expense	-	-	(88,369)	-
Repayment of amount due to a related party	-	(2,060,465)	-	(2,060,465)
Repayment of obligations under finance leases	(824,020)	(2,614,781)	(4,119,401)	(7,920,274)
Net cash (used in) from financing activities	(3,734,115)	65,444,863	(6,929,910)	62,110,098
Net (decrease) increase in cash and cash equivalents	(2,408,622)	30,795,437	(593,548)	23,774,418
Cash and cash equivalents at beginning of the period	12,415,079	10,917,051	10,666,464	17,814,850
Effect of exchange rate changes on the balance held in foreign currencies	(684,239)	(211,507)	(750,698)	(88,287)
Cash and cash equivalents at end of the period (Note A)	9,322,218	41,500,981	9,322,218	41,500,981

Notes to consolidated cash flow statement:

Note A:

Cash and bank balance	559,512	31,689,364	559,512	31,689,364
Deposits	11,236,432	12,581,452	11,236,432	12,581,452
Total	11,795,944	44,270,816	11,795,944	44,270,816
Less: Deposit pledged	(2,473,726)	(2,769,835)	(2,473,726)	(2,769,835)
Cash and cash equivalents as per cash flow statement	9,322,218	41,500,981	9,322,218	41,500,981

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 30.09.2015

	<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	-	-	-	-	(8,597,306)	(8,597,306)	(53,872)	(8,651,178)
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	-	-	-	(2,858,637)	-	(2,858,637)	(39,059)	(2,897,696)
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
Loss for the period	-	-	-	-	(1,427,707)	(1,427,707)	20,078	(1,407,629)
Other comprehensive income for the period	-	-	-	(3,478,534)	-	(3,478,534)	(49,464)	(3,527,998)
Balance at 30 September 2015	86,170,842	14,349	776,632	(27,865,310)	35,845,823	94,942,336	271,023	95,213,359

Group – financial period ended 30.09.2014

	<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
Loss for the period	-	-	-	-	(3,028,699)	(3,028,699)	(27,609)	(3,056,308)
Other comprehensive income for the period	-	-	-	1,821,632	-	1,821,632	8,837	1,830,469
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
Loss for the period	-	-	-	-	(6,156,100)	(6,156,100)	(73,776)	(6,229,876)
Other comprehensive income for the period	-	-	-	(1,748,899)	-	(1,748,899)	(6,604)	(1,755,503)
Balance at 30 September 2014	82,518,674	14,349	776,632	(20,016,049)	49,310,525	112,604,131	488,475	113,092,606

Company – financial period ended 30.09.2015

	<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	-	-	-	(3,742,883)	(3,742,883)
Share issuance	3,740,537	-	-	-	3,740,537
Share issuance expense	(88,369)	-	-	-	(88,369)
Other comprehensive income for the period	-	-	(109,426)	-	(109,426)
Balance at 30 June 2015	86,170,842	776,632	(4,296,138)	(5,218,161)	77,433,175
Profit for the period	-	-	-	811,645	811,645
Other comprehensive income for the period	-	-	(350,970)	-	(350,970)
Balance at 30 September 2015	86,170,842	776,632	(4,647,108)	(4,406,516)	77,893,850

Company – financial period ended 30.09.2014

	<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	-	-	-	(2,445,723)	(2,445,723)
Other comprehensive income for the period	-	-	831,823	-	831,823
Balance at 30 June 2014	82,518,674	776,632	(2,527,999)	(3,546,111)	77,221,196
Loss for the period	-	-	-	(1,116,527)	(1,116,527)
Other comprehensive income for the period	-	-	(835,063)	-	(835,063)
Balance at 30 September 2014	82,518,674	776,632	(3,363,062)	(4,662,638)	75,269,606

- 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 1,185,050,891 shares between 30 June 2015 and 30 September 2015.

There were no outstanding convertibles or treasury shares as at 30 September 2015 and 30 September 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 September 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 30.09.2015 (Unaudited)	3 months ended 30.09.2014 (Unaudited)	9 months ended 30.09.2015 (Unaudited)	9 months ended 30.09.2014 (Unaudited)
Earnings per share ("EPS")				
Earnings for computing EPS (US\$)	(1,427,707)	(6,156,100)	(10,025,013)	(9,184,799)
Weighted average number of ordinary shares ⁽¹⁾	1,185,050,891	1,157,050,891	1,167,820,122	1,157,050,891
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) ⁽²⁾	(0.12)	(0.53)	(0.86)	(0.79)

(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	
	30.09.2015 (Unaudited)	31.12.2014 (Unaudited)	30.09.2015 (Unaudited)	31.12.2014 (Unaudited)
Net assets value ("NAV") per share				
NAV (US\$)	94,942,336	107,652,352	77,893,850	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)	8.01	9.30	6.57	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 (3Q2015 vs. 3Q2014)

Revenue decreased by US\$1.7 million from US\$8.2 million in 3Q2014 to US\$6.5 million in 3Q2015 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 loss narrowed to US\$0.1 million in 3Q2015, mainly due to better equipment capacity utilisation for mining services, compared to gross loss of US\$5.4 million in 3Q2014 which included non-recurring operational costs to streamline manpower and reallocate our capacity utilisation.

Other income mainly comprising forex gain and interest income, increased by US\$0.7 million, from US\$1.0 million in 3Q2014 to US\$1.7 million in 3Q2015, mainly due to an increase in forex gain.

General and administrative expenses decreased by US\$0.7 million, from US\$2.3 million in 3Q2014 to US\$1.6 million in 3Q2015, the decrease was mainly due to cost controls.

Other expenses increased by US\$0.7 million, from US\$0.1 million in 3Q2014 to US\$0.8 million in 3Q2015. The increase was mainly due to loss on disposal of old heavy equipment.

Finance costs remained stable at US\$1.9 million.

Depreciation decreased by US\$0.6 million, from US\$1.7 million in 3Q2014 to US\$1.1 million in 3Q2015. The decrease was mainly due to savings from disposal of old heavy equipment and other fully depreciated assets.

Income tax credit decreased by US\$1.3 million, from US\$2.6 million in 3Q2014 to US\$1.3 million in 3Q2015, mainly in line with the decrease in loss before tax.

The Group recorded a net loss of US\$1.4 million in 3Q2015 as compared to a net loss of US\$6.2 million in 3Q2014.

Financial performance (9M2015 vs. 9M2014)

Revenue decreased by US\$24.2 million from US\$42.8 million in 9M2014 to US\$18.6 million in 9M2015 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 improved to US\$0.6 million in 9M2015, mainly due to better equipment capacity utilisation for mining services, compared to gross loss of US\$4.4 million in 9M2014 which included those non-recurring unrealised loss from coal trading inventories, operational costs to streamline manpower and reallocate our capacity utilisation.

Other income mainly comprising forex gain and interest income, increased by US\$0.6 million, from US\$1.1 million in 9M2014 to US\$1.7 million in 9M2015, mainly due to an increase in forex gain.

General and administrative expenses decreased by US\$1.3 million, from US\$6.7 million in 9M2014 to US\$5.4 million in 9M2015. The decrease was mainly due to cost controls and reduction of VAT expenses incurred by certain Indonesian entities.

Other expenses increased by US\$2.0 million, from US\$0.2 million in 9M2014 to US\$2.2 million in 9M2015. The increase was mainly due to loss on disposal of old heavy equipment.

Finance costs increased by US\$3.0 million, from US\$3.1 million in 9M2014 to US\$6.1 million in 9M2015, mainly due to interest expense pertaining to the notes payable issued in July 2014.

Depreciation decreased by US\$1.7 million, from US\$5.2 million in 9M2014 to US\$3.5 million in 9M2015. The decrease was mainly due to savings from disposal of old heavy equipment and other fully depreciated assets.

Income tax credit decreased by US\$2.9 million, from US\$4.1 million in 9M2014 to US\$1.2 million in 9M2015, mainly in line with the decrease in loss before tax and also due to additional tax assessments relating to certain Indonesian entities.

The Group recorded a net loss of US\$10.1 million in 9M2015 and US\$9.3 million in 9M2014.

Cash Flow (3Q2015 vs. 3Q2014)

The Group recorded a net decrease in cash and cash equivalents of US\$2.4 million in 3Q2015 compared to an increase of US\$30.8 million in 3Q2014 which arose mainly due to the issuance of medium term notes payable of US\$80.6 million offset by cash outflows including repayment of bank borrowings and finance leases of US\$5.9 million.

Net cash from operating activities in 3Q2015 was US\$0.2 million. Operating cash flows before movements in working capital was an outflow of US\$1.0 million and this was offset by cash inflows of US\$0.9 million from our working capital movements. Income tax refund of US\$0.4 million was received following the finalisation of tax assessment.

Net cash from investing activities in 3Q2015 of US\$1.2 million was mainly due to proceeds from disposal of property, plant and equipment of US\$1.2 million and interest received of US\$0.1 million; partially offset by advance payments and purchase of property, plant and equipment of US\$0.1 million.

Net cash used in financing activities in 3Q2015 of US\$3.7 million was due to interest payment of US\$2.8 million and debt repayments of US\$0.9 million.

Cash Flow (9M2015 vs. 9M2014)

The Group recorded a net decrease in cash and cash equivalents of US\$0.6 million in 9M2015 compared to an increase of US\$23.8 million in 9M2014 which arose mainly due to the issuance of medium term notes payable of US\$80.6 million offset by cash outflows including repayment of bank borrowings and finance leases of US\$16.9 million.

Net cash from operating activities in 9M2015 was US\$3.1 million. Operating cash flows before movements in working capital was an outflow of US\$2.4 million and this was offset by cash inflows of US\$3.8 million from our working capital movements. Income tax refund of US\$2.3 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 9M2015 of US\$3.3 million was mainly due to proceeds from disposal of property, plant and equipment of US\$6.3 million and interest received of US\$0.9 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 9M2015 of US\$6.9 million was mainly due to interest payment of US\$6.3 million and debt repayment of US\$4.3 million; partially offset by net proceeds from share placement of US\$3.7 million.

Financial Position

Current assets increased by US\$0.2 million, from US\$79.9 million as at 31 December 2014 to US\$80.1 million as at 30 September 2015, mainly due to increase in trade and other receivables of US\$4.5 million; partially offset by decreases in deposits and prepayments of US\$1.8 million, cash and cash equivalents of US\$1.5 million as explained in the cash flow analysis above, and inventories of US\$0.9 million.

Non-current assets decreased by US\$21.3 million, from US\$131.7 million as at 31 December 2014 to US\$110.4 million as at 30 September 2015, mainly due to decreases in property, plant and equipment resulting from disposal of old heavy equipment, and non-current trade and other receivables.

Current liabilities decreased from US\$23.5 million as at 31 December 2014 to US\$20.7 million as at 30 September 2015, mainly due to debts repayment offset by higher trade and other payables.

Non-current liabilities decreased by US\$5.6 million, from US\$80.1 million as at 31 December 2014 to US\$74.5 million as at 30 September 2015, mainly due to decrease in notes payable resulting from forex gain, and reversal of timing difference in deferred tax liabilities; partially offset by increase in finance lease.

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 third quarter ended 30 September 2015 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 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\$59.59 in June 2015 to US\$58.21 in September 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. Currently, SDJ mining concession is undergoing initial land clearing and site infrastructure building. Barring unforeseen circumstances and subject to execution risk, the Group expects to commence coal production in due course.

⁽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 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 third quarter and nine months ended 30 September 2015.

14. Use of proceeds from share placement

The Company has applied the net proceeds of US\$3.7 million for working capital purposes in relation to the payment of the purchase consideration pertaining to SDJ mining concession acquisition. Accordingly, as at the date of this announcement, the net proceeds from the Group's share placement in June 2015 has been fully utilised. Please refer to the relevant announcements for further information on the acquisition and share placement.

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 third quarter and nine months ended 30 September 2015 to be false or misleading in any material aspect.

16. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors,

Charles Antony Melati
Executive Chairman

Dhamma Surya
Executive Director

11 November 2015