

**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 2016****PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

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 30.06.2016 US\$ (Unaudited)	3 months ended 30.06.2015 US\$ (Unaudited)	Change +/(–) %	6 months ended 30.06.2016 US\$ (Unaudited)	6 months ended 30.06.2015 US\$ (Unaudited)	Change +/(–) %
<b>Continuing operations</b>						
<b>Revenue</b>	21,394,166	7,360,931	191	33,282,602	10,050,169	231
Cost of sales	(20,158,399)	(5,957,277)	238	(31,799,176)	(7,642,821)	316
<b>Gross Profit</b>	1,235,767	1,403,654	(12)	1,483,426	2,407,348	(38)
Other income	6,493,674	1,834,772	254	6,346,527	3,621,653	75
General and administrative expenses	(1,728,875)	(1,616,630)	7	(3,116,321)	(3,455,858)	(10)
Other expenses	(55,407)	(2,873,821)	(98)	(256,938)	(1,761,343)	(85)
Finance costs	(1,559,045)	(1,695,151)	(8)	(3,081,905)	(3,350,004)	(8)
<b>Profit (loss) before income tax</b>	4,387,114	(2,947,176)	(249)	1,374,789	(2,538,204)	(154)
Income tax	(148,535)	(917,931)	(84)	8,496	(473,650)	(102)
<b>Profit (loss) after income tax from continuing operations</b>	4,238,579	(3,865,107)	(210)	1,383,285	(3,011,854)	(146)
<b>Discontinued operation</b>						
Loss for the period from discontinued operation	(1,605,621)	(2,080,177)	(23)	(1,348,045)	(5,639,324)	(76)
<b>Profit (loss) for the period</b>	2,632,958	(5,945,284)	(144)	35,240	(8,651,178)	(100)
Profit (loss) attributable to:						
Owners of the Company	2,635,912	(5,916,473)	(145)	50,204	(8,597,306)	(101)
Non-controlling interests	(2,954)	(28,811)	(90)	(14,964)	(53,872)	(72)
	2,632,958	(5,945,284)	(144)	35,240	(8,651,178)	(100)

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

	Group					
	3 months ended 30.06.2016	3 months ended 30.06.2015	Change +/( <sup>-</sup> )	6 months ended 30.06.2016	6 months ended 30.06.2015	Change +/( <sup>-</sup> )
	US\$	US\$	%	US\$	US\$	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
<b>Profit (loss) after income tax</b>	2,632,958	(5,945,284)	(144)	35,240	(8,651,178)	(100)
Other comprehensive income, net of tax:						
<i>Items that may be subsequently reclassified to profit or loss</i>						
- Exchange differences on translation	4,503,795	(587,262)	(867)	2,364,616	(2,897,696)	(182)
<b>Total comprehensive income</b>	<u>7,136,753</u>	<u>(6,532,546)</u>	(209)	<u>2,399,856</u>	<u>(11,548,874)</u>	(121)
Total comprehensive income attributable to:						
Owners of the Company	7,150,257	(6,493,936)	(210)	2,424,912	(11,455,943)	(121)
Non-controlling interests	(13,504)	(38,610)	(65)	(25,056)	(92,931)	(73)
	<u>7,136,753</u>	<u>(6,532,546)</u>	(209)	<u>2,399,856</u>	<u>(11,548,874)</u>	(121)

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

	Group					
	3 months ended 30.06.2016	3 months ended 30.06.2015	Change +/( <sup>-</sup> )	6 months ended 30.06.2016	6 months ended 30.06.2015	Change +/( <sup>-</sup> )
	US\$	US\$	%	US\$	US\$	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
<b>Continuing operations</b>						
Interest income	(25,226)	(158,001)	(84)	(63,411)	(323,418)	(80)
Gain on disposal of subsidiary	(4,962,232)	-	N.M.	(4,962,232)	-	N.M.
Gain on disposal of property, plant and equipment (net)	(28,846)	(10,008)	188	(48,506)	(47,205)	3
Foreign exchange loss (gain)	218,176	1,220,416	(82)	1,178,748	(1,439,285)	(182)
Interest expense	1,559,044	1,695,151	(8)	3,081,905	3,350,004	(8)
Depreciation of property, plant and equipment	1,831,600	169,495	981	3,053,190	359,581	749
Amortisation of deferred stripping costs	950,589	-	N.M.	1,152,436	-	N.M.
<b>Discontinued operation</b>						
Interest income	(509)	(1,340)	(62)	(672)	(1,699)	(60)
Foreign exchange (gain) loss	(151,245)	551,370	(127)	(920,105)	1,852,128	(150)
Gain (loss) on disposal of property, plant and equipment (net)	(2,061)	1,092,123	(100)	(3,426)	1,376,958	(100)
Loss on disposal of subsidiary	1,267,291	-	N.M.	1,267,291	-	N.M.
Interest expense	498,619	458,324	9	823,020	805,661	2
Depreciation of property, plant and equipment	20,928	1,004,547	(98)	827,028	2,058,786	(60)

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	
	30.06.2016 US\$ (Unaudited)	31.12.2015 US\$ (Audited)	30.06.2016 US\$ (Unaudited)	31.12.2015 US\$ (Audited)
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	9,539,402	12,415,628	5,505,930	8,700,645
Trade and other receivables	70,461,200	32,709,751	52,381,559	58,422,001
Deposits and prepayments	3,107,648	18,506,479	59,881	23,509
Inventories	6,330,510	5,417,048	-	-
<b>Total current assets</b>	<b>89,438,760</b>	<b>69,048,906</b>	<b>57,947,370</b>	<b>67,146,155</b>
<b>Non-current assets</b>				
Deposits and prepayments	5,717,237	5,704,123	88,141	103,699
Investment in subsidiaries	-	-	105,860,501	97,554,117
Deferred stripping costs	9,106,588	1,446,472	-	-
Property, plant and equipment	109,809,970	131,869,944	163,330	236,999
Investment properties	532,625	3,336,335	-	2,827,455
Other non-current asset	153,458	123,843	153,458	123,843
Deferred tax assets	3,540,725	3,621,698	290,106	175,768
<b>Total non-current assets</b>	<b>128,860,603</b>	<b>146,102,415</b>	<b>106,555,536</b>	<b>101,021,881</b>
<b>Total assets</b>	<b>218,299,363</b>	<b>215,151,321</b>	<b>164,502,906</b>	<b>168,168,036</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade and other payables	44,203,662	39,639,092	17,018,797	22,113,841
Current portion of finance leases	15,428	6,559,195	15,428	14,396
Income tax payable	81,557	27,257	-	-
<b>Total current liabilities</b>	<b>44,300,647</b>	<b>46,225,544</b>	<b>17,034,225</b>	<b>22,128,237</b>
<b>Non-current liabilities</b>				
Finance leases	54,978	2,848,503	54,978	59,856
Notes payable	73,156,936	69,249,789	73,156,936	69,249,789
Provisions	915,921	990,475	94,742	88,225
Deferred tax liabilities	-	1,780,023	-	-
Other non-current liabilities	-	85,962	-	-
<b>Total non-current liabilities</b>	<b>74,127,835</b>	<b>74,954,752</b>	<b>73,306,656</b>	<b>69,397,870</b>

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Capital, reserves and non-controlling interests</b>				
Share capital	89,670,842	86,170,842	89,670,842	86,170,842
Other reserve	14,105	14,105	-	-
Revaluation reserve	-	776,632	-	776,632
Translation reserve	(20,572,106)	(22,946,814)	(5,665,187)	(4,324,438)
Retained earnings (Accumulated losses)	30,545,754	29,718,918	(9,843,630)	(5,981,107)
Equity attributable to owners of the Company	99,658,595	93,733,683	74,162,025	76,641,929
Non-controlling interests	212,286	237,342	-	-
Total equity	99,870,881	93,971,025	74,162,025	76,641,929
<b>Total liabilities and equity</b>	<b>218,299,363</b>	<b>215,151,321</b>	<b>164,502,906</b>	<b>168,168,036</b>

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

	<b>Group</b>			
	<b>30.06.2016</b>		<b>31.12.2015</b>	
	<b>Secured US\$</b>	<b>Unsecured US\$</b>	<b>Secured US\$</b>	<b>Unsecured US\$</b>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Amount repayable in one year or less, or on demand	15,428	2,331,682	6,559,195	2,250,344
Amount repayable after one year	54,978	73,156,936	2,848,503	69,249,789
<b>Total liabilities and equity</b>	<b>70,406</b>	<b>75,488,618</b>	<b>9,407,698</b>	<b>71,500,133</b>

Details of any collateral and security:

As at 30 June 2016, the Group's finance lease liability is secured by the leased asset.

In July 2014, the Group issued Medium Term Notes of S\$100 million. The Notes matures 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 its interest 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**

	<b>Group</b>			
	<b>3 months ended 30.06.2016 US\$ (Unaudited)</b>	<b>3 months ended 30.06.2015 US\$ (Audited)</b>	<b>6 months ended 30.06.2016 US\$ (Unaudited)</b>	<b>6 months ended 30.06.2015 US\$ (Audited)</b>
<b>Operating activities</b>				
Profit (loss) before income tax (Note A)	2,476,032	(5,046,907)	(184,936)	(8,618,870)
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	1,852,528	1,174,042	3,880,218	2,418,367
Amortisation of deferred stripping costs	950,589	-	1,152,436	-
(Gain) loss on disposal of property, plant and equipment	(30,907)	1,082,115	(51,932)	1,329,753
(Gain) on disposal of a subsidiary	(4,962,232)	-	(4,962,232)	-
Loss on disposal of discontinued operation	1,267,291	-	1,267,291	-
Interest expense	2,057,663	2,153,475	3,904,925	4,155,665
Interest income	(25,735)	(159,341)	(64,083)	(325,117)
Retirement benefit obligations	56,453	79,565	112,684	183,138
Net foreign exchange losses (gains)	2,133,681	1,505,372	2,320,092	(307,935)
Operating cash flows before movements in working capital:	5,775,363	788,321	7,374,463	(1,164,999)
Trade and other receivables	(4,320,344)	(2,574,967)	(6,995,990)	(1,420,573)
Deposits and prepayments	(57,422)	404,964	(752,214)	1,126,103
Inventories	(1,081,724)	156,364	(1,486,588)	499,926
Trade and other payables	3,814,882	(773,164)	7,983,231	2,742,499
Cash generated from (used in) operations	4,130,755	(1,998,482)	6,122,902	1,782,956
Income tax paid	(250)	(176,571)	(5,306)	(610,145)
Income tax refund	2,250,952	1,946,229	2,250,952	1,946,229
Retirement benefit obligation paid	-	-	(486)	-
Net cash from (used in) operating activities	6,381,457	(228,824)	8,368,062	3,119,040
<b>Investing activities</b>				
Interest received	6,823	793,316	15,226	794,047
Disposal of subsidiaries	(95,198)	-	(95,198)	-
Addition to deferred stripping costs	(5,888,138)	-	(8,812,552)	-
Advance payments for purchase of property, plant and equipment	(18,859)	-	(18,859)	(131,682)
Purchase of property, plant and equipment	(65,969)	(3,740,652)	(197,774)	(3,818,836)
Proceeds on disposal of property, plant and equipment	40,311	4,264,230	91,068	5,188,829
Proceeds on disposal of investment property	2,860,585	-	2,860,585	-
Purchase of other non-current asset	-	-	(23,102)	-
Net cash (used in) from investing activities	(3,160,445)	1,316,894	(6,180,606)	2,032,358

	<b>Group</b>			
	<b>3 months ended 30.06.2016 US\$ (Unaudited)</b>	<b>3 months ended 30.06.2015 US\$ (Audited)</b>	<b>6 months ended 30.06.2016 US\$ (Unaudited)</b>	<b>6 months ended 30.06.2015 US\$ (Audited)</b>
<b>Financing activities</b>				
Interest paid	(498,876)	(482,769)	(3,388,312)	(3,424,661)
Repayment of bank borrowings	-	(64,874)	-	(127,921)
Proceeds from issuance of shares	-	3,740,537	-	3,740,537
Share issuance expense	-	(88,369)	-	(88,369)
Repayment of obligations under finance leases	(1,005,243)	(1,228,783)	(1,946,650)	(3,295,381)
Net cash (used in) from financing activities	<u>(1,504,119)</u>	<u>1,875,742</u>	<u>(5,334,962)</u>	<u>(3,195,795)</u>
Net increase (decrease) in cash and cash equivalents	1,716,893	2,963,812	(3,147,506)	1,955,603
Cash and cash equivalents at beginning of the period	2,705,890	9,257,629	7,421,269	10,666,464
Effect of exchange rate changes on the balance held in foreign currencies	584	193,638	149,604	(206,988)
<b>Cash and cash equivalents at end of the period (Note B)</b>	<b><u>4,423,367</u></b>	<b><u>12,415,079</u></b>	<b><u>4,423,367</u></b>	<b><u>12,415,079</u></b>

**Notes to consolidated cash flow statement:**

Note A

Profit (loss) before income tax:

- Continuing operations	4,387,114	(2,947,176)	1,374,789	(2,538,204)
- Discontinued operation	(1,911,082)	(2,099,731)	(1,559,725)	(6,080,666)
	<u>2,476,032</u>	<u>(5,046,907)</u>	<u>(184,936)</u>	<u>(8,618,870)</u>

Note B

Cash and bank balances	4,419,142	3,137,953	4,419,142	3,137,953
Deposits	5,120,260	11,896,074	5,120,260	11,896,074
	<u>9,539,402</u>	<u>15,034,027</u>	<u>9,539,402</u>	<u>15,034,027</u>
Less: Deposit pledged	(5,116,035)	(2,618,948)	(5,116,035)	(2,618,948)
Cash and cash equivalents as per cash flow statement	<u>4,423,367</u>	<u>12,415,079</u>	<u>4,423,367</u>	<u>12,415,079</u>

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 30.06.2016**

	<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\$
<b>Balance at 1 January 2016</b>	86,170,842	14,105	776,632	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
Issue of share capital	3,500,000	-	-	-	-	3,500,000	-	3,500,000
Loss for the period	-	-	-	-	(2,585,708)	(2,585,708)	(12,010)	(2,597,718)
Other comprehensive income for the period	-	-	-	(2,139,637)	-	(2,139,637)	458	(2,139,179)
<b>Balance at 31 March 2016</b>	89,670,842	14,105	776,632	(25,086,451)	27,133,210	92,508,338	225,790	92,734,128
Profit for the period	-	-	-	-	2,635,912	2,635,912	(2,954)	2,632,958
Other comprehensive income for the period	-	-	(776,632)	4,514,345	776,632	4,514,345	(10,550)	4,503,795
<b>Balance at 30 June 2016</b>	89,670,842	14,105	-	(20,572,106)	30,545,754	99,658,595	212,286	99,870,881

**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\$
<b>Balance at 1 January 2015</b>	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)
<b>Balance at 31 March 2015</b>	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)
<b>Balance at 30 June 2015</b>	86,170,842	14,349	776,632	(24,386,776)	37,273,530	99,848,577	300,409	100,148,986

**Company – financial period ended 30.06.2016**

	<u>Share capital</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
<b>Balance at 1 January 2016</b>	86,170,842	776,632	(4,324,438)	(5,981,107)	76,641,929
Issue of share capital	3,500,000	-	-	-	3,500,000
Loss for the period	-	-	-	(2,111,077)	(2,111,077)
Other comprehensive income for the period	-	-	(2,338,745)	-	(2,338,745)
<b>Balance at 31 March 2016</b>	89,670,842	776,632	(6,663,183)	(8,092,184)	75,692,107
Loss for the period	-	-	-	(2,528,078)	(2,528,078)
Other comprehensive income for the period	-	(776,632)	997,996	776,632	997,996
<b>Balance at 30 June 2016</b>	89,670,842	-	(5,665,187)	(9,843,630)	74,162,025

**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\$
<b>Balance at 1 January 2015</b>	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)
<b>Balance at 31 March 2015</b>	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
<b>Balance at 30 June 2015</b>	86,170,842	776,632	(4,296,138)	(5,218,161)	77,433,175



- 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 22 March 2016, the Company issued 27,222,222 new ordinary shares as the consideration shares for the acquisition of the remaining 34% shareholding interest in Borneo International Resources Pte. Ltd., which owns the SDJ coal mine. Please refer to the relevant announcement for further information.

As at 30 June 2016, the Company's share capital comprised 1,212,273,113 shares (31 March 2016: 1,212,273,113). There were no outstanding convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

- 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 2016	31 December 2015
Total number of issued shares (excluding treasury shares)	1,212,273,113	1,185,050,891

- 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 2015.

- 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 2016. 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 30.06.2016 (Unaudited)	3 months ended 30.06.2015 (Unaudited)	6 months ended 30.06.2016 (Unaudited)	6 months ended 30.06.2015 (Unaudited)
<b>Earnings per share ("EPS")</b>				
Earnings for computing EPS (US\$)				
- Continuing operations	4,241,533	(3,836,296)	1,398,249	(2,957,982)
- Discontinued operation	(1,605,621)	(2,080,177)	(1,348,045)	(5,639,324)
Weighted average number of ordinary shares <sup>(1)</sup>	1,212,273,113	1,161,050,891	1,200,157,728	1,159,061,941
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) <sup>(2)</sup>				
- Continuing operations	0.35	(0.33)	0.12	(0.26)
- Discontinued operation	(0.13)	(0.18)	(0.11)	(0.49)

(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	
	30.06.2016 (Unaudited)	31.12.2015 (Unaudited)	30.06.2016 (Unaudited)	31.12.2015 (Unaudited)
<b>Net assets value ("NAV") per share</b>				
NAV (US\$)	99,658,595	93,733,683	74,162,025	76,641,929
Number of issued shares	1,212,273,113	1,185,050,891	1,212,273,113	1,185,050,891
Net asset value per ordinary share (US cents)	8.22	7.91	6.12	6.47

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 (2Q2016 vs. 2Q2015)**

Revenue from continuing operations increased by US\$14.0 million from US\$7.4 million in 2Q2015 to US\$21.4 million in 2Q2016 mainly due to revenue contribution from coal mining following the commencement of SDJ coal mine operation and production in December 2015. The Group exported 849,844 tonnes of coal in 2Q2016. There were no coal sales in 2015 other than coal trading where the Group earns a marketing commission. The Group's BEK coal mine production was under care and maintenance in 2015.

Gross profit was US\$1.2 million in 2Q2016. Excluding non-cash depreciation and amortisation of deferred stripping costs amounting to US\$1.6 million and US\$1.0 million, respectively, the Group's cash gross profit in 2Q2016 stands at US\$3.8 million.

	3 months ended 30.06.2016			3 months ended 30.06.2015			3 months ended 31.03.2016			3 months ended 31.03.2015		
	Coal Mining	Coal Trading	Total	Coal Mining	Coal Trading	Total	Coal Mining	Coal Trading	Total	Coal Mining	Coal Trading	Total
(All figures in US\$'000 except as indicated)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>												
Volume (tonnes)	849,844	-	849,844	-	118,502	118,502	484,836	-	484,836	-	-	-
Revenue	21,394	-	21,394	-	7,361	7,361	11,888	-	11,888	-	2,689	2,689
Cost of sales	(20,158)	-	(20,158)	-	(5,958)	(5,958)	(11,641)	-	(11,641)	-	(1,684)	(1,684)
Gross profit (loss)	1,236	-	1,236	-	1,403	1,403	247	-	247	-	1,005	1,005
Non-cash items (depreciation & amortisation)	2,590	-	2,590	-	6	6	1,217	-	1,217	-	6	6
Cash profit	3,826	-	3,826	-	1,409	1,409	1,464	-	1,464	-	1,011	1,011
Depreciation & amortisation			(2,782)			(169)			(1,423)			(190)
Net interest expense			(1,534)			(1,537)			(1,485)			(1,489)
G&A expenses			(1,725)			(1,484)			(1,369)			(1,838)
Others			6,454			(2,084)			(42)			3,359
Net profit (loss) from continuing operations			4,239			(3,865)			(2,855)			853
<b>Discontinued operations</b>			(1,606)			(2,080)			258			(3,559)
Net profit (loss) for the period			<u>2,633</u>			<u>(5,945)</u>			<u>(2,598)</u>			<u>(2,706)</u>

Cash profit for coal mining segment increased from averaged of US\$3.02 per tonne in 1Q2016 to US\$4.50 per tonne in 2Q2016, an increase of US\$1.48 in 3 months. The increase in cash profit is in line with the increase in the Indonesian Coal Index (ICI) for 4200 GAR (Gross As Received) price index for coal sales from the average of US\$26.66 per tonne in 1Q2016 to US\$27.96 per tonne in 2Q2016, an increase of US\$1.30 per tonne. Cash cost on production reduced, mainly due to effective cost control measures implemented by the Group.

Other income increased by US\$4.7 million, from US\$1.8 million in 2Q2015 to US\$6.5 million in 2Q2016, mainly due to gain on disposal of a subsidiary in June 2016 of US\$5.0 million.

General and administrative expenses remained at US\$1.7 million.

Other expenses decreased by US\$2.8 million, from US\$2.9 million in 2Q2015 to US\$0.1 million in 2Q2016, mainly due to decreases in forex loss by US\$1.7 million and loss on disposal of property, plant and equipment by US\$1.0 million during the period.

Finance costs decreased by US\$0.1 million, from US\$1.7 million in 2Q2015 to US\$1.6 million in 2Q2016, mainly due to lower amortised borrowing costs pertaining to the MTN notes payable.

Depreciation increased by US\$1.6 million, from US\$0.2 million in 2Q2015 to US\$1.8 million in 2Q2016, mainly due to amortisation of the SDJ mining property, which commenced operations in December 2015.

Income tax decreased by US\$0.7 million, from US\$0.9 million tax expense in 2Q2015 to US\$0.2 million in 2Q2016, mainly due to increase in tax deductible expenses. Tax expense of US\$0.9 million was recorded in 2Q2015 despite operating losses due to additional tax assessments and non-recognition of deferred tax asset for tax losses relating to certain Indonesian entities.

Loss on disposal and discontinued operation of the mining service and haulage business was US\$1.6 million.

Overall, the Group's net profit increased by US\$8.5 million, from US\$5.9 million net loss in 2Q2015 to US\$2.6 million net profit in 2Q2016.

#### **Financial performance (6M2016 vs. 6M2015)**

Revenue increased by US\$23.2 million from US\$10.1 million in 6M2015 to US\$33.3 million in 6M2016, mainly due to revenue contribution from coal mining following the commencement of SDJ coal mine operation and production in December 2015. The Group exported 1,334,680 tonnes of coal in 6M2016. There were no coal sales in 2015 other than coal trading where the Group earns a marketing commission. The Group's BEK coal mine production was under care and maintenance in 2015.

Gross profit was US\$1.5 million in 6M2016. Excluding non-cash depreciation and amortisation of deferred stripping costs of US\$3.5 million and US\$0.3 million respectively, the Group's cash profit and cash profit from coal mining segment in 6M2016 was at US\$5.3 million or US\$3.98 per tonne.

The cash profit of US\$2.4 million in 6M2015 refers to coal trading where the Group earns a marketing commission.

Other income increased by US\$2.8 million from US\$3.6 million in 6M2015 to US\$6.4 million in 6M2016, mainly due to increase in other interests and forfeited deposit from a customer of US\$2.4 million.

General and administrative expenses decreased by US\$0.4 million, from US\$3.5 million in 6M2015 to US\$3.1 million in 6M2016, mainly due to cost cutting measures.

Other expenses decreased by US\$1.5 million, from US\$1.8 million in 6M2015 to US\$0.3 million in 6M2016, mainly due to decrease in loss on disposal of property, plant and equipment by US\$1.4 million.

Finance costs decreased by US\$0.3 million, from US\$3.4 million in 6M2015 to US\$3.1 million in 6M2016, mainly due to lower amortised borrowing costs pertaining to the MTN notes payable.

Depreciation increased by US\$2.7 million, from US\$0.4 million in 6M2015 to US\$3.1 million in 6M2016, mainly due to amortisation of the SDJ mining property which commenced operation and production in December 2015.

There was no income tax in 6M2016, mainly due to increased tax deductible expenses. Income tax expense in 6M2015 was US\$0.5 million. The tax expense was due to additional tax assessments and non-recognition of deferred tax asset for tax losses relating to certain Indonesian entities for which there is no group tax relief.

Loss on disposal and discontinued operation of the mining service and haulage business was US\$1.6 million.

Overall, the Group's net profit increased by US\$8.7 million compared to a net loss of US\$8.7 million in 6M2015.

### **Cash Flow (2Q2016 vs. 2Q2015)**

The Group recorded a net increase in cash and cash equivalents of US\$1.7 million in 2Q2016 compared to an increase of US\$3.0 million in 2Q2015.

Net cash from operating activities in 2Q2016 was US\$6.4 million. Operating cash flows before movements in working capital was an inflow of US\$5.8 million and this was offset by cash outflows of US\$1.6 million due to working capital requirements. Income tax refund of US\$2.3 million was received following the finalisation of tax assessment.

Net cash used in investing activities in 2Q2016 of US\$3.2 million was mainly due to additions to deferred stripping costs of US\$5.9 million, less the proceeds received on disposal of an investment property of US\$2.9 million.

Net cash used in financing activities in 2Q2016 of US\$1.5 million was mainly due to repayment of finance lease obligations and associated interest of US\$1.5 million.

### **Cash Flow (6M2016 vs. 6M2015)**

The Group recorded a net decrease in cash and cash equivalents of US\$3.1 million in 6M2016 compared to an increase of US\$2.0 million in 6M2015.

Net cash from operating activities in 6M2016 was US\$8.4 million, an increase of US\$5.3 million compared to US\$3.1 million in 6M2015. Operating cash flows before movements in working capital was an inflow of US\$7.4 million less by cash outflows of US\$1.3 million from working capital movements. Income tax refund of US\$2.3 million was received following the finalisation of tax assessment.

Net cash used in investing activities in 6M2016 of US\$6.2 million was mainly due to additions to deferred stripping costs of US\$8.8 million, less proceeds received on disposal of investment property US\$2.9 million.

Net cash used in financing activities in 6M2016 of US\$5.3 million was mainly due to repayment of finance lease obligations and its associated interest of US\$2.7 million and MTN interest payment of US\$2.6 million.

### **Financial Position - Group**

#### **Current Assets**

Current assets increased by US\$20.4 million, from US\$69.0 million as at 31 December 2015 to US\$89.4 million as at 30 June 2016.

Trade and other receivables of US\$70.5 million as of 30 June 2016 comprise mainly trade receivables of US\$27.9 million (of which US\$6.6 million was received in July 2016) and non-trade receivables of US\$44.6 million.

Included in trade receivables was US\$18.2 million to be set off against the purchase consideration payable on the proposed acquisitions of PJA and CLS mining properties announced by the Company on 29 February and 4 March 2016 respectively (please refer to the relevant announcements for further information).

Non-trade receivables of US\$44.6 million comprise mainly US\$10.0 million sale proceeds (which was received in July 2016) and US\$24.4 million intercompany receivables reclassified to third party upon the disposal of the mining and haulage services business on 29 June 2016, and refundable deposits of US\$5.2 million on the acquisition of mining concessions and rights to use a jetty.

#### Non-current Assets

Non-current assets decreased by US\$17.3 million, from US\$146.1 million as at 31 December 2015 to US\$128.8 million as at 30 June 2016, mainly due to the disposal of the mining and haulage services business' property, plant and equipment of US\$22.1 million, sale of an investment property of US\$2.8 million and decrease in deferred tax assets of US\$0.1 million. These were offset by the increase in deferred stripping costs of US\$7.7 million in 1H2016.

#### Current Liabilities

Current liabilities decreased from US\$46.2 million as at 31 December 2015 to US\$44.3 million as at 30 June 2016. The amount payable as at 30 June 2016 comprised (1) trade payables of US\$9.7 million (mainly due within 90 days) and (2) accrued production costs of US\$11.9 million unbilled from the operations of the SDJ coal mine (of which US\$6.1 million was paid as of the date of this announcement). It also includes (1) a US\$15.0 million refundable performance guarantee deposit from the SDJ mining contractor, (2) US\$4.5 million payable on the acquisition of remaining 34% of SDJ coal mining concession (due payable end of the year) and (3) US\$2.3 million accrued interest on the MTN paid on 18 July 2016.

#### Non-current Liabilities

Non-current liabilities decreased by US\$0.9 million from US\$75.0 million as at 31 December 2015 to US\$74.1 million as at 30 June 2016. The amount payable as at 30 June 2016 refers mainly to amount owing on the MTN of US\$73.2 million.

### **Financial Position - Company**

#### Current Assets

Current assets as at 30 June 2016 of US\$57.9 million comprise mainly of intercompany receivables of US\$46.7 million and refundable deposits of US\$5.2 million on the acquisition of mining concessions and rights to use a jetty.

Current assets decreased by US\$9.2 million, from US\$67.1 million as at 31 December 2015 to US\$57.9 million as at 30 June 2016, mainly due to decreases in (1) cash and bank balances of US\$3.2 million, (2) other receivables of US\$6.0 million, (3) receipt of the payment on the sale of an investment property of US\$2.8 million and (4) the reclassification of intercompany receivables as deemed investment in subsidiaries.

#### Non-current Assets

Non-current assets comprise mainly investment in subsidiaries of US\$105.9 million. The increase of US\$5.6 million, from US\$101.0 million as at 31 December 2015 to US\$106.6 million as at 30 June 2016, was mainly due to the reclassification of intercompany receivables as deemed investment in subsidiaries less the sale of an investment property of US\$2.8 million.

#### Current Liabilities

Current liabilities decreased by US\$5.1 million, from US\$22.1 million as at 31 December 2015 to US\$17.0 million as at 30 June 2016, mainly due to the payment of the balance purchase

consideration for the acquisition of the remaining 34% in the SDJ mining concession by way of issuance of new shares of the Company on 22 March 2016.

#### Non-current Liabilities

Non-current liabilities refer mainly to amount owing on the MTN of US\$73.2 million. The increase of US\$3.9 million, from US\$69.4 million as at 31 December 2015 to US\$73.3 million as at 30 June 2016 was due to foreign exchange difference between S\$ and US\$.

#### **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 2016 from what was previously discussed under paragraph 10 of the Company's financial statements for the first quarter ended 31 March 2016.

#### **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 Index (ICI) shows promising signs of a sustained uptrend on coal prices. ICI 4200 GAR<sup>(1)</sup> coal prices had increased from US\$26.69 per tonne in January 2016 to US\$30.71 per tonne on 5 August 2016, an increase of US\$4.02 per tonne or 15.1% in the 7 months' period.

On 1 July 2016, the Company announced that the Group has secured a Coal Offtake Agreement for the life of mine and Prepayment with Engelhart Commodities Trading Partners (Singapore) Pte Ltd (ECTP), for the further development on SDJ coal mine, in a deal worth an estimated US\$1.2 billion at current coal price<sup>(2)</sup>. This Coal Offtake agreement will allow our Group to focus on expanding coal production while ECTP takes care of coal trading and sales. The first Prepayment on the coal offtake agreement of US\$20.0 million was received on 8 July 2016 and future Prepayments at US\$4 per tonne based on SDJ coal production for the following year over the life of mine will provide future funding for the Group and strengthen its cash flow and financial position going forward.

On 18 July 2016, the Company announced that it had entered into a Conditional Sales and Purchase Agreement with International Resources Investment Ltd for the acquisition of 100% shareholding interest in Fortune Coal Resources Pte Ltd<sup>(3)</sup>. This proposed acquisition will allow the Group to access and control the mining concession and the coal deposits located in the mining permit area next to the SDJ coal mine. This will in turn improve the Group's mining efficiency and synergy by having a much larger combined mining plan and area, and increase the quantity of high calorific value coal reserves available for production. It will also increase its coal JORC reserves to more than 100 million tonnes when proposed acquisitions announced by the Company are completed.

The Group has also announced that the divestment of its mining and haulage services business on 29 June 2016<sup>(3)</sup> will save the Group US\$1.7 million in fixed costs and US\$1.0 million in working capital per quarter going forward. Fixed costs of the mining and haulage services business for 1H2016 was US\$3.6 million. The divestment is in line with the Group's core strategy to grow its coal reserves and focus on coal production.

Since the commencement of SDJ coal production in December 2015 and the first shipment of 55,000 tonnes of coal in January 2016, the Group had exported and sold 1,334,680 tonnes of coal for the 6 months 2016 to China and the region's customers, including to China Resources Power. The Group had also exported 352,588 tonnes of coal in July 2016 and at the date of this announcement had signed on for shipments of 550,000 tonnes of coal for export to China with shipping dates up to 29 August 2016.

Barring any unforeseen circumstances, the Group is expecting an initial target production of 600,000 tonnes of coal for each of the remaining months in 2016; and 10 million tonnes per year of coal production and sales by 2017 subject to the completion of TBR acquisition and start of its production.

<sup>(1)</sup> Source: Coalspot.com - Indonesian Coal Index (ICI)

<sup>(2)</sup> Please refer to the relevant announcements for further information

**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 2016.

**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 2016.

**14. Negative confirmation pursuant to Rule 705(5)**

We, Charles Antony Melati and Tung Kum Hon, 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 2016 to be false or misleading in any material aspect.

**15. 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

Tung Kum Hon  
Chief Executive Officer

12 August 2016