



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 2012

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

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012

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

1(a) (i) Consolidated Statement of Comprehensive Income

	Group					
	3 months ended 30.09.2012 US\$ (Unaudited)	3 months ended 30.09.2011 US\$ (Unaudited)	Change + / (-) %	9 months ended 30.09.2012 US\$ (Unaudited)	9 months ended 30.09.2011 US\$ (Unaudited)	Change + / (-) %
Revenue	14,105,005	19,592,827	(28)	59,176,220	53,599,409	10
Cost of sales	(8,145,058)	(10,518,460)	(23)	(35,774,696)	(33,915,188)	5
Gross profit	5,959,947	9,074,367	(34)	23,401,524	19,684,221	19
Other income	237,284	398,263	(40)	279,401	540,240	(48)
General and administrative expenses	(1,124,859)	(1,358,345)	(17)	(4,431,702)	(3,272,786)	35
Other expenses	(12,356)	(64,897)	(81)	(1,132,845)	(176,581)	542
Finance costs	(384,480)	(549,276)	(30)	(1,304,049)	(1,666,485)	(22)
Profit before income tax	4,675,536	7,500,112	(38)	16,812,329	15,108,609	11
Income tax expense	(1,459,620)	(1,947,590)	(25)	(4,518,477)	(3,776,801)	20
Profit for the period	3,215,916	5,552,522	(42)	12,293,852	11,331,808	8
Other comprehensive income:						
Exchange differences on translation	(960,747)	(613,805)	57	(2,010,269)	81,675	N.M
Total comprehensive income for the period	2,255,169	4,938,717	(54)	10,283,583	11,413,483	(10)

Consolidated Statement of Comprehensive Income

	Group					
	3 months ended 30.09.2012 US\$ (Unaudited)	3 months ended 30.09.2011 US\$ (Unaudited)	Change + / (-) %	9 months ended 30.09.2012 US\$ (Unaudited)	9 months ended 30.09.2011 US\$ (Unaudited)	Change + / (-) %
Profit attributable to:						
Owners of the Company	3,205,291	5,497,595	(42)	12,132,916	11,273,821	8
Non-controlling interests	10,625	54,927	(81)	160,936	57,987	178
	<u>3,215,916</u>	<u>5,552,522</u>	(42)	<u>12,293,852</u>	<u>11,331,808</u>	8
Total comprehensive income attributable to:						
Owners of the Company	2,236,294	4,881,416	(54)	10,133,123	11,349,104	(11)
Non-controlling interests	18,875	57,301	(67)	150,460	64,379	134
	<u>2,255,169</u>	<u>4,938,717</u>	(54)	<u>10,283,583</u>	<u>11,413,483</u>	(10)

N.M.: Not Meaningful

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

	Group					
	3 months ended 30.09.2012 US\$ (Unaudited)	3 months ended 30.09.2011 US\$ (Unaudited)	Change + / (-) %	9 months ended 30.09.2012 US\$ (Unaudited)	9 months ended 30.09.2011 US\$ (Unaudited)	Change + / (-) %
Other income:						
- Interest income	(8,857)	(10,418)	(15)	(20,869)	(18,863)	11
- Foreign exchange gain	(228,702)	(387,845)	(41)	(167,544)	(521,377)	(68)
Other expenses (including listing expenses)	12,356	64,897	(81)	1,132,845	176,581	542
Interest expense	384,480	549,276	(30)	1,304,049	1,666,485	(22)
Depreciation of property, plant and equipment	2,661,290	1,617,284	65	7,842,141	4,858,136	61
Loss on disposal of property, plant and equipment	9,568	64,916	(85)	4,070	176,600	(98)
Deferred mining evaluation assets written-off	53,007	-	100	53,007	-	100

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	
	30.09.2012 US\$ (Unaudited)	31.12.2011 US\$ (Audited)	30.09.2012 US\$ (Unaudited)	31.12.2011 US\$ (Audited)
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	5,779,668	4,214,407	467,425	1,403,301
Trade and other receivables	244,949	519,532	300,377	443,415
Prepayments	1,520,415	1,674,188	797,165	497,074
Inventories	2,398,231	1,871,356	-	-
Total current assets	9,943,263	8,279,483	1,564,967	2,343,790
Non-current assets				
Prepayments	795,367	730,895	-	-
Investment in subsidiaries	-	-	15,690,633	577,645
Deferred mining evaluation assets	592,748	1,444,359	-	-
Property, plant and equipment	76,358,265	80,397,778	2,799,864	2,700,825
Deferred tax assets	-	-	138,500	-
Total non-current assets	77,746,380	82,573,032	18,628,997	3,278,470
Total assets	87,689,643	90,852,515	20,193,964	5,622,260
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank borrowing	267,130	249,032	267,130	249,032
Trade and other payables	2,242,295	8,596,147	5,882,726	3,209,929
Loans from related parties	-	1,492,586	-	1,492,586
Amount due to a related party	4,728,828	5,000,000	-	-
Current portion of finance leases	4,805,936	8,835,646	-	-
Convertible loans	15,688,583	-	15,688,583	-
Income tax payable	2,830,264	4,110,127	-	-
Total current liabilities	30,563,036	28,283,538	21,838,439	4,951,547
Non-current liabilities				
Bank borrowing	622,615	775,839	622,615	775,839
Amount due to a related party	14,182,935	15,035,292	-	-
Convertible loans	-	15,113,078	-	-
Finance leases	2,036,892	2,324,986	-	-
Retirement benefit obligations	516,791	691,377	-	-
Deferred tax liabilities	1,722,231	1,974,674	-	5,250
Other non-current provision	275,576	-	-	-
Total non-current liabilities	19,357,040	35,915,246	622,615	781,089

	Group		Company	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Capital, reserves and non-controlling interests				
Share capital	153,846	153,846	153,846	153,846
Translation reserve	(2,244,568)	(244,775)	(911,972)	46,884
Convertible loans reserve	832,253	-	832,253	-
Retained earnings / (accumulated losses)	38,787,936	26,655,020	(2,341,217)	(311,106)
Equity attributable to owners of the Company	37,529,467	26,564,091	(2,267,090)	(110,376)
Non-controlling interests	240,100	89,640	-	-
Total equity / (capital deficiency)	37,769,567	26,653,731	(2,267,090)	(110,376)
Total liabilities & equity	87,689,643	90,852,515	20,193,964	5,622,260

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

	Group			
	30.09.2012		31.12.2011	
	Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Amount repayable in one year or less, or on demand	5,073,066	20,417,411	9,084,678	6,492,586
Amount repayable after one year	2,659,507	14,182,935	3,100,825	30,148,370
Total	7,732,573	34,600,346	12,185,503	36,640,956

Details of any collateral and security:

- 1) The Group's bank borrowing is secured by a legal mortgage over our leasehold property, and personal joint and several guarantees from a director of the Company and a close family member of a director of the Company.
- 2) The Group's obligations under finance lease are secured by the leased assets. In addition, certain obligations under finance lease are secured by a personal guarantee from a director of the Company.

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 30.09.2012	3 months ended 30.09.2011	9 months ended 30.09.2012	9 months ended 30.09.2011
	US\$	US\$	US\$	US\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities				
Profit before income tax	4,675,536	7,500,112	16,812,329	15,108,609
Adjustments for:				
Depreciation of property, plant and equipment	2,661,290	1,617,284	7,842,141	4,858,136
Deferred mining evaluation assets written-off	53,007	-	53,007	-
Loss on disposal of property, plant and equipment	9,568	64,916	4,070	176,600
Interest expense	384,480	549,276	1,304,049	1,666,485
Interest income	(8,856)	(10,418)	(20,868)	(18,863)
Retirement benefit obligations	164,108	145,530	502,995	434,696
Net foreign exchange losses	(236,148)	(8,584)	(277,153)	(224,169)
Operating cash flows before movements in working capital	7,702,985	9,858,116	26,220,570	22,001,494
Trade and other receivables, and prepayments	(257,776)	880,289	(59,089)	(22,258,118)
Inventories	55,873	208,399	(526,875)	2,200,914
Trade and other payables	(5,028,080)	39,166	(4,819,659)	2,052,448
Cash generated from operations	2,473,002	10,985,970	20,814,947	3,996,738
Income tax paid	(562,219)	(373,339)	(5,257,818)	(1,772,765)
Retirement benefit paid	(552,011)	-	(643,602)	-
Net cash from operating activities	1,358,772	10,612,631	14,913,527	2,223,973
Investing activities				
Expenditure on deferred mining evaluation assets	(607,959)	(342,269)	(607,959)	(2,025,939)
Interest received	8,856	10,418	20,868	18,863
Advance payments for purchase of property, plant and equipment (Note B)	(795,367)	(539,527)	(795,367)	(539,527)
Purchase of property, plant and equipment (Note B)	(23,598)	(310,488)	(1,144,942)	(1,875,069)
Proceeds on disposal of property, plant and equipment	14,075	57,323	63,042	1,805,475
Net cash used in investing activities	(1,403,993)	(1,124,543)	(2,464,358)	(2,616,197)

	Group			
	3 months ended 30.09.2012	3 months ended 30.09.2011	9 months ended 30.09.2012	9 months ended 30.09.2011
	US\$	US\$	US\$	US\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Financing activities

Restricted cash deposit	-	-	(288,702)	-
Interest paid	(223,808)	(549,276)	(780,391)	(1,666,485)
Net cash outflow on acquisition from Restructuring Exercise (Note C)	-	(538,478)	-	(538,478)
Proceeds from (repayment of) related party loans	-	(2,746,887)	(1,492,586)	1,926,681
Proceeds from issuance of convertible loans	-	-	-	15,377,692
Repayment of bank borrowing	(65,317)	(61,243)	(193,181)	(182,895)
Repayment of a related party	-	-	(30,943)	-
Repayment of obligations under finance leases	(2,442,657)	(3,567,739)	(8,379,389)	(9,472,292)
Net cash (used in)/from financing activities	(2,731,782)	(7,463,623)	(11,165,192)	5,444,223
Net (decrease)/increase in cash and cash equivalents	(2,777,003)	2,024,465	1,283,977	5,051,999
Cash and cash equivalents at beginning of the period	8,253,773	5,275,982	4,214,407	2,150,418
Effect of exchange rate changes on the balance held in foreign currencies	14,196	(27,590)	(7,418)	70,440
Cash and cash equivalents at end of the period (Note A)	5,490,966	7,272,857	5,490,966	7,272,857

Notes to consolidated cash flow statement:

Note A:

Cash and bank balance	5,490,966	7,272,857	5,490,966	7,272,857
Fixed deposit	288,702	-	288,702	-
Total	5,779,668	7,272,857	5,779,668	7,272,857
Less: Fixed deposit with maturity of more than 3 months	(288,702)	-	(288,702)	-
Cash and cash equivalents as per cash flow statement	5,490,966	7,272,857	5,490,966	7,272,857

Note B:

During the 9 months ended 30 September 2012, the Group acquired property, plant and equipment with aggregate of US\$4,893,503 (30 September 2011: US\$6,013,185) of which US\$2,742,090 (30 September 2011: US\$3,205,608) was acquired under finance lease arrangements and US\$275,576 (30 September 2011: NIL) pertains to the provision for rehabilitation.

In addition, the Group utilised its advance payment of US\$730,895 (30 September 2011: US\$932,508) which was paid in prior period to purchase property, plant and equipment during the financial period. Cash payments of US\$1,144,942 (30 September 2011: US\$1,875,069) were made to purchase the property, plant and equipment.

Note C:

During the 9 months ended 30 September 2011, PT Geo Energy Coalindo ("GEC") acquired its share of the paid-up capital of PT Mitra Riau Pratama ("MRP") and subsequently, the Company acquired its share of the paid-up capital of GEC and Geo Coal International Pte. Ltd. ("GCI"), pursuant to the Restructuring Exercise.

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 30.09.2012 (Unaudited)

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

Group – financial period ended 30.09.2011 (Unaudited)

	<u>Share capital</u> US\$	<u>Other 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 2011	153,846	538,478	344,002	12,334,252	13,370,578	(31,353)	13,339,225
Total comprehensive income for the period	-	-	691,462	5,776,226	6,467,688	7,078	6,474,766
Balance at 30 June 2011	153,846	538,478	1,035,464	18,110,478	19,838,266	(24,275)	19,813,991
Arising from restructuring exercises	-	(538,478)	-	-	(538,478)	5,317	(533,161)
Total comprehensive income for the period	-	-	(616,179)	5,497,595	4,881,416	57,301	4,938,717
Balance at 30 September 2011	153,846	-	419,285	23,608,073	24,181,204	38,343	24,219,547

Company – financial period ended 30.09.2012 (Unaudited)

	<u>Share capital</u>	<u>Translation reserve</u>	<u>Convertible Loans reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2012	153,846	46,884	-	(311,106)	(110,376)
Total comprehensive income for the period	-	-	-	(757,154)	(757,154)
Balance at 30 June 2012	153,846	46,884	-	(1,068,260)	(867,530)
Arising from convertible loans	-	-	832,253	-	832,253
Total comprehensive income for the period	-	(958,856)	-	(1,272,957)	(2,231,813)
Balance at 30 September 2012	153,846	(911,972)	832,253	(2,341,217)	(2,267,090)

Company – financial period ended 30.09.2011 (Unaudited)

	<u>Share capital</u>	<u>Translation reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	US\$	US\$	US\$	US\$
Balance at 1 January 2011	153,846	-	(22,553)	131,293
Total comprehensive income for the period	-	-	(271,827)	(271,827)
Balance at 30 June 2011	153,846	-	(294,380)	(140,534)
Total comprehensive income for the period	-	36,953	(121,618)	(84,665)
Balance at 30 September 2011	153,846	36,953	(415,998)	(225,199)

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 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 between 30 June 2012 and 30 September 2012 of S\$200,000 (US\$153,846). There were no outstanding convertibles or treasury shares held by the Company as at 30 September 2012 and 30 September 2011, save that the Company had received convertible loans amounting to S\$19.6 million or US\$16.0 million (based on an exchange rate of US\$1:S\$1.2252 as at 30 September 2012) which were converted to 98,702,639 ordinary shares on 5 October 2012.

Details of the changes in the issued and paid-up share capital of our Company from the date of incorporation to 18 October 2012 are as follows:

	Resultant Number of Shares	Resultant issued and paid-up share capital (S\$)
Issued and paid-up Shares as at our incorporation on 24 May 2010	100	100
Restructuring Exercise		
- Issue of additional 199,900 Shares on 1 July 2010	200,000	200,000*
- Sub-division of each Share into 4,000 Share on 5 October 2012	800,000,000	200,000*
- Issue of 98,702,639 Shares pursuant to the Conversion on 5 October 2012	898,702,639	20,506,580
Issue of 258,348,252 New Shares on 18 October 2012 pursuant to the Invitation	1,157,050,891	104,469,762
Post-Invitation number of Shares and issued and paid-up share capital	1,157,050,891	104,469,762
* Equivalent to US\$153,846		

Note:-

Please refer to the sections entitled "Share Capital" and "Restructuring Exercise" of the Company's prospectus dated 10 October 2012 for more details.

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 2012	31 December 2011
Total number of issued shares (excluding treasury shares)	200,000	200,000

Assuming that the sub-division of each ordinary share into 4,000 ordinary shares had taken place, the total number of issued ordinary shares (excluding treasury shares) as at 30 September 2012 would have been 800,000,000 (31 December 2011: 800,000,000).

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. The Company did not hold any treasury shares.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2011.

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 2012. The adoption of these new/revised FRSs INT FRSs and amendments to FRSs are currently assessed to have no material financial effect on the Group's financial statements for the current year.

Other than the above, the Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2011.

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 30.09.2012 (Unaudited)	3 months ended 30.09.2011 (Unaudited)	9 months ended 30.09.2012 (Unaudited)	9 months ended 30.09.2011 (Unaudited)
Profit for the period attributable to owners of the Company (US\$)		3,205,291	5,497,595	12,132,916	11,273,821
(i)	Basic earnings per ordinary share (US cents)	0.40	0.69	1.52	1.41
	- Weighted average number of ordinary shares	800,000,000	800,000,000	800,000,000	800,000,000
(ii)	Earnings per ordinary share on a fully diluted basis (US cents)	0.36	0.61	1.35	1.25
	- Adjusted weighted average number of ordinary shares	898,702,639	898,702,639	898,702,639	898,702,639

Note:-

Assuming that the sub-division of each ordinary share into 4,000 ordinary shares has taken place, the weighted average number of ordinary shares for the aforementioned financial periods is 800,000,000.

For the purpose of computing diluted earnings per share, the adjusted weighted average number of shares used for the 3 months and 9 months ended 30 September 2012 is 898,702,639. This comprises:

- (i) weighted average number of ordinary shares issued of 800,000,000 (2011: 800,000,000); and
- (ii) weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares arising from converting the convertible loans of 98,702,639 (2011: 98,702,639).

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

	Group		Company*	
	30.09.2012 (Unaudited)	31.12.2011 (Unaudited)	30.09.2012 (Unaudited)	31.12.2011 (Unaudited)
Net asset value per ordinary share based on equity attributable to owners of the Company (US\$)	187.65	132.82	(11.34)	(0.55)
Number of issued and paid up shares	200,000	200,000	200,000	200,000

* The Company recorded negative net asset value as at 30 September 2012 and 31 December 2011.

For illustrative purposes, assuming that the sub-division of each ordinary share into 4,000 ordinary shares has taken place, the Group's net asset value per ordinary share is as follows:

	Group		Company*	
	30.09.2012 (Unaudited)	31.12.2011 (Unaudited)	30.09.2012 (Unaudited)	31.12.2011 (Unaudited)
Net asset value per ordinary share based on equity attributable to owners of the Company (cents)	4.69	3.32	(0.28)	(0.01)
Number of shares **	800,000,000	800,000,000	800,000,000	800,000,000

* The Company recorded negative net asset value as at 30 September 2012 and 31 December 2011.

** Based on share capital of 800,000,000 ordinary shares as at 30 September 2012 (31 December 2011: 800,000,000 ordinary shares) assuming that the sub-division of each ordinary share into 4,000 ordinary share had taken place.

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

8.1 Income Statement (9M2012 vs. 9M2011)

8.1 (a) Income and Expenses

Our Group recorded revenue, gross profit and net profit of US\$59.2 million, US\$23.4 million and US\$12.3 million respectively, for the nine months ended 30 September 2012 ("9M2012"). Our Group recorded net profit of US\$12.3 million for 9M2012, compared with US\$11.3 million in the nine months ended 30 September 2011 ("9M2011").

This was mainly due to increases in revenue and gross profit of US\$5.6 million and US\$3.7 million respectively, as a result of the commencement of operations as a mine owner cum operator in respect of our BEK Mining Concession in January 2012.

The increase in gross profit was partially offset by (i) increase in employee related expenses of US\$1.1 million in line with our business expansion and conversion to a public company; (ii) listing expenses of US\$0.9 million and convertible loans interest of US\$0.5 million in connection with the IPO; and (iii) increase in tax expense of US\$0.7 million, partly offset by the decrease in finance costs relating to finance lease and bank borrowing of US\$0.9 million in 9M2012.

As a result of the aforementioned, net profit increased by US\$1.0 million from US\$11.3 million in 9M2011 to US\$12.3 million in 9M2012.

8.1 (b) Revenue

Our Group's revenue increased by US\$5.6 million from US\$53.6 million in 9M2011 to US\$59.2 million in 9M2012, mainly due to an increase in the sales of coal from 0.7 million tonnes in 9M2011 to 1.0 million tonnes in 9M2012 as we commenced operations as a mine owner cum operator in respect of our BEK Mining Concession in January 2012. The increase in revenue is partly offset by the decrease in average selling price of coal by US\$15.2 per tonne from US\$71.4 per tonne in 9M2011 to US\$56.2 per tonne in 9M2012.

8.1 (c) Gross Profit and Gross Profit Margin

Our Group's gross profit increased by US\$3.7 million, from US\$19.7 million in 9M2011 to US\$23.4 million in 9M2012, in line with the increase in revenue and an increase in gross profit margin.

Gross profit margin increased by 2.8 percentage points from 36.7% in 9M2011 to 39.5% in 9M2012. The increase in gross profit margin despite the lower average selling price of coal is mainly due to (i) increase in production volume of 0.5 million tonnes from 0.6 million tonne in 9M2011 to 1.1 million tonnes in 9M2012 with a less than proportionate increase in costs; and (ii) decrease average strip ratio from 17.0 in 9M2011 to 10.1 in 9M2012.

8.1 (d) Other Income

Other income mainly relates to foreign exchange gain and interest income. The decrease by US\$0.2 million from US\$0.5 million in 9M2011 to US\$0.3 million in 9M2012 is mainly due to decrease in foreign exchange gains.

8.1 (e) General and Administrative Expenses

General and administrative expenses increased by US\$1.1 million, from US\$3.3 million in 9M2011 to US\$4.4 million in 9M2012. The increase was mainly due to higher employee related expenses of US\$1.1 million in line with our business expansion and conversion to a public company.

8.1 (f) Other Expenses

Other expenses increased by US\$0.9 million, from US\$0.2 million in 9M2011 to US\$1.1 million in 9M2012. The increase was mainly due to one-off listing expenses of US\$0.9 million incurred in connection with the IPO in 9M2012.

8.1 (g) Finance Costs

Finance costs decreased by US\$0.4 million, from US\$1.7 million in 9M2011 to US\$1.3 million in 9M2012, mainly due to a decrease in interest expenses on finance leases of US\$0.9 million, partly offset by an increase in convertible loans imputed interest of US\$0.5 million.

8.1 (h) Profit Before Income Tax

Profit before income tax increased by US\$1.7 million from US\$15.1 million in 9M2011 to US\$16.8 million in 9M2012, due mainly to an increase in gross profit partly offset by increases in general and administrative expenses as well as other expenses in relation to our business expansion and conversion to a public company.

8.1 (i) Other Comprehensive Income

Other comprehensive income consists of exchange differences on translation. The increase by US\$1.9 million from US\$0.1 million to US\$2.0 million mainly arose from exchange differences on translating a loan that forms part of the Group's extension of net investment in a subsidiary.

8.2 Income Statement (3Q2012 vs. 3Q2011)

8.2 (a) Income and Expenses

Our Group recorded revenue, gross profit and net profit of US\$14.1 million, US\$6.0 million and US\$3.2 million respectively for the third quarter ended 30 September 2012 ("3Q2012"). Our Group recorded net profit of US\$3.2 million for 3Q2012, compared with US\$5.6 million in the third quarter ended 30 September 2011 ("3Q2011").

This was mainly due to decreases in revenue of US\$5.5 million and gross profit of US\$3.1 million mainly due to the decrease in average selling price of coal by US\$34.9 from US\$77.8 in 3Q2011 to US\$42.9 in 3Q2012.

The decrease in gross profit was partially offset by decreases in (i) foreign exchange gains of US\$0.2 million; (ii) employee related expenses of US\$0.2 million; (iii) finance costs of US\$0.2 million; and (iv) tax expense of US\$0.5 million.

As a result of the aforementioned, net profit decreased by US\$2.4 million from US\$5.6 million in 3Q2011 to US\$3.2 million in 3Q2012.

8.2 (b) Revenue

The decrease in our revenue by US\$5.5 million is mainly due to the decrease in average selling price of coal by US\$34.9 from US\$77.8 in 3Q2011 to US\$42.9 in 3Q2012, notwithstanding that the coal sales increased from 0.2 million tonnes in 3Q2011 to 0.3 million tonnes in 3Q2012. The decrease in average selling price of coal was due mainly to the lower average calorific value of coal produced from our BEK Mine as compared to coal sales under our coal cooperation contracts.

8.2 (c) Gross Profit and Gross Profit Margin

Our Group's gross profit decreased by US\$3.1 million, from US\$9.1 million in 3Q2011 to US\$6.0 million in 3Q2012, in line with the decrease in revenue and a decrease in gross profit margin.

Gross profit margin decreased by 4.0 percentage points from 46.3% in 3Q2011 to 42.3% in 3Q2012. The decrease in gross profit margin is mainly due to the lower average selling price of coal, partly offset by (i) increase in production volume of 0.1 million tonnes from 0.2 million tonne in 3Q2011 to 0.3 million tonnes in 3Q2012 with a less than proportionate increase in costs; and (ii) decrease average strip ratio from 18.1 in 3Q2011 to 8.2 in 3Q2012.

8.2 (d) Other Income

Other income decreased by US\$0.2 million, from US\$0.4 million in 3Q2011 to US\$0.2 million in 3Q2012 mainly due to lower foreign exchange gains of US\$0.2 million.

8.2 (e) General and Administrative Expenses

General and administrative expenses decreased by US\$0.3 million, from US\$1.4 million in 3Q2011 to US\$1.1 million in 3Q2012. The decrease was mainly due to lower employee related expenses of US\$0.2 million.

8.2 (f) Other Expenses

Other expenses mainly relates to foreign exchange loss and loss on disposal of property, plant and equipment. There were no material variances between 3Q2011 and 3Q2012.

8.2 (g) Finance Costs

Finance costs decreased by US\$0.1 million, from US\$0.5 million in 3Q2011 to US\$0.4 million in 3Q2012, due mainly to a decrease in interest expenses on finance leases of US\$0.3 million, partly offset by an increase in convertible loans imputed interest of US\$0.2 million.

8.2 (h) Profit Before Income Tax

Profit before income tax decreased by US\$2.8 million from US\$7.5 million in 3Q2011 to US\$4.7 million in 3Q2012, due mainly to a decrease in gross profit.

8.2 (i) Other Comprehensive Income

Other comprehensive income consists of exchange differences on translation. There were no material variances between 3Q2011 and 3Q2012.

8.3 Statement of Financial Position (Group)

Our Group's total equity increased by US\$11.1 million, from US\$26.7 million as at 31 December 2011 to US\$37.8 million as at 30 September 2012. The increase reflected the Group's profit in 9M2012.

8.3 (a) Current Assets

Our Group's current assets increased by US\$1.6 million, from US\$8.3 million as at 31 December 2011 to US\$9.9 million as at 30 September 2012. The increase was mainly due to increases in (i) cash and cash equivalents of US\$1.6 million; and (ii) inventory of US\$0.5 million, partially offset by decreases in (i) trade and other receivables of US\$0.3 million; and (ii) prepayment of US\$0.2 million.

8.3 (b) Non-current Assets

Our Group's non-current assets decreased by US\$4.9 million, from US\$82.6 million as at 31 December 2011 to US\$77.7 million as at 30 September 2012. The decrease was mainly due to decreases in property, plant and equipment arising from depreciation, partly offset by additions of property, plant and equipment.

8.3 (c) Current Liabilities

Our Group's current liabilities increased by US\$2.3 million, from US\$28.3 million as at 31 December 2011 to US\$30.6 million as at 30 September 2012. The increase was mainly due to the reclassification of convertible loans from non-current liabilities as at 31 December 2011 to current liabilities as at 30 September 2012, partly offset by decreases in (i) trade and other payables of US\$6.4 million due mainly to decrease in advances from customer by US\$3.2 million as well as settlement of other payables of US\$2.5 million for purchase of heavy equipment; (ii) loans and amounts due to related parties of US\$1.8 million; (iii) finance leases of US\$4.0 million; and (iv) income tax payable of US\$1.3 million.

8.3 (d) Non-Current Liabilities

Our Group's non-current liabilities decreased by US\$16.5 million, from US\$35.9 million as at 31 December 2011 to US\$19.4 million as at 30 September 2012. The decrease was mainly due to the reclassification of convertible loans from non-current liabilities as at 31 December 2011 to current liabilities as at 30 September 2012, as well as decreases in (i) amount due to a related party of US\$0.9 million; (ii) finance leases of US\$0.2 million; and (iii) deferred tax liabilities of US\$0.3 million.

8.4 Statement of Financial Position (Company)

Our Company's capital deficiency increased by US\$2.2 million, from US\$0.1 million as at 31 December 2011 to US\$2.3 million as at 30 September 2012. The increase reflected the Company's loss in 9M2012 arising mainly from employee related expenses, listing expenses and convertible loans interest.

8.4 (a) Current Assets

Our Company's current assets decreased by US\$0.7 million, from US\$2.3 million as at 31 December 2011 to US\$1.6 million as at 30 September 2012. The decrease was mainly due to decreases in cash and cash equivalents of US\$0.9 million partly offset by the increase in trade and other receivables, and prepayments of US\$0.2 million.

8.4 (b) Non-current Assets

Our Company's non-current assets increased by US\$15.3 million, from US\$3.3 million as at 31 December 2011 to US\$18.6 million as at 30 September 2012. The increase was mainly due to additional quasi-capital in a subsidiary.

8.4 (c) Current Liabilities

Our Company's current liabilities increased by US\$16.8 million, from US\$5.0 million as at 31 December 2011 to US\$21.8 million as at 30 September 2012. The increase was mainly due to increase in (i) trade and other payables of US\$2.7 million; and (ii) convertible loans of US\$15.7 million pursuant to the Deeds of Novation (please refer to the sections entitled "Restructuring Exercise" of the Company's prospectus dated 10 October 2012 for more details). The increase was partly offset by a decrease in loans from related party of US\$1.5 million due to repayment.

8.3 (d) Non-Current Liabilities

Our Company's non-current liabilities mainly consist of bank borrowing and deferred tax liabilities. There were no material variances between 31 December 2011 and 30 September 2012.

8.5 Cash Flow Statement (9M2012 vs. 9M2011)

Our Group's net cash from operating activities in 9M2012 was approximately US\$14.9 million. Operating cash flows before movements in working capital was US\$26.2 million and this was partly offset by cash outflows of (i) US\$5.4 million made to meet our working capital requirements; (ii) income tax of US\$5.3 million; and (iii) post-employment benefits of US\$0.6 million.

Net cash used in investing activities in 9M2012 of US\$2.5 million was mainly due to cash outflows from (i) advance payments and payments for purchase of property, plant and equipment of US\$0.8 million and US\$1.1 million respectively; and (ii) expenditure on deferred mining evaluation assets of US\$0.6 million, partly offset by cash inflows from interest received and proceeds from disposal of property, plant and equipment of US\$0.1 million collectively.

Net cash used in financing activities in 9M2012 of US\$11.2 million was due mainly to cash outflow from (i) repayment of related parties loans and balances, bank loans and finance leases of US\$1.5 million, US\$0.2 million and US\$8.4 million respectively; (ii) restricted cash deposits of US\$0.3 million; and (iii) interest paid of US\$0.8 million in respect of bank borrowings and finance leases.

As a result of the aforementioned, there was a net increase of US\$1.3 million in cash and cash equivalents in 9M2012.

8.6 Cash Flow Statement (3Q2012 vs. 3Q2011)

Our Group's net cash from operating activities in 3Q2012 was approximately US\$1.4 million. Operating cash flows before movements in working capital was US\$7.7 million and this was partly offset by net cash outflows of (i) US\$5.2 million made to meet our working capital requirements; (ii) income tax of US\$0.6 million; and (iii) post-employment benefits of US\$0.6 million.

Net cash used in investing activities in 3Q2012 of US\$1.4 million was mainly due to cash outflows from (i) advance payments for purchase of property, plant and equipment of US\$0.8 million; and (ii) expenditure on deferred mining evaluation assets of US\$0.6 million.

Net cash used in financing activities in 3Q2012 of US\$2.7 million was due mainly to (i) repayment of bank borrowing and finance leases of US\$0.1 million and US\$2.4 million respectively; and (ii) interest paid of US\$0.2 million in respect of bank borrowing and finance leases.

As a result of the aforementioned, there was a net decrease of US\$2.8 million in cash and cash equivalents in 3Q2012.

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

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

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Notwithstanding the relatively soft coal prices in 2012, barring unforeseen circumstances and subject to execution risks, we expect our sales volume to increase, in line with our planned increase in production capacity. We expect our key operating costs, mainly in relation to fuel and labour, to increase generally in line with the inflation rates in Indonesia.

Our Group will continue to look out for business expansion opportunities which may include acquisitions, joint ventures and/or strategic alliances to expand our business operations and increase our coal production levels. We also intend to enter into suitable coal mining arrangements with other third party sources in order to gain access to new concession areas.

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 2012.

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.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Vehicle leasing services provided to PT Prima Energytama	US\$162,029	NIL

14. Use of IPO Proceeds

As at the date of this announcement, the net proceeds from the Group's IPO 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 (“Board”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the third quarter and nine months ended 30 September 2012 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

14 November 2012