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 Fourth Quarter and Twelve Months Ended 31 December 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 FOURTH QUARTER ("4Q2012") AND TWELVE MONTHS ENDED 31 DECEMBER 2012 ("FY2012")

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 31.12.2012	**3 months ended 31.12.2011**	**Change + / (-)**	**12 months ended 31.12.2012**	**12 months ended 31.12.2011**	**Change + / (-)**
	US$	**US$**	**%**	**US$**	**US$**	**%**
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
Revenue	19,588,593	15,646,604	25	78,764,813	69,246,013	14
Cost of sales	(6,755,701)	(8,672,137)	(22)	(42,530,398)	(42,587,325)	0
Gross profit	**12,832,892**	**6,974,467**	84	**36,234,415**	**26,658,688**	36
Other income	115,689	117,699	(2)	364,791	298,847	22
General and administrative expenses	(1,871,269)	(1,976,562)	(5)	(6,302,971)	(5,249,348)	20
Other expenses	(1,197,578)	(674,680)	78	(2,300,124)	(492,169)	367
Finance costs	(159,923)	(277,357)	(42)	(1,463,972)	(1,943,842)	(25)
Profit before income tax	**9,719,811**	**4,163,567**	133	**26,532,139**	**19,272,176**	38
Income tax expense	(2,846,574)	(1,054,776)	170	(7,365,052)	(4,831,577)	52
Profit after income tax	**6,873,237**	**3,108,791**	121	**19,167,087**	**14,440,599**	33
Other comprehensive income: Exchange differences on translation	(777,486)	(674,607)	15	(4,452,460)	(592,932)	651
Total comprehensive income	**6,095,751**	**2,434,184**	150	**14,714,627**	**13,847,667**	6

Consolidated Statement of Comprehensive Income

	Group					
	3 months ended 31.12.2012	3 months ended 31.12.2011	Change + / (-)	12 months ended 31.12.2012	12 months ended 31.12.2011	Change + / (-)
	US$	US$	%	US$	US$	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
Profit attributable to:						
Owners of the Company	6,792,424	3,046,947	123	18,925,339	14,320,768	32
Non-controlling interests	80,813	61,844	31	241,748	119,831	102
	6,873,237	3,108,791	121	19,167,087	14,440,599	33
Total comprehensive income attributable to:						
Owners of the Company	6,029,532	2,382,887	153	14,497,948	13,731,991	6
Non-controlling interests	66,219	51,297	29	216,679	115,676	87
	6,095,751	2,434,184	150	14,714,627	13,847,667	6

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

	Group					
	3 months ended 31.12.2012	3 months ended 31.12.2011	Change + / (-)	12 months ended 31.12.2012	12 months ended 31.12.2011	Change + / (-)
	US$	US$	%	US$	US$	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
Other incomes:						
- Interest income	(88,781)	(9,231)	862	(109,650)	(28,094)	290
- Foreign exchange gain (net)	-	-	-	(138,878)	(200,724)	(31)
- Gain on disposal of property, plant and equipment	-	(38,439)	N.M.	-	-	-
Other expenses:						
- Foreign exchange loss (net)	28,666	320,653	(91)	-	-	-
- Loss on disposal of property, plant and equipment	20,849	-	N.M.	24,919	138,161	(82)
- Listing expense	1,148,063	319,673	259	2,058,662	319,673	544
Interest expense	159,923	277,357	(42)	1,463,972	1,943,842	(25)
Depreciation of property, plant and equipment	2,548,142	1,669,638	53	10,347,888	6,527,774	59
Deferred mining evaluation assets written-off	-	-	-	52,610	-	N.M.

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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	US$	US$	US$	US$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Current assets				
Cash and cash equivalents	69,080,464	4,214,407	63,769,951	1,403,301
Trade and other receivables	4,149,661	519,532	2,230,120	443,415
Prepayments	3,113,951	1,674,188	37,483	497,074
Inventories	2,080,695	1,871,356	-	-
Total current assets	78,424,771	8,279,483	66,037,554	2,343,790
Non-current assets				
Prepayments	2,520,225	730,895	-	-
Investment in subsidiaries	-	-	15,693,029	577,645
Deferred mining evaluation assets	-	1,444,359	-	-
Deferred expenditure	1,248,869	-	-	-
Property, plant and equipment	72,098,450	80,397,778	2,789,652	2,700,825
Deferred tax assets	781,019	-	-	-
Total non-current assets	76,648,563	82,573,032	18,482,681	3,278,470
Total assets	**155,073,334**	**90,852,515**	**84,520,235**	**5,622,260**
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowing	266,764	249,032	266,764	249,032
Trade and other payables	2,897,937	8,596,147	4,637,844	3,209,929
Loans from related parties	-	1,492,586	-	1,492,586
Amount due to a related party	7,783,247	5,000,000	-	-
Current portion of finance leases	4,073,371	8,835,646	-	-
Income tax payable	3,988,577	4,110,127	62,313	-
Total current liabilities	19,009,896	28,283,538	4,966,921	4,951,547
Non-current liabilities				
Bank borrowing	558,018	775,839	558,018	775,839
Amount due to a related party	6,279,420	15,035,292	-	-
Convertible loans	-	15,113,078	-	-
Finance leases	1,542,833	2,324,986	-	-
Provisions	896,938	691,377	-	-
Deferred tax liabilities	3,051,981	1,974,674	8,174	5,250
Total non-current liabilities	12,329,190	35,915,246	566,192	781,089

	Group		Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	US$	US$	US$	US$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Capital, reserves and non-controlling interests				
Share capital	82,518,674	153,846	82,518,674	153,846
Other reserve	14,349	-	-	-
Translation reserve	(4,672,166)	(244,775)	(1,195,856)	46,884
Retained earnings / (Accumulated losses)	45,580,359	26,655,020	(2,335,696)	(311,106)
Equity / (Capital deficiency) attributable to owners of the Company	123,441,216	26,564,091	78,987,122	(110,376)
Non-controlling interests	293,032	89,640	-	-
Total equity / (capital deficiency)	123,734,248	26,653,731	78,987,122	(110,376)
Total liabilities & equity	**155,073,334**	**90,852,515**	**84,520,235**	**5,622,260**

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

	Group			
	31.12.2012		31.12.2011	
	Secured US$	Unsecured US$	Secured US$	Unsecured US$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand	4,340,135	7,783,247	9,084,678	6,492,586
Amount repayable after one year	2,100,851	6,279,420	3,100,825	30,148,370
Total	6,440,986	14,062,667	12,185,503	36,640,956

<u>Details of any collateral and security:</u>

1) Our Group's bank borrowing is secured by a legal mortgage over our leasehold property, and joint and several personal guarantees from a director of our Company and a close family member of a director of our Company. The aforementioned personal guarantees have been discharged with effect from 25 January 2013.

2) Our 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 our 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 31.12.2012	3 months ended 31.12.2011	12 months ended 31.12.2012	12 months ended 31.12.2011
	US$	US$	US$	US$
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Operating activities				
Profit before income tax	9,719,811	4,163,567	26,532,139	19,272,176
Adjustments for:				
Depreciation of property, plant and equipment	2,548,142	1,669,638	10,347,888	6,527,774
Deferred mining evaluation assets written-off	-	-	52,610	-
Loss/(Gain) on disposal of property, plant and equipment	20,849	(38,439)	24,919	138,161
Interest expense	159,923	277,357	1,463,972	1,943,842
Interest income	(88,781)	(9,231)	(109,650)	(28,094)
Retirement benefit obligations	102,942	139,878	605,937	574,574
Net foreign exchange losses	(349,076)	1,042,674	(641,897)	794,679
Operating cash flows before movements in working capital	12,113,810	7,245,444	38,275,918	29,223,112
Trade and other receivables, and prepayments	(5,429,917)	26,725,525	(5,001,561)	4,467,407
Inventories	317,535	(1,088,318)	(209,339)	1,112,596
Trade and other payables	642,634	2,545,919	(4,177,026)	2,890,943
Cash generated from operations	7,644,062	35,428,570	28,887,992	37,694,058
Income tax paid	(1,044,084)	(1,629,628)	(6,792,891)	(3,402,393)
Retirement benefit paid	(47,334)	-	(690,936)	-
Net cash from operating activities	6,552,644	33,798,942	21,404,165	34,291,665
Investing activities				
Deferred mining evaluation assets	-	(854,861)	-	(2,880,800)
Deferred expenditure (Note B)	(482,363)	-	(1,050,904)	-
Interest received	20,451	9,231	41,319	28,094
Advance payments for purchase of property, plant and equipment (Note C)	(1,724,858)	(191,368)	(2,520,225)	(730,895)
Purchase of property, plant and equipment (Note C)	(463,615)	(23,425,844)	(1,598,511)	(23,593,487)
Proceeds on disposal of property, plant and equipment	181,113	163,368	244,156	1,968,843
Net cash used in investing activities	(2,469,272)	(24,299,474)	(4,884,165)	(25,208,245)

	Group			
	3 months ended 31.12.2012	3 months ended 31.12.2011	12 months ended 31.12.2012	12 months ended 31.12.2011
	US$	US$	US$	US$
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Financing activities				
Restricted cash deposit	(346)	-	(289,048)	-
Interest paid	(156,465)	(277,357)	(936,857)	(1,943,842)
Contributions by non-controlling interests in newly-incorporated subsidiary	1,062	-	1,062	-
Net cash outflow on acquisition from Restructuring Exercise (Note D)	-	-	-	(538,478)
Repayment of related party loans	-	(8,962,781)	(1,492,586)	(7,036,099)
Proceeds from issuance of convertible loans	-	-	-	15,113,078
Repayment of bank borrowing	(66,697)	(61,531)	(259,877)	(244,360)
Repayment of amount due to a related party	(4,688,728)	-	(4,719,671)	-
Repayment of obligations under finance leases	(1,551,446)	(3,248,003)	(9,930,836)	(12,344,483)
Proceeds from issuance of shares	68,833,564	-	68,833,564	-
Share issuance expense pursuant to the initial public offering	(3,116,203)	-	(3,116,203)	-
Net cash from /(used in) financing activities	59,254,741	(12,549,672)	48,089,548	(6,994,184)
Net increase/(decrease) in cash and cash equivalents	63,338,113	(3,050,204)	64,609,548	2,089,236
Cash and cash equivalents at beginning of the period/year	5,490,966	7,272,857	4,214,407	2,150,418
Effect of exchange rate changes on the balance held in foreign currencies	(37,663)	(8,246)	(32,539)	(25,247)
Cash and cash equivalents at end of the period/year (Note A)	**68,791,416**	**4,214,407**	**68,791,416**	**4,214,407**

Notes to consolidated cash flow statement:

Note A:

Cash and bank balance	41,175,466	4,214,407	41,175,466	4,214,407
Fixed deposit	27,904,998	-	27,904,998	-
Total	69,080,464	4,214,407	69,080,464	4,214,407
Less: Fixed deposit pledged	(289,048)	-	(289,048)	-
Cash and cash equivalents as per cash flow statement	68,791,416	4,214,407	68,791,416	4,214,407

Note B:

In FY2012, our Group capitalised US$1,282,206 (2011: US$NIL) as deferred expenditure of which US$171,597 (2011: US$NIL) pertained to depreciation on property, plant and equipment and US$59,705 (2011: US$Nil) pertained to retirement benefit obligations.

Note C:

In FY2012, our Group acquired property, plant and equipment amounting to US$5,923,700 (FY2011: US$50,444,181) of which US$3,114,697 (FY2011: US$5,882,894) were acquired under finance lease arrangements, US$280,532 (FY2011: US$NIL) pertained to the provision for rehabilitation and US$199,065 (FY2011: US$NIL) pertained to recapitalisation of depreciation on property, plant and equipment. As at 31 December 2012, US$NIL (31 December 2011: US$20,035,292) remained unpaid and was included as part of amount due to a related party.

In addition, our Group utilised the advance payment of US$730,895 (FY2011: US$932,508) which was previously paid in prior year to purchase property, plant and equipment. In FY2012, our Group made advance payments of US$2,520,225 (FY2011: US$730,895) and cash payments of US$1,598,511 (FY2011: US$23,593,487) to purchase property, plant and equipment.

Note D:

In FY2011, PT Geo Energy Coalindo ("**GEC**") acquired its share of the paid-up capital of PT Mitra Riau Pratama ("**MRP**") and subsequently, our 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 31.12.2012 (Unaudited)

	Share capital	Other reserve	Translation reserve	Convertible loans reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	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	-	-	(3,664,499)	-	12,132,915	8,468,416	150,460	8,618,876
Balance at 30 September 2012	153,846	-	(3,909,274)	832,253	38,787,935	35,864,760	240,100	36,104,860
Share issuance:								
- conversion of convertible loans	16,647,467	-	-	(832,253)	-	15,815,214	-	15,815,214
- initial public offering	68,833,564	-	-	-	-	68,833,564	-	68,833,564
Share issuance expense pursuant to the initial public offering	(3,116,203)	-	-	-	-	(3,116,203)	-	(3,116,203)
Incorporation of subsidiary with non-controlling interests	-	-	-	-	-	-	1,062	1,062
Dilution of non-controlling interests	-	14,349	-	-	-	14,349	(14,349)	-
Total comprehensive income for the period	-	-	(762,892)	-	6,792,424	6,029,532	66,219	6,095,751
Balance at 31 December 2012	82,518,674	14,349	(4,672,166)	-	45,580,359	123,441,216	293,032	123,734,248

Group – financial period ended 31.12.2011 (Audited)

	Share capital US$	Other reserve US$	Translation reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1 January 2011	153,846	538,478	344,002	12,334,252	13,370,578	(31,353)	13,339,225
Arising from restructuring exercises	-	(538,478)	-	-	(538,478)	5,317	(533,161)
Total comprehensive income for the period	-	-	75,283	11,273,821	11,349,104	64,379	11,413,483
Balance at 30 September 2011	153,846	-	419,285	23,608,073	24,181,204	38,343	24,219,547
Total comprehensive income for the period	-	-	(664,060)	3,046,947	2,382,887	51,297	2,434,184
Balance at 31 December 2011	153,846	-	(244,775)	26,655,020	26,564,091	89,640	26,653,731

Company – financial period ended 31.12.2012 (Unaudited)

	Share capital US$	Translation reserve US$	Convertible Loans reserve US$	Accumulated losses US$	Total US$
Balance at 1 January 2012	153,846	46,884	-	(311,106)	(110,376)
Arising from convertible loans	-	-	832,253	-	832,253
Total comprehensive income for the period	-	(958,856)	-	(2,030,011)	(2,988,867)
Balance at 30 September 2012	153,846	(911,972)	832,253	(2,341,117)	(2,266,990)
Share issuance:					
- conversion of convertible loans	16,647,467	-	(832,253)	-	15,815,214
- initial public offering	68,833,564	-	-	-	68,833,564
Share issuance expense pursuant to the initial public offering	(3,116,203)				(3,116,203)
Total comprehensive income for the period	-	(283,884)	-	5,421	(278,463)
Balance at 31 December 2012	82,518,674	(1,195,856)	-	(2,335,696)	78,987,122

Company – financial period ended 31.12.2011 (Audited)

	Share capital US$	Translation reserve US$	Accumulated losses US$	Total US$
Balance at 1 January 2011	153,846	-	(22,553)	131,293
Total comprehensive income for the period	-	36,953	(393,445)	(356,492)
Balance at 30 September 2011	153,846	36,953	(415,998)	(225,199)
Total comprehensive income for the period	-	9,931	104,892	114,823
Balance at 31 December 2011	153,846	46,884	(311,106)	(110,376)

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

Our Company's share capital increased from S$200,000 (US$153,846) as of 30 September 2012 to S$100,668,617 (US$82,518,674) as of 31 December 2012, with details as shown in the table below. There were no outstanding convertibles or treasury shares held by our Company as at 31 December 2012 and 31 December 2011, save that our 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 31 December 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 Shares 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, after capitalisation of IPO expenses, as at 31 December 2012.	1,157,050,891	100,668,617

Note:-

Please refer to the sections entitled "Share Capital" and "Restructuring Exercise" of our 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.

	31 December 2012	31 December 2011
Total number of issued shares (excluding treasury shares)	1,157,050,891	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 31 December 2011 would have been 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. Our Company did not hold any treasury shares.

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

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

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

Not applicable.

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

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

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

Other than the above, our Group has consistently applied the same accounting policies and methods of computation in our Group's financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 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 31.12.2012 (Unaudited)	**3 months ended 31.12.2011** (Unaudited)	**12 months ended 31.12.2012** (Unaudited)	**12 months ended 31.12.2011** (Audited)
Profit for the period attributable to owners of the Company (US$)		6,792,424	3,046,947	18,925,339	14,320,768
(i)	Basic earnings per ordinary share (US cents)	0.61	0.38	2.16	1.79
	- Weighted average number of ordinary shares	1,105,021,208	800,000,000	876,671,998	800,000,000
(ii)	Earnings per ordinary share on a fully diluted basis (US cents)	0.61	0.34	1.99	1.59
	- Adjusted weighted average number of ordinary shares	1,109,312,627	898,702,639	951,642,855	898,702,639

Note:-

The weighted average number of ordinary shares for the aforementioned financial periods, is determined on the assumption that the sub-division of each ordinary share into 4,000 ordinary shares had taken place on 1 January 2011.

For the purpose of computing diluted earnings per share, the adjusted weighted average number of shares comprises:

(i) weighted average number of ordinary shares in issue, on the assumption that the sub-division of each ordinary share into 4,000 ordinary shares had taken place on 1 January 2011 and 1 January 2012; 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.

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***	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net asset value per ordinary share based on equity attributable to owners of the Company (cents)	10.67	13,282.05	6.83	(55.19)
Number of issued and paid up shares	1,157,050,891	200,000	1,157,050,891	200,000

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***	
	31.12.2012 (Unaudited)	**31.12.2011** (Unaudited)	**31.12.2012** (Unaudited)	**31.12.2011** (Unaudited)
Net asset value per ordinary share based on equity attributable to owners of the Company (US cents)	10.67	3.32	6.83	(0.01)
Number of shares**	1,157,050,891	800,000,000	1,157,050,891	800,000,000

* The Company recorded negative net asset value as at 31 December 2011.

** Based on share capital of 1,157,050,891 ordinary shares as at 31 December 2012 (31 December 2011: 800,000,000 ordinary shares, assuming that the sub-division of each ordinary share into 4,000 ordinary shares 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 (FY2012 vs. FY2011)

8.1 (a) Income and Expenses

Our Group recorded revenue, gross profit and net profit of US$78.8 million, US$36.2 million and US$19.2 million respectively, for the twelve months ended 31 December 2012 ("**FY2012**"). Our Group recorded net profit of US$19.2 million for FY2012, compared with US$14.4 million in the twelve months ended 31 December 2011 ("**FY2011**").

This was mainly due to increases in revenue and gross profit of US$9.5 million and US$9.6 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 and lower corresponding costs due to lower average strip ratio from our BEK Mining Concession as compared to that of our coal cooperation contracts in FY2011.

The increase in gross profit, together with the decrease in finance costs of US$0.5 million in FY2012, was partially offset by (i) an increase in employee related expenses of US$1.0 million in line with our business expansion and conversion to a public company; (ii) listing expenses of US$2.1 million; and (iii) an increase in tax expense of US$2.5 million.

As a result of the aforementioned, net profit increased by US$4.8 million from US$14.4 million in FY2011 to US$19.2 million in FY2012.

8.1 (b) Revenue

Our Group's revenue increased by US$9.6 million from US$69.2 million in FY2011 to US$78.8 million in FY2012, mainly due to an increase in coal sales by 0.7 million tonnes from 0.9 million tonnes in FY2011 to 1.6 million tonnes in FY2012 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 partially offset by the decrease in average selling price of coal by US$26.9 per tonne from US$73.4 per tonne in FY2011 to US$46.5 per tonne in FY2012. The decrease in average selling price of coal was mainly due to the lower average calorific value of coal produced from our BEK Mine as compared to coal sales under our coal cooperation contracts.

8.1 (c) Gross Profit and Gross Profit Margin

Our Group's gross profit increased by US$9.5 million, from US$26.7 million in FY2011 to US$36.2 million in FY2012, in line with the increase in revenue and an increase in gross profit margin.

Gross profit margin increased by 7.5 percentage points from 38.5% in FY2011 to 46.0% in FY2012. The increase in gross profit margin despite the lower average selling price of coal was mainly due to the increase in production volume of 0.7 million tonnes from 0.8 million tonnes in FY2011 to 1.5 million tonnes in FY2012 with a less than proportionate increase in costs as our average strip ratio decreased from 16.4 in FY2011 to 7.8 in FY2012.

8.1 (d) Other Income

Other income mainly relates to foreign exchange gain and interest income. Other income increased by US$0.1 million from US$0.3 million in FY2011 to US$0.4 million in FY2012 mainly due to an increase in interest income from the placement of unutilised IPO proceeds in short-term fixed deposits.

8.1 (e) General and Administrative Expenses

General and administrative expenses increased by US$1.1 million, from US$5.2 million in FY2011 to US$6.3 million in FY2012. The increase was mainly due to higher employee related expenses of US$1.0 million in line with our business expansion and conversion to a public company.

8.1 (f) Other Expenses

Other expenses increased by US$1.8 million, from US$0.5 million in FY2011 to US$2.3 million in FY2012. The increase was mainly due to one-off listing expenses of US$2.1 million incurred in connection with the IPO in FY2012.

8.1 (g) Finance Costs

Finance costs decreased by US$0.4 million, from US$1.9 million in FY2011 to US$1.5 million in FY2012, mainly due to a decrease in interest expenses on finance leases and bank borrowing of US$1.0 million, partially offset by an increase in the imputed interest arising from convertible loans of US$0.5 million.

8.1 (h) Profit Before Income Tax

Profit before income tax increased by US$7.2 million from US$19.3 million in FY2011 to US$26.5 million in FY2012, mainly due to an increase in gross profit partially offset by increases in general and administrative expenses and the one-off listing expenses in connection with the IPO.

8.1 (i) Other Comprehensive Income

Other comprehensive income consists of exchange differences on translating the financial statements of entities from their functional currency to the Group's presentation currency. The increase by US$3.9 million from US$0.6 million in FY2011 to US$4.5 million in FY2012 was mainly due to the depreciation of IDR against USD.

8.2 Income Statement (4Q2012 vs. 4Q2011)

8.2 (a) Income and Expenses

Our Group recorded revenue, gross profit and net profit of US$19.6 million, US$12.8 million and US$6.9 million respectively for the fourth quarter ended 31 December 2012 ("**4Q2012**"). Our Group recorded net profit of US$6.9 million for 4Q2012, compared with US$3.1 million for the fourth quarter ended 31 December 2011 ("**4Q2011**").

This was mainly due to increases in revenue and gross profit of US$4.0 million and US$5.9 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 and lower corresponding costs due to lower average strip ratio from our BEK Mining Concession as compared to that of our coal cooperation contracts in 4Q2011.

The increase in gross profit together with the decreases in (i) foreign exchange loss of US$0.3 million; and (ii) finance costs of US$0.1 million, were partially offset by the increases (i) IPO listing expense of US$0.8 million and (ii) tax expense of US$1.8 million.

As a result of the aforementioned, net profit increased by US$3.8 million from US$3.1 million in 4Q2011 to US$6.9 million in 4Q2012.

8.2 (b) **Revenue**

Our Group's revenue increased by US$4.0 million from US$15.6 million in 4Q2011 to US$19.6 million in 4Q2012, mainly due to the increase in coal sales by 0.3 million tonnes from 0.2 million tonnes in 4Q2011 to 0.5 million tonnes in 4Q2012, notwithstanding the decrease in average selling price of coal by US$52.9 from US$80.6 in 4Q2011 to US$27.7 in 4Q2012. The decrease in average selling price of coal was mainly due 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 increased by US$5.8 million, from US$7.0 million in 4Q2011 to US$12.8 million in 4Q2012, in line with the increase in revenue and an increase in gross profit margin.

Gross profit margin increased by 20.9 percentage points from 44.6% in 4Q2011 to 65.5% in 4Q2012. The increase in gross profit margin despite the lower average selling price of coal was due mainly to the increase in production volume of 0.3 million tonnes from 0.2 million tonnes in 4Q2011 to 0.5 million tonnes in 4Q2012 with a less than proportionate increase in costs as our average strip ratio decreased from 14.4 in 4Q2011 to 2.8 in 4Q2012.

8.2 (d) **Other Income**

Other income mainly relates to foreign exchange gain and interest income. The decrease from 4Q2011 to 4Q2012 is marginal.

8.2 (e) **General and Administrative Expenses**

General and administrative expenses decreased by US$0.1 million, from US$2.0 million in 4Q2011 to US$1.9 million in 4Q2012. The decrease was mainly due to the recognition of 9M2011's under provision of retirement benefit obligations of US$0.1 million in Q42011.

8.2 (f) **Other Expenses**

Other expenses mainly relate to foreign exchange loss and loss on disposal of property, plant and equipment and IPO listing expenses. Other expenses increased by US$0.5 million from US$0.7 million in 4Q2011 to US$1.2 million in 4Q2012 mainly due to the increase in IPO listing expense of US$0.8 million, partially offset by a decrease in foreign exchange loss of US$0.3 million.

8.2 (g) **Finance Costs**

Finance costs decreased by US$0.1 million, from US$0.3 million in 4Q2011 to US$0.2 million in 4Q2012, mainly due to a decrease in interest expenses on finance leases of US$0.1 million.

8.2 (h) **Profit Before Income Tax**

Profit before income tax increased by US$5.5 million from US$4.2 million in 4Q2011 to US$9.7 million in 4Q2012, mainly due to an increase in gross profit.

8.2 (i) **Other Comprehensive Income**

Other comprehensive income consists of exchange differences on translating the financial statements of the entities from their functional currency to the Group's presentation currency. The increase of US$0.1 million from US$0.7 million to US$0.8 million mainly arose from the depreciation of IDR against USD in 4Q2012.

8.3 Statement of Financial Position (Group)

Our Group's total equity increased by US$97.0 million, from US$26.7 million as at 31 December 2011 to US$123.7 million as at 31 December 2012. The increase reflected our Group's profit in FY2012, issuance of shares in connection with the IPO and conversion of convertible loans into shares.

8.3 (a) Current Assets

Our Group's current assets increased by US$70.1 million, from US$8.3 million as at 31 December 2011 to US$78.4 million as at 31 December 2012. The increase was mainly due to increases in (i) cash and cash equivalents of US$64.9 million; (ii) inventory of US$0.2 million; (iii) trade and other receivables of US$3.6 million; and (iv) prepayments of US$1.4 million. The increase in cash was mainly due to the unutilised IPO proceeds.

8.3 (b) Non-current Assets

Our Group's non-current assets decreased by US$6.0 million, from US$82.6 million as at 31 December 2011 to US$76.6 million as at 31 December 2012. The decrease was mainly due to a decrease in property, plant and equipment of US$8.3 million, partially offset by an increase in prepayments of US$1.8 million and deferred tax assets of US$0.8 million.

The decrease in property, plant and equipment was due mainly to (i) depreciation, and (ii) foreign exchange translation loss arising from the depreciation of IDR against USD, partially offset by additions of property, plant and equipment.

8.3 (c) Current Liabilities

Our Group's current liabilities decreased by US$9.3 million, from US$28.3 million as at 31 December 2011 to US$19.0 million as at 31 December 2012. The decrease was mainly due to the decreases in (i) trade and other payables of US$5.7 million arising from decrease in advances from customer of US$3.2 million as well as settlement of other payables of US$2.7 million in relation to the purchase of heavy equipment; (ii) finance leases of US$4.8 million; and (iii) repayment of loans and amounts due to related parties of US$6.5 million.

The decrease was partially offset by reclassification of amount due to a related party from non-current liabilities to current liabilities in respect of payment due in FY2013 of US$7.8 million.

8.3 (d) Non-Current Liabilities

Our Group's non-current liabilities decreased by US$23.6 million, from US$35.9 million as at 31 December 2011 to US$12.3 million as at 31 December 2012. The decrease was mainly due to the (i) conversion of convertible loans of US$15.1 million into share capital of our Company; (ii) translation gain on amount due to a related party and reclassification of the portion payable in FY2013 from non-current liabilities to current liabilities of US$8.8 million in total (iii) decrease in finance leases of US$0.8 million; and (iv) decrease in bank borrowing of US$0.2 million.

The decrease was partially offset by increases in (i) deferred tax liabilities of US$1.1 million; and (ii) provisions of US$0.2 million.

8.4 Statement of Financial Position (Company)

Our Company's total equity increased by US$79.1 million, from a capital deficit of US$0.1 million as at 31 December 2011 to US$79.0 million as at 31 December 2012. The increase reflected our Company's issuance of shares in connection with the IPO and conversion of convertible loans into paid-up shares in FY2012, which were partially offset by losses mainly from employee related expenses, listing expenses and convertible loans interest.

8.4 (a) Current Assets

Our Company's current assets increased by US$63.7 million, from US$2.3 million as at 31 December 2011 to US$66.0 million as at 31 December 2012. The increase was mainly due to increases in (i) cash and cash equivalents of US$62.4 million; and (ii) trade and other receivables of US$1.8 million, partially offset by the decrease in prepayments of US$0.5 million. The increase in cash was mainly due to the unutilised IPO proceeds.

8.4 (b) Non-current Assets

Our Company's non-current assets increased by US$15.2 million, from US$3.3 million as at 31 December 2011 to US$18.5 million as at 31 December 2012. The increase was mainly due to additional quasi-capital in a subsidiary.

8.4 (c) Current Liabilities

Our Company's current liabilities mainly related to bank borrowing; trade and other payables; loan from related parties and income tax payable. Current liabilities remained relatively stable as an increase in trade and other payables of US$1.4 million was mainly offset by a decrease in loans from related parties of US$1.5 million.

8.4 (d) Non-Current Liabilities

Our Company's non-current liabilities mainly consist of bank borrowing and deferred tax liabilities. Bank borrowing decreased by US$0.2 million from US$0.8 million as at 31 December 2011 to US$0.6 million as at 31 December 2012.

8.5 Cash Flow Statement (FY2012 vs. FY2011)

Our Group's net cash from operating activities in FY2012 was approximately US$21.4 million. Operating cash flows before movements in working capital was US$38.3 million and this was partially offset by cash outflows of (i) US$9.4 million made to meet our working capital requirements; (ii) income tax of US$6.8 million and (iii) retirement benefit obligations of US$0.7 million.

Net cash used in investing activities in FY2012 of US$4.9 million was mainly due to cash outflows from (i) advance payments and payments for purchase of property, plant and equipment of US$2.5 million and US$1.6 million respectively; and (ii) deferred expenditure of US$1.1 million, partially offset by cash inflows from interest received and proceeds from disposal of property, plant and equipment of US$0.3 million collectively.

Net cash from financing activities in FY2012 of US$48.1 million was mainly due to cash inflow from net proceeds from issuance of shares of US$65.7 million partially offset by cash outflow from (i) repayment of related parties' loans and balances, bank loans and finance leases of US$6.2 million, US$0.2 million and US$9.9 million respectively; (ii) restricted cash deposits of US$0.3 million; and (iii) interest paid of US$0.9 million in respect of bank borrowings and finance leases.

As a result of the aforementioned, there was a net increase of US$64.6 million in cash and cash equivalents in FY2012.

8.6 Cash Flow Statement (4Q2012 vs. 4Q2011)

Our Group's net cash from operating activities in 4Q2012 was approximately US$6.6 million. Operating cash flows before movements in working capital was US$12.1 million and this was partially offset by net cash outflows of (i) US$4.5 million made to meet our working capital requirements; and (ii) income tax of US$1.0 million.

Net cash used in investing activities in 4Q2012 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$1.7 million and US$0.5 million respectively; and (ii) deferred expenditure of US$0.5 million; partially offset by cash inflows from interest received and proceeds on disposal of property, plant and equipment of US$0.2 million in total.

Net cash from financing activities in 4Q2012 of US$59.3 million was mainly due to cash inflow from net proceeds from issuance of shares of US$65.7 million partially offset by cash outflow from (i) repayment of bank borrowing and finance leases of US$0.1 million and US$1.5 million respectively; (ii) interest paid of US$0.2 million in respect of bank borrowing and finance leases; (iii) repayment of related parties' loans and balances of US$4.7 million.

As a result of the aforementioned, there was a net increase of US$63.3 million in cash and cash equivalents in 4Q2012.

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, we noted that the Indonesian Coal Reference Price (HBA) has increased by approximately 8.5% in the last three months from US$81.44 as at 12 November 2012 to US$88.35 as at 13 February 2013[(1)] 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. In addition to the mining services contracts as well as coal sale and purchase contracts which we have recently secured, we intend to continue to enter into suitable coal mining arrangements with other third party sources to gain access to new concession areas to expand our operations. On 25 February 2013, we had entered into conditional sale and purchase agreements to purchase four mining concessions in Kutai Barat Regency, East Kalimantan. Please refer to the respective announcements for further information.

Note:
(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 financial year ended 31 December 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$187,034	NIL

14. Use of IPO Proceeds

As of the date of this announcement, the utilisation of our Group's IPO net proceeds is set out below:

Use of proceeds	Amount allocated (as disclosed in the Prospectus) (US$ 'million)	Amount utilised as at the date of this announcement (US$ 'million)	Balance of net proceeds as at the date of this announcement (US$ 'million)
Acquisition of additional mining equipment and machinery	25.0	(2.6)	22.4
Construction of jetty and barge loading facilities	2.0	-	2.0
Business expansion including acquisitions, joint ventures and/or strategic alliances	10.0	(1.0)	9.0
General working capital purposes	26.7	(5.0)*	21.7
Net proceeds	63.7	(8.6)	55.1

Note:

* The cash was used to satisfy the upfront payment in relation to a mining cooperation agreement.

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Geographical segments

The Group revenue segmented by geographical location is set out below:

Revenue	**FY2012** **US$** **(Unaudited)**	**FY2011** **US$** **(Audited)**
Based on location of customer		
Republic of Indonesia	63,034,916	50,596,927
South Korea	14,065,667	-
People's Republic of China	1,664,230	15,450,100
Republic of Singapore	-	3,198,986
Total	78,764,813	69,246,013

The Group assets segmented by geographical location are set out below:

Non-current assets	**FY2012** **US$** **(Unaudited)**	**FY2011** **US$** **(Audited)**
Republic of Indonesia	73,858,911	79,872,207
Republic of Singapore	2,789,652	2,700,825
Total	76,648,563	82,573,032

Major customer information

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is set out below:

Revenue	**FY2012** **US$** **(Unaudited)**	**FY2011** **US$** **(Audited)**
Coal mining segment		
Top 1st customer	33,957,336	25,146,525
Top 2nd customer	14,065,667	15,450,100
Top 3rd customer	N.A.	8,432,593
Top 4th customer	N.A.	8,003,378

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

In FY2012, as a result of our continuous effort to broaden our customer base, we entered into coal sale contract with a new customer located in South Korea. Coal sales to the said customer was approximately US$14.1 million. In addition, coal sales to our Indonesian customers increased by approximately US$12.4 million. These increases were partly offset by a decrease in coal sales to customers located in the People's Republic of China and Singapore of approximately US$13.8 million and US$3.2 million respectively.

In FY2012, Our Group's non-current assets in Indonesia decreased by US$6.0 million due mainly to depreciation of property, plant and equipment of US$8.3 million, partially offset by increase in prepayments of US$1.8 million and deferred tax assets of US$0.8 million.

17. A breakdown of sales.

Group	FY2012 US$'000 (Unaudited)	FY2011 US$'000 (Unaudited)	% increase/ (decrease)
(a) Sales reported for first half year	45,071,215	34,006,582	33
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	9,077,936	5,779,286	57
(c) Sales reported for second half year	33,693,598	35,239,431	(4)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	10,089,151	8,661,313	17

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No dividend has been declared or recommended in respect of FY2012 and FY2011.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Yanto Melati	32	Brother of Charles Antonny Melati and Huang She Thong	Appointed in 2012 as Corporate Senior Manager. He is responsible for overseeing our Group's corporate affairs in Indonesia.	N.A.
Yanti Ng	29	Sister of Charles Antonny Melati and Huang She Thong	Appointed in 2011 as Regional Operations and Administrative Manager. She is responsible for overseeing our Group's operational and administrative matters.	N.A.
Richard Kennedy Melati	39	Brother of Charles Antonny Melati and Huang She Thong	Appointed in 2011 as Head of Fleet Management. He is responsible for overseeing and managing our Group's equipment fleet.	N.A.
Ng See Yong	34	Brother of Charles Antonny Melati and Huang She Thong	Appointed in 2012 as Head of Corporate and Human Resource. He is responsible for our Group's human resource functions and organisational development.	N.A.
Tanny	35	Brother-in-law of Charles Antonny Melati and Huang She Thong	Appointed in 2009 as Purchasing Manager. He is responsible for the purchasing functions of our Group.	N.A.
Darmin	45	Brother of Dhamma Surya	Appointed in 2011 as Head of Operations. He is responsible for overseeing our Group's business operations.	N.A.

On behalf of the Board of Directors

Charles Antonny Melati
Executive Chairman

Dhamma Surya
Chief Executive Officer

27 February 2013