



Incorporated in the Republic of Singapore on 24 May 2010  
Company registration no 2010111034Z

# Geo Energy Resources Limited Results Announcement

## Fourth Quarter and Twelve Months Ended 31 December 2017

### FORWARD LOOKING STATEMENTS

This announcement contains statements that are, or may be deemed to be, "forward looking statements" which are prospective in nature. These forward looking statements may generally be identified by the use of forward looking terminology, or the negative thereof such as "plans", "expects" or "does not expect", "is expected", "seeks", "continues", "assumes", "is subject to", "budget", "scheduled", "estimates", "aims", "forecasts", "risks", "intends", "positioned", "predicts", "projects", "anticipates" or "does not anticipate", or "believes", or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, assumptions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy, any of which could prove to be inaccurate. By their nature, forward looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of Geo Energy Resources Limited ("Geo Energy"). Forward looking statements are not guarantees of future performance and may and often do differ materially from actual results. Important factors that could cause these uncertainties include, but are not limited to, those discussed in Geo Energy's Annual Report 2016 and/or the offering memorandum dated 27 September 2017 in relation to the US\$300 million 8.00% senior notes due 2022 offering by Geo Coal International Pte. Ltd., a wholly-owned subsidiary of Geo Energy. Neither Geo Energy nor any of its associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this announcement. Other than in accordance with its legal or regulatory obligations (including under the listing rules of the Singapore Exchange Securities Trading Limited), Geo Energy is not under any obligation and Geo Energy and its affiliates expressly disclaim any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This announcement shall not, under any circumstances, create any implication that there has been no change in the business or affairs of Geo Energy since the date of this announcement or that the information contained herein is correct as at any time subsequent to its date. No statement in this announcement is intended as a profit forecast or a profit estimate. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this announcement does not constitute a recommendation regarding any securities.

# Results Review and Strategy Update

## Fourth Quarter and Twelve Months Ended 31 December 2017



### **Geo Energy announced record revenue of US\$316.3 million, underlying net profit of US\$47.6 million and cash profit US\$99.9 million**

**1 March 2018**

Our Group is encouraged by the continued improvement in our financial performance in 2017 as we recorded the highest revenue of US\$316.3 million and underlying net profit of US\$47.6 million in 2017 since its public listing in 2012.

Coal sales hit a new record of 7.7 million tonnes of coal in line with our revised target of 7-8 million tonnes of coal for 2017. The Group generated cash profit of US\$99.9 million and paid US\$18.6 million in dividends as cash returns to shareholders in 2017.

With the coal production of TBR starting in the year and a strong balance sheet (with a total cash of US\$265.8 million as of 31 December 2017 to invest in new coal assets and businesses and for working capital), we are positive that we are able to drive further improvements in productivity and deliver stronger cash profits to enhance our shareholder returns going forward. Our aim is to become one of the top ten coal producers in Indonesia

#### **2017 HIGHLIGHTS**

- SDJ coal shipments were 2.1 million tonnes in the fourth quarter and shipments for 2017 were 7.6 million tonnes.
- Quarterly coal production of 2.1 million tonnes was 16 percent lower than the corresponding quarter of 2016 due to temporary limitations of coal holding area at the jetty in 4Q2017, but 9 percent higher than the preceding quarter as weather conditions improved.
- Cash profit for 4Q2017 averaged at US\$12 per tonne (3Q2017: US\$11 per tonne; 4Q2016: US\$14 per tonne) against the average selling price of US\$43 per tonne for 4,200 GAR, giving a cash profit margin of 28 percent.

- Average production cash costs increased from US\$28 per tonne in 3Q2017 to US\$32 per tonne in 4Q2017, mainly due to increase in production costs at the SDJ mine (as some of the mining costs were pegged to the Indonesia Coal Index ("ICI")) and exceptional items (allowance for BEK inventory written down value and a one-off additional assessment on mining royalties for prior years). Excluding exceptional items, average production cash costs for 4Q2017 was US\$30 per tonne. Overall, the average production cash cost for 2017 was US\$28 per tonne. Mining strip ratio was maintained at 3.4 times.
- On 4 October 2017, the Group issued a US\$300 million senior unsecured note (the "Senior Notes" or the "Notes") to early repay its S\$100 million MTN due on 18 January 2018.
- Geo Energy paid out dividends of 2 SG Cents in 2017 to shareholders.

We continue to remain focused on several strategic objectives:

- Generating profitability and growth in our business;
- Reducing or maintaining our fixed cost base and creating operational leverage;
- Strengthening our capital position;
- Return value to shareholders; and
- Resolving our legacy issues.

We have made good progress on all these fronts during the year.

All these developments did not come without a fair share of less than favourable circumstances. 2017 saw coal price going up to a high of US\$47 per tonne but also went down to as low as US\$36 per tonne. Our coal mining operations in 2Q2017 and 3Q2017 were affected by the highest rainfall in five years in Kalimantan, with part of our mining pit flooded and sliding experienced in one of our dumping grounds. This tested the resilience and reliability of PT Bukit Makmur Mandiri Utama ("BUMA"), our mining contractor, to continue mining under adverse conditions.

We are proud of the work that our team, BUMA, Engelhart CTP (Singapore) Pte. Ltd. ("ECTP") (our coal off-taker for our SDJ coal mine), and all are doing to make Geo Energy a company to be recognised as a major top coal producer in Indonesia and a major mining company listed on the Singapore Exchange ("SGX"). Today, we are included in the SGX FTSE Index and are recognised by the awards given to the Company by the Singapore Business Review and the inaugural Charger in recognition of the Group's performance.

Our market capitalisation increased 29% to S\$352 million as of 31 December 2017 compared to S\$273 million as of 31 December 2016. Including our dividends paid to shareholders in 2017 of S\$0.02 per share and the share price increase, the total shareholders return in 2017 was 27%. Similarly, for our bondholders, the price of our Senior Note has performed well since its issuance and has been mostly trading above par, and to as high as US\$102.

We have signed the 2018 offtake and prepayment of US\$40 million with ECTP in December 2017 for SDJ and are currently negotiating with BUMA and various parties on the offtake and prepayment and the start of the TBR mine production in 2018.

We expect the company's near-term growth to be driven mainly by the upcoming start of TBR, which should increase our group's total production volume to 11-12 million tonnes. At the same time, we are working on new investments and acquisition of coal assets to strengthen our portfolio and drive growth in the longer-term.



Tung Kum Hon  
Chief Executive Officer/Director

## Unaudited Financial Statements Announcement for the Fourth Quarter and Twelve Months Ended 31 December 2017

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017

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			Group		
	3 months ended 31.12.2017 US\$ (Unaudited)	3 months ended 31.12.2016 US\$ (Unaudited)	% Change	12 months ended 31.12.2017 US\$ (Unaudited)	12 months ended 31.12.2016 US\$ (Audited)	% Change
<b>Continuing operations</b>						
Revenue	92,826,636	91,949,972	1	316,303,055	182,108,648	74
Cost of sales	(74,870,104)	(64,260,440)	17	(237,881,571)	(140,189,931)	70
<b>Gross profit</b>	<b>17,956,532</b>	<b>27,689,532</b>	<b>(35)</b>	<b>78,421,484</b>	<b>41,918,717</b>	<b>87</b>
Other income	1,768,332	2,281,166	(22)	3,526,804	9,345,290	(62)
General and administration expenses	(3,780,023)	(3,418,249)	11	(11,566,069)	(8,154,370)	42
Other expenses	(1,691,468)	(1,973,748)	(14)	(5,383,543)	(2,394,457)	125
Finance costs	(8,841,654)	(1,439,044)	514	(12,734,876)	(6,047,015)	111
<b>Profit before income tax</b>	<b>5,411,719</b>	<b>23,139,657</b>	<b>(77)</b>	<b>52,263,800</b>	<b>34,668,165</b>	<b>51</b>
Income tax expense	(1,987,487)	(8,468,960)	(77)	(15,586,063)	(11,130,932)	40
<b>Profit for the period/year from continuing operations</b>	<b>3,424,232</b>	<b>14,670,697</b>	<b>(77)</b>	<b>36,677,737</b>	<b>23,537,233</b>	<b>56</b>
<b>Discontinued Operation</b>						
Loss for the year from discontinued operation	-	-	nm	-	(1,348,045)	(100)
<b>Profit for the period/year</b>	<b>3,424,232</b>	<b>14,670,697</b>	<b>(77)</b>	<b>36,677,737</b>	<b>22,189,188</b>	<b>65</b>
Other comprehensive income, net of tax:						
Items that may be subsequently reclassified to profit or loss:						
- Exchange differences on translation of foreign operations	(599,653)	1,300,685	nm	(2,745,389)	4,708,823	nm
Items that will not be subsequently reclassified to profit or loss:						
- Remeasurement of defined benefit obligations	(223,298)	(13,437)	nm	(223,298)	(13,437)	nm
<b>Total comprehensive income</b>	<b>2,601,281</b>	<b>15,957,945</b>	<b>(84)</b>	<b>33,709,050</b>	<b>26,884,574</b>	<b>25</b>

nm – not meaningful

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

	Group			Group		
	3 months ended 31.12.2017 US\$ (Unaudited)	3 months ended 31.12.2016 US\$ (Unaudited)	% Change	12 months ended 31.12.2017 US\$ (Unaudited)	12 months ended 31.12.2016 US\$ (Audited)	% Change
<b>Profit (loss) attributable to:</b>						
Owners of the Company	3,442,679	14,707,515	(77)	36,685,787	22,199,316	65
Non-controlling interests	(18,447)	(36,818)	(50)	(8,050)	(10,128)	(21)
	<b>3,424,232</b>	<b>14,670,697</b>	<b>(77)</b>	<b>36,677,737</b>	<b>22,189,188</b>	<b>65</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	2,633,831	15,996,941	(84)	33,741,943	26,900,233	25
Non-controlling interests	(32,550)	(38,996)	(17)	(32,893)	(15,659)	110
	<b>2,601,281</b>	<b>15,957,945</b>	<b>(84)</b>	<b>33,709,050</b>	<b>26,884,574</b>	<b>25</b>

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

	Group			Group		
	3 months ended 31.12.2017 US\$ (Unaudited)	3 months ended 31.12.2016 US\$ (Unaudited)	% Change	12 months ended 31.12.2017 US\$ (Unaudited)	12 months ended 31.12.2016 US\$ (Audited)	% Change
<b>Continuing operations</b>						
Interest income	(1,266,221)	(82,917)	nm	(1,538,591)	(127,662)	nm
Gain on disposal of subsidiaries	-	-	nm	-	(4,962,232)	(100)
(Gain) loss on disposal of property, plant and equipment (net)	(17,918)	2,088	nm	(35,444)	(28,972)	22
Foreign exchange (gain) loss (net)	(484,193)	(2,547,109)	(81)	2,046,628	(1,951,573)	nm
Interest expense	8,841,654	1,439,044	514	12,734,876	6,047,015	111
Allowance for inventory written down value	748,703	-	nm	748,703	-	nm
Allowance for doubtful debt	-	150,033	nm	-	150,033	nm
Bad debt written off	745,624	-	nm	746,331	-	nm
Depreciation of property, plant and equipment	5,199,449	4,886,418	6	16,206,411	11,707,956	38
Amortisation of deferred stripping costs	565,085	330,935	71	2,003,437	330,935	505
Share-based payment expense	495,570	-	nm	495,570	-	nm
Fair value gain on investment property	-	(20,255)	(100)	-	(20,255)	(100)
Other expenses arising from participation in Tax Amnesty	-	809,593	(100)	-	809,593	(100)
Loss on financial asset carried at amortised cost	131,272	721,350	(82)	131,272	721,350	(82)
<b>Discontinued operation</b>						
Interest income	-	-	nm	-	(672)	(100)
Foreign exchange gain	-	-	nm	-	(920,105)	(100)
Gain on disposal of property, plant and equipment	-	-	nm	-	(3,426)	(100)
Loss on disposal of a discontinued operation	-	-	nm	-	1,267,291	(100)
Interest expense	-	-	nm	-	823,020	(100)
Depreciation of property, plant and equipment	-	-	nm	-	827,028	(100)

nm - 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	
	31.12.2017 US\$ (Unaudited)	31.12.2016 US\$ (Audited)	31.12.2017 US\$ (Unaudited)	31.12.2016 US\$ (Audited)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	265,770,740	67,703,681	40,574,203	53,417,879
Trade and other receivables	50,855,857	103,493,933	45,141,410	74,659,464
Deposits and prepayments	22,066,330	7,415,552	190,185	194,271
Inventory	7,677,179	8,890,420	-	-
<b>Total current assets</b>	<b>346,370,106</b>	<b>187,503,586</b>	<b>85,905,798</b>	<b>128,271,614</b>
<b>Non-current assets</b>				
Restricted cash deposits	4,146,072	590,254	-	-
Deposits and prepayments	5,993,338	4,477,510	91,978	82,285
Investment in subsidiaries	-	-	185,877,305	98,024,126
Deferred stripping costs	7,936,884	9,940,321	-	-
Property, plant and equipment	181,599,647	102,529,077	114,448	134,882
Investment property	-	542,572	-	-
Deferred tax assets	3,747,651	3,347,593	11,272	263,418
Other non-current asset	153,698	143,263	153,698	143,263
<b>Total non-current assets</b>	<b>203,577,290</b>	<b>121,570,590</b>	<b>186,248,701</b>	<b>98,647,974</b>
<b>Total assets</b>	<b>549,947,396</b>	<b>309,074,176</b>	<b>272,154,499</b>	<b>226,919,588</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	92,180,890	106,899,123	166,423,237	65,929,218
Current portion of finance leases	110,273	14,718	17,825	14,718
Financial guarantee liability	-	-	1,576,536	-
Income tax payable	11,842,792	7,447,250	573,950	-
<b>Total current liabilities</b>	<b>104,133,955</b>	<b>114,361,091</b>	<b>168,591,548</b>	<b>65,943,936</b>
<b>Non-current liabilities</b>				
Finance leases	156,880	43,887	30,601	43,887
Notes payable	288,028,289	68,675,591	-	68,675,591
Provisions	1,707,800	1,335,862	101,131	90,350
Financial guarantee liability	-	-	5,930,367	-
Deferred tax liabilities	1,474,264	-	-	-
<b>Total non-current liabilities</b>	<b>291,367,233</b>	<b>70,055,340</b>	<b>6,062,099</b>	<b>68,809,828</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	95,069,461	89,670,842	95,069,461	89,670,842
Capital, revaluation and other reserve	871,762	316,251	495,570	-
Translation reserve	(12,858,989)	(18,232,460)	-	(4,464,506)
Retained earnings	70,051,598	52,681,429	1,935,821	6,959,488
<b>Equity attributable to owners of the Company</b>	<b>153,133,832</b>	<b>124,436,062</b>	<b>97,500,852</b>	<b>92,165,824</b>
Non-controlling interests	1,312,376	221,683	-	-
<b>Total equity</b>	<b>154,446,208</b>	<b>124,657,745</b>	<b>97,500,852</b>	<b>92,165,824</b>
<b>Total liabilities and equity</b>	<b>549,947,396</b>	<b>309,074,176</b>	<b>272,154,499</b>	<b>226,919,588</b>

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

	Group		Group	
	31.12.2017 US\$ Secured (Unaudited)	31.12.2017 US\$ Unsecured (Unaudited)	31.12.2016 US\$ Secured (Audited)	31.12.2016 US\$ Unsecured (Audited)
Amount repayable in one year or less, or on demand	110,273	-	14,718	-
Amount repayable after one year	156,880	288,028,289	43,887	68,675,591
	<b>267,153</b>	<b>288,028,289</b>	<b>58,605</b>	<b>68,675,591</b>

### Details of any collateral and security:

As at 31 December 2017, the Group's finance lease liabilities are secured by the leased assets, motor vehicles.

In July 2014, the Group issued Medium Term Notes ("MTN") of S\$100 million. The MTN would have matured in January 2018 and bore interest at a fixed rate of 7% per annum payable semi-annually in arrears.

On 4 October 2017, the Company's subsidiary, Geo Coal International Pte. Ltd. ("GCI") issued US\$300 million in aggregate amount of 8.0% Senior Notes due 2022. The proceeds of which was used to redeem the MTN, and the remainder will be used to make potential acquisitions of coal mining assets and for working capital purposes. The Senior Notes are listed on the SGX. They are unsecured and guaranteed by the Company and certain subsidiaries of the Group ("Financial Guarantees"). The Financial Guarantees are effectively subordinated to secure obligations of each guarantor, to the extent of the value of assets serving as security. As at 31 December 2017, the Company recognised the fair value of its Financial Guarantee of US\$7,887,000 on the statement of financial position as deemed investment in a subsidiary and a financial guarantee liability. Amortisation of the financial guarantee liability amounted to US\$380,097 was credited to the Company's profit or loss during the year.

On 13 October 2017 (the "Redemption Date"), the MTN was redeemed at 100.00% of the principal amount, together with interest accrued from (and including) the last preceding interest payment date to (but excluding) the Redemption Date. A 0.5% consent fee was paid to the MTN holders who had previously given their mandate on the waiver of non-compliance and events of default. The pledged deposit on the MTN of S\$3.5 million for the purpose of securing its interest payment obligations had been released.

Please refer to the relevant announcements.

**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		Group	
	3 months ended 31.12.2017	3 months ended 31.12.2016	12 months ended 31.12.2017	12 months ended 31.12.2016
	US\$ (Unaudited)	US\$ (Unaudited)	US\$ (Unaudited)	US\$ (Audited)
<b>Operating activities</b>				
<b>Profit before income tax (Note A)</b>	<b>5,411,719</b>	<b>23,139,657</b>	<b>52,263,800</b>	<b>33,108,440</b>
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	5,199,449	4,886,418	16,206,411	12,534,984
Amortisation of deferred stripping costs	565,085	330,935	2,003,437	330,935
(Gain) loss on disposal of property, plant and equipment	(17,918)	2,088	(35,444)	(32,398)
Gain on sale and leaseback of property, plant and equipment	-	-	-	(19,637)
Fair value gain on investment property	-	(20,255)	-	(20,255)
Loss on financial asset carried at amortised cost	131,272	721,350	131,272	721,350
Gain on disposal of subsidiaries	-	-	-	(4,962,232)
Loss on disposal of discontinued operation	-	-	-	1,267,291
Share-based payment expense	495,570	-	495,570	-
Allowance for inventory written down value	748,703	-	748,703	-
Allowance for doubtful debt	-	150,033	-	150,033
Bad debt written off	745,624	-	746,331	-
Other expenses arising from participation in Tax Amnesty	-	809,593	-	809,593
Interest expense	8,841,654	1,439,044	12,734,876	6,870,035
Interest income	(1,266,221)	(82,917)	(1,538,591)	(128,334)
Retirement benefit obligations	(206,454)	172,863	26,024	365,483
Net foreign exchange (gains) losses	(528,128)	(3,470,935)	2,234,454	(2,818,494)
<b>Operating cash flows before movements in working capital:</b>	<b>20,120,355</b>	<b>28,077,874</b>	<b>86,016,843</b>	<b>48,176,794</b>
Trade and other receivables	(17,102,585)	(8,231,484)	(14,873,796)	(70,813,000)
Deposits and prepayments	11,134,782	16,437,880	(14,564,695)	(5,039,305)
Inventories	868,887	1,772,629	1,257,758	(3,116,096)
Trade and other payables	10,401,677	14,148,742	(1,573,542)	100,383,827
<b>Cash generated from operations</b>	<b>25,423,116</b>	<b>52,205,641</b>	<b>56,262,568</b>	<b>69,592,220</b>
Income tax paid	(1,678,264)	(2,638,509)	(10,079,831)	(2,641,005)
Income tax refund	-	93,329	114,387	2,360,537
Retirement benefit obligation paid	(3,003)	-	(3,003)	(489)
<b>Net cash from operating activities</b>	<b>23,741,849</b>	<b>49,660,461</b>	<b>46,294,121</b>	<b>69,311,263</b>
<b>Investing activities</b>				
Interest received	1,307,492	10,485	1,489,898	33,795
Acquisition (disposal) of subsidiaries	-	-	18,696	(95,198)
Write-back (addition) to deferred stripping costs	-	949,137	-	(8,824,784)
Advance payments for purchase of property, plant and equipment	(17,141)	-	(37,941)	(46,352)
Deferred payment for acquisition of property, plant and equipment	-	-	(4,482,388)	-
Purchase of property, plant and equipment	(233,608)	(378,664)	(30,349,909)	(231,705)
Proceeds from disposal of property, plant and equipment	36,590	23,321	131,783	153,155
Proceeds from disposal of investment property	-	-	-	2,860,585
Purchase of other non-current asset	-	-	-	(22,990)
<b>Net cash from (used in) investing activities</b>	<b>1,093,333</b>	<b>604,279</b>	<b>(33,229,861)</b>	<b>(6,173,494)</b>
<b>Financing activities</b>				
Net decrease in deposits pledged	2,788,869	-	2,620,114	-
Increase in restricted cash deposits	(2,059,315)	-	(3,555,818)	-
Interest paid	(1,783,090)	-	(6,800,052)	(5,906,141)
Dividend paid	(9,836,995)	-	(18,599,684)	-
Proceeds from issuance of Senior Notes, net of transaction costs	287,284,267	-	287,284,267	-
Early redemption of MTN	(74,250,074)	-	(74,250,074)	-
Repayment of obligations under finance leases	(27,031)	(2,656)	(81,256)	(1,967,077)
<b>Net cash from (used in) financing activities</b>	<b>202,116,631</b>	<b>(2,656)</b>	<b>186,617,497</b>	<b>(7,873,218)</b>



	Group		Group	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	US\$	US\$	US\$	US\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Net increase in cash and cash equivalents</b>	<b>226,951,813</b>	<b>50,262,084</b>	<b>199,681,757</b>	<b>55,264,551</b>
Cash and cash equivalents at beginning of the period/year	35,510,272	12,549,296	62,761,457	7,421,269
Effect of exchange rate changes on the balance held in foreign currencies	638	(49,923)	19,509	75,637
<b>Cash and cash equivalents at end of the period/year (Note B)</b>	<b>262,462,723</b>	<b>62,761,457</b>	<b>262,462,723</b>	<b>62,761,457</b>
<b>Note A</b>				
Profit (loss) before income tax:				
Continuing operations	5,411,719	23,139,657	52,263,800	34,668,165
Discontinued operation	-	-	-	(1,559,725)
	<b>5,411,719</b>	<b>23,139,657</b>	<b>52,263,800</b>	<b>33,108,440</b>
<b>Note B</b>				
Cash on hand and at banks	262,462,723	62,757,211	262,462,723	62,757,211
Deposits	3,308,017	4,946,470	3,308,017	4,946,470
Cash and bank balances	265,770,740	67,703,681	265,770,740	67,703,681
Restricted cash deposits (non-current)	4,146,072	590,254	4,146,072	590,254
	269,916,812	68,293,935	269,916,812	68,293,935
Less: Deposits pledged	(3,308,017)	(4,942,224)	(3,308,017)	(4,942,224)
Less: Restricted cash deposits (non-current)	(4,146,072)	(590,254)	(4,146,072)	(590,254)
<b>Cash and cash equivalents</b>	<b>262,462,723</b>	<b>62,761,457</b>	<b>262,462,723</b>	<b>62,761,457</b>

**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**

<b>Group</b>	<b>Share capital US\$</b>	<b>Capital, revaluation and other reserve US\$</b>	<b>Translation reserve US\$</b>	<b>Retained earnings US\$</b>	<b>Equity attributable to owners of the Company US\$</b>	<b>Non- controlling interests US\$</b>	<b>Total US\$</b>
Balance at 1.1.2017 (audited)	89,670,842	316,251	(18,232,460)	52,681,429	124,436,062	221,683	124,657,745
Profit for the period	-	-	-	33,243,108	33,243,108	10,397	33,253,505
Other							
comprehensive income for the period	-	-	(2,134,996)	-	(2,134,996)	(10,740)	(2,145,736)
Transactions with owners, recognised directly in equity:							
Share issuance	13,000,000	-	-	-	13,000,000	-	13,000,000
Dividend	-	-	-	(8,762,689)	(8,762,689)	-	(8,762,689)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	1,123,586	1,123,586
Effects arising from acquisition of subsidiaries	-	59,941	-	-	59,941	-	59,941
<b>Balance at 30.9.2017 (unaudited)</b>	<b>102,670,842</b>	<b>376,192</b>	<b>(20,367,456)</b>	<b>77,161,848</b>	<b>159,841,426</b>	<b>1,344,926</b>	<b>161,186,352</b>
Profit for the period	-	-	-	3,442,679	3,442,679	(18,447)	3,424,232
Other							
comprehensive income for the period	(7,601,381)	-	7,508,467	(715,934)	(808,848)	(14,103)	(822,951)
Transactions with owners, recognised directly in equity:							
Deemed capital contribution (*)	-	495,570	-	-	495,570	-	495,570
Dividend	-	-	-	(9,836,995)	(9,836,995)	-	(9,836,995)
<b>Balance at 31.12.2017 (unaudited)</b>	<b>95,069,461</b>	<b>871,762</b>	<b>(12,858,989)</b>	<b>70,051,598</b>	<b>153,133,832</b>	<b>1,312,376</b>	<b>154,446,208</b>

\* Other reserve pertains to deemed capital contribution by Master Resources International Limited ("MRIL"), the substantial shareholder of the Company for issuance of shares to a director (and also Chief Executive Officer ("CEO")) of the Company, as share-based payment.

Group	Share capital US\$	Capital, revaluation and 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 1.1.2016 (audited)	86,170,842	790,737	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
Profit for the period	-	-	-	7,491,801	7,491,801	26,690	7,518,491
Other comprehensive income for the period	-	(776,632)	3,425,840	776,632	3,425,840	(3,353)	3,422,487
Transactions with owners, recognised directly in equity: Issue of share	3,500,000	-	-	-	3,500,000	-	3,500,000
Effects of disposal of subsidiaries	-	(14,349)	-	-	(14,349)	-	(14,349)
<b>Balance at 30.9.2016 (unaudited)</b>	<b>89,670,842</b>	<b>(244)</b>	<b>(19,520,974)</b>	<b>37,987,351</b>	<b>108,136,975</b>	<b>260,679</b>	<b>108,397,654</b>
Profit for the period	-	-	-	14,694,078	14,694,078	(36,818)	14,657,260
Other comprehensive income for the period	-	-	1,288,514	-	1,288,514	(2,178)	1,286,336
Transactions with owners, recognised directly in equity: Participation in Tax Amnesty Programme	-	316,495	-	-	316,495	-	316,495
<b>Balance at 31.12.2016 (audited)</b>	<b>89,670,842</b>	<b>316,251</b>	<b>(18,232,460)</b>	<b>52,681,429</b>	<b>124,436,062</b>	<b>221,683</b>	<b>124,657,745</b>

Company	Share capital US\$	Capital and other reserve US\$	Revaluation reserve US\$	Translation reserve US\$	Retained earnings US\$	Total US\$
Balance at 1.1.2017 (audited)	89,670,842	-	-	(4,464,506)	6,959,488	92,165,824
Profit for the period	-	-	-	-	14,050,179	14,050,179
Other comprehensive income for Transactions with owners, recognised directly in equity: Share issuance	13,000,000	-	-	-	-	13,000,000
Dividend	-	-	-	-	(8,762,689)	(8,762,689)
<b>Balance at 30.9.2017 (unaudited)</b>	<b>102,670,842</b>	<b>-</b>	<b>-</b>	<b>(6,448,581)</b>	<b>12,246,978</b>	<b>108,469,239</b>
Loss for the period	-	-	-	-	(474,162)	(474,162)
Other comprehensive income for the period	(7,601,381)	-	-	6,448,581	-	(1,152,800)
Transactions with owners, recognised directly in equity: Dividend	-	-	-	-	(9,836,995)	(9,836,995)
Deemed capital contribution	-	495,570	-	-	-	495,570
<b>Balance at 31.12.2017 (unaudited)</b>	<b>95,069,461</b>	<b>495,570</b>	<b>-</b>	<b>-</b>	<b>1,935,821</b>	<b>97,500,852</b>

Company	Share capital US\$	Capital and other reserve US\$	Revaluation reserve US\$	Translation reserve US\$	Retained earnings US\$	Total US\$
Balance at 1.1.2016 (audited)	86,170,842	-	776,632	(4,324,438)	(5,981,107)	76,641,929
Profit for the period	-	-	-	-	3,260,607	3,260,607
Other comprehensive income for the period	-	-	(776,632)	(955,425)	776,632	(955,425)
Transactions with owners, recognised directly in equity:						
Issue of share capital	3,500,000	-	-	-	-	3,500,000
<b>Balance at 30.9.2016 (unaudited)</b>	<b>89,670,842</b>	<b>-</b>	<b>-</b>	<b>(5,279,863)</b>	<b>(1,943,868)</b>	<b>82,447,111</b>
Profit for the period	-	-	-	-	8,903,356	8,903,356
Other comprehensive income for the period	-	-	-	815,357	-	815,357
<b>Balance at 31.12.2016 (audited)</b>	<b>89,670,842</b>	<b>-</b>	<b>-</b>	<b>(4,464,506)</b>	<b>6,959,488</b>	<b>92,165,824</b>

**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 23 June 2017, the Company issued 117,000,000 new ordinary shares as the consideration shares for the acquisition of indirect effective equity interest of 98.73% in PT Tanah Bumbu Resources ("TBR"). The consideration shares are subject to a 3-year moratorium from the date of issue. The moratorium imposed on the consideration shares was lifted on 7 December 2017. Please refer to the relevant announcement.

As at 31 December 2017, the Company's share capital comprised 1,329,273,113 shares (30 September 2017: 1,329,273,113). There were no outstanding convertibles or treasury shares as at 31 December 2017 and 31 December 2016.

**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.**

	31.12.2017	31.12.2016
Total number of issued shares (excluding treasury shares)	1,329,273,113	1,212,273,113

**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, unless otherwise stated.

**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 Group's financial statements for the current reporting period and year compared with the audited financial statements for the year ended 31 December 2016.

**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 ("FRSs") and Interpretations of Financial Reporting Standards ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. 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 and Company.

**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 dividend**

	Group		Group	
	3 months ended 31.12.2017 (Unaudited)	3 months ended 31.12.2016 (Unaudited)	12 months ended 31.12.2017 (Unaudited)	12 months ended 31.12.2016 (Audited)
<b>Earnings per share ("EPS")</b>				
Earnings for computing EPS (US\$)				
- Continuing operations	3,442,679	14,707,515	36,685,787	23,547,361
- Discontinued operation	-	-	-	(1,348,045)
Weighted average number of ordinary shares <sup>(1)</sup>	1,329,273,113	1,212,273,113	1,273,818,318	1,206,248,522
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) <sup>(2)</sup>				
- Continuing operations	0.26	1.21	2.88	1.95
- Discontinued operation	-	-	-	(0.11)
Basic and diluted EPS based on weighted average number of ordinary shares (SG cents) <sup>(3)</sup>				
- Continuing operations	0.35	1.75	3.85	2.82
- Discontinued operation	-	-	-	(0.16)

- (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 period/year.
- (2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial period/year.
- (3) Numbers were translated using the 31 December 2017 and 2016 exchange rates of 1.3369 and 1.4449 respectively

**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	
	31.12.2017 (Unaudited)	31.12.2016 (Audited)	31.12.2017 (Unaudited)	31.12.2016 (Audited)
Net Assets value (US\$)	153,133,832	124,436,062	97,500,852	92,165,824
Number of issued shares	1,329,273,113	1,212,273,113	1,329,273,113	1,212,273,113
Net asset value per ordinary share (US cents)	11.52	10.26	7.33	7.60
Net asset value per ordinary share (SG cents) <sup>(1)</sup>	15.40	14.82	9.80	10.98

(1) Numbers were translated using the 31 December 2017 and 31 December 2016 exchange rates of 1.3369 and 1.4449 respectively

**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 (4Q2017 vs. 4Q2016)**

**Revenue** from continuing operations increased by US\$0.9 million to US\$92.8 million.

The Group sold 2,088,679 tonnes of coal of 4,200 GAR ("Gross As Received") from the SDJ mine in the quarter, lower than the 2,362,207 tonnes sold in 4Q2016 (due to temporary limitations of coal holding area at the jetty), but an increase from the 1,894,667 tonnes sold in 3Q2017. The rainy season that had slowed down production in previous quarters eased up in 4Q2017. In addition, the Group also sold 69,629 tonnes of 3,600 GAR coal from the BEK mine.

The average Indonesia Coal Index ("ICI") price for 4,200 GAR increased from US\$43.08 per tonne in 3Q2017 to US\$45.69 per tonne in the quarter, an increase of US\$2.61 per tonne. As compared to 4Q2016 average index price of US\$41.95 per tonne, the average index price increased by US\$3.74 per tonne or 9%. At the same time, the average selling price of SDJ coal was US\$43.41 per tonne, an increase of US\$4.41 from the US\$39.00 per tonne in 3Q2017.

**Gross profit** was lower at US\$18.0 million, mainly due to lower sales (as mentioned earlier) and higher cost of sales due to increase in production costs at the SDJ mine (as some of the mining costs were pegged to the ICI) and a one-off additional assessment on mining royalties (which are now pegged to the Harga Batubara Acuan) for prior years ("additional mining royalties"). Excluding the one-off additional mining royalties, the Group's gross profit was US\$21.1 million.

**Cash profit for coal mining segment** was an average of US\$10.99 per tonne compared to an average of US\$10.70 per tonne in 3Q2017 and US\$13.86 per tonne in 4Q2016. The lower cash profit per tonne for the quarter was mainly due to increase in production costs at the SDJ mine and the one-off additional mining royalties. Excluding the one-off additional mining royalties, the cash profit for 4Q2017 was US\$12.43 per tonne.

<b>Group</b> (All figures in US\$'000 except as indicated)	<b>Coal mining</b>	<b>Coal trading</b>	<b>Coal mining management services</b>	<b>Total</b>
<b>Continuing operations</b>				
<b>3 months ended 31.12.2017 (unaudited)</b>				
Volume (tonnes)	2,158,308	-	-	2,158,308
Revenue	91,513	-	1,314	92,827
Cost of sales	(74,174)	-	(696)	(74,870)
Gross profit	17,339	-	618	17,957
<b>Non-cash items:</b>				
Depreciation & amortisation	5,626	-	-	5,626
Allowance for inventory written down value	749	-	-	749
	<b>23,714</b>	<b>-</b>	<b>618</b>	<b>24,332</b>
<b>Adjusted for:</b>				
One-off additional assessment on mining royalties	3,118	-	-	3,118
<b>Cash profit</b>	<b>26,832</b>	<b>-</b>	<b>618</b>	<b>27,450</b>
<b>3 months ended 30.9.2017 (unaudited)</b>				
Volume (tonnes)	1,894,667	-	-	1,894,667
Revenue	73,896	-	955	74,851
Cost of sales	(58,165)	-	(499)	(58,664)
Gross profit	15,731	-	456	16,187
Non-cash items (depreciation & amortisation)	4,541	-	-	4,541
<b>Cash profit</b>	<b>20,272</b>	<b>-</b>	<b>456</b>	<b>20,728</b>
<b>3 months ended 31.12.2016 (unaudited)</b>				
Volume (tonnes)	2,362,207	-	-	2,362,207
Revenue	91,950	-	-	91,950
Cost of sales	(64,260)	-	-	(64,260)
Gross profit	27,690	-	-	27,690
Non-cash items (depreciation & amortisation)	5,057	-	-	5,057
<b>Cash profit</b>	<b>32,747</b>	<b>-</b>	<b>-</b>	<b>32,747</b>

**Profit before income tax** of US\$5.4 million includes:

- Other income of US\$1.8 million. The decrease of US\$0.5 million was mainly due to the Group recording a lower forex gain, partially offset by increase in interest income earned on the proceeds from issuance of the Senior Notes in October 2017;
- General and administrative expenses of US\$3.8 million. The increase of US\$0.4 million was mainly due to share-based payments expense of US\$0.5 million;
- Other expenses of US\$1.7 million comprised mainly of one-off additional assessment on mining royalties for prior years for BEK. In 4Q2016, other expenses mainly comprised other expenses arising from the Group's participation in Indonesian Tax Amnesty Programme and finalisation of tax assessments. These expenses are non-recurring in nature;
- Finance costs of US\$8.8 million. The increase of US\$7.4 million was mainly due to additional interest expense on the Senior Notes on top of the MTN that was redeemed on 13 October 2017; and
- Depreciation and amortisation of US\$5.8 million. The increase of US\$0.6 million was mainly due to higher amortisation of deferred stripping costs in 4Q2017.

**Income tax expense** decreased by US\$6.5 million. Effective tax rate is 37% due to certain non-deductible expenses and adjustment recognised in current period relating to finalisation of taxes relating to prior years. Excluding these items, the Group's effective tax rate was 19%.

Overall, the Group's **profit from continuing operations** decreased by US\$11.2 million, mainly due to increase in production costs for the quarter and higher finance costs.

## **Financial performance (2017 vs. 2016)**

**Revenue** from continuing operations increased by US\$134.2 million to US\$316.3 million in 2017, mainly due to higher volume of coal shipped and increase in the average selling price of coal, as well as new revenue from coal trading and coal mining management services during the year. The Group sold 7,647,778 tonnes of coal from the SDJ mine, as compared to 5,510,723 tonnes in 2016. In addition, the Group also sold 69,629 tonnes of coal from the BEK mine. Average selling price of coal was US\$40.29 per tonne against US\$33.05 per tonne in 2016.

**Gross profit** was US\$78.4 million. Excluding depreciation and amortisation and exceptional items on BEK inventory written down and one-off additional assessment on mining royalties, totalling US\$21.5 million, the Group's cash profit was US\$99.9 million, of which US\$98.3 million was contributed by the coal mining segment.

**Cash profit for coal mining segment** was US\$12.34 per tonne in 2017 as compared with US\$9.66 per tonne in 2016, due to higher average selling price. Excluding the one-off additional mining royalties, the cash profit for coal mining segment for 2017 was US\$12.74 per tonne.

<b>Group</b> (All figures in US\$'000 except as indicated)	<b>Coal mining</b>	<b>Coal trading</b>	<b>Coal mining management services</b>	<b>Total</b>
<b>Continuing operations</b>				
<b>Year ended 31.12.2017 (unaudited)</b>				
Volume (tonnes)	7,717,407	52,250	-	7,769,657
Revenue	310,919	2,097	3,287	316,303
Cost of sales	(234,090)	(2,045)	(1,747)	(237,882)
Gross profit	76,829	52	1,540	78,421
<b>Non-cash items:</b>				
Depreciation & amortisation	17,644	-	-	17,644
Allowance for inventory written down value	749	-	-	749
	<b>95,222</b>	<b>52</b>	<b>1,540</b>	<b>96,814</b>
<b>Adjusted for:</b>				
One-off additional assessment on mining royalties	3,118	-	-	3,118
<b>Cash profit</b>	<b>98,340</b>	<b>52</b>	<b>1,540</b>	<b>99,932</b>
<b>Year ended 31.12.2016 (audited)</b>				
Volume (tonnes)	5,510,723	-	-	5,510,723
Revenue	182,109	-	-	182,109
Cost of sales	(140,190)	-	-	(140,190)
Gross profit	41,919	-	-	41,919
<b>Non-cash item:</b>				
Depreciation & amortisation	11,316	-	-	11,316
<b>Cash profit</b>	<b>53,235</b>	<b>-</b>	<b>-</b>	<b>53,235</b>

**Profit before income tax** of US\$52.3 million includes:

- Other income of US\$3.5 million. The decrease of US\$5.8 million was mainly due to decrease in forex gain, one-off gain on disposal of subsidiaries and late payment interest charged to certain debtors in 2016. Excluding these exceptional items, other income increased by US\$1.3 million, mainly from higher interest income earned on the proceeds from issuance of the Senior Notes in October 2017 and brokerage fee;
- General and administrative expenses of US\$11.6 million. The increase of US\$3.4 million was mainly due to higher staff and other administrative costs as the Group expanded its operations, share-based payment expense and professional costs incurred in the acquisition of TBR in 2017;



- Other expenses of US\$5.4 million. The increase of US\$3.0 million was mainly due to increase in forex translation loss on the monetary assets (mostly intercompany receivables) held by the Company denominated in US\$, following the appreciation of S\$ against US\$, and a one-off additional assessment on mining royalties for prior years for BEK. This was partially offset by non-recurrence of expenses arising from participation in Indonesian Tax Amnesty programme and finalisation of tax assessments in 2016. Excluding these additional expenses, other expenses increased by US\$2.8 million, mainly from the forex loss. The Company has since changed its functional currency from S\$ to US\$ (with effect from 1 December 2017) to mitigate such forex losses in the future;
- Finance costs of US\$12.7 million. The increase of US\$6.7 million was mainly due to the additional interest expense on the Senior Notes on top of the MTN that was redeemed in October 2017; and
- Depreciation and amortisation of US\$18.2 million. The increase of US\$6.2 million was due to the higher amount of coal produced and shipped in 2017.

**Income tax expense** increased by US\$4.5 million in 2017. This was in line with the increase in the Group's profit before tax. Effective tax rate was 30% due to certain non-deductible expenses and adjustment recognised in current year in relation to finalisation relating to tax of prior years. Excluding these items, the effective tax rate was 21%.

Overall, the Group's **net profit from continuing operations** increased by US\$13.1 million, mainly due to higher revenue in 2017.

#### **Underlying net profit and underlying EBITDA <sup>(1)</sup>**

In order to provide additional insight and understanding of the performance of the Group, the following sets out the underlying net profit and underlying EBITDA. The differences between profit, underlying net profit and underlying EBITDA are as below:

	<b>4Q2017</b>	<b>4Q2016</b>	<b>2017</b>	<b>2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Profit for the period/year</b>	<b>3,424</b>	14,671	<b>36,678</b>	23,537
<u>Items excluded from profit:</u>				
Impairment charges	<b>1,308</b>	150	<b>1,308</b>	150
Additional assessment on prior year's mining royalties	<b>3,602</b>	-	<b>3,602</b>	-
Share-based payment expense	<b>496</b>	-	<b>496</b>	-
Increased finance cost due to issuance of Senior Notes late in the year	<b>5,913</b>	-	<b>5,473</b>	-
Tax assessments on Indonesian Tax Amnesty Programme	-	1,514	-	1,514
Gain on disposal of subsidiaries	-	-	-	(4,962)
<b>Underlying net profit for the period/year</b>	<b>14,743</b>	16,335	<b>47,557</b>	20,239
Net interest expense	<b>1,663</b>	1,391	<b>5,724</b>	5,919
Depreciation and amortisation	<b>5,765</b>	5,217	<b>18,210</b>	12,039
Income tax	<b>600</b>	8,469	<b>14,198</b>	11,131
<b>Underlying EBITDA for the period/year</b>	<b>22,771</b>	31,412	<b>85,689</b>	49,328

(1) EBITDA represents earnings before tax, interests, depreciation and amortisation.

## 8.2 Financial Position

### Group

#### **Current Assets**

Current assets increased by US\$158.9 million to US\$346.4 million as at 31 December 2017.

Cash and bank balances increased by US\$198.1 million to US\$265.8 million as at 31 December 2017, mainly due to the proceeds from the issuance of the Senior Notes in October 2017 and receipts from coal sales, offset by interest payments and early MTN redemption totalling US\$80.7 million, payments made in relation to the acquisition of TBR of US\$30.2 million, dividends paid by the Company in May and December 2017 totalling US\$18.6 million, refundable deposits of US\$10.9 million made to jetty owners to secure the right to use the jetties for our coal export, other payments for operating expenses and tax.

Trade and other receivables of US\$50.9 million as at 31 December 2017 comprise mainly trade receivables of US\$39.5 million and non-trade receivables of US\$11.4 million. The decrease of US\$52.6 million from US\$103.5 million as of 31 December 2016 was mainly due to the transfer and assignment of trade and other receivables as part of the purchase consideration of the TBR acquisition.

Deposits and prepayments increased by US\$14.7 million to US\$22.1 million as at 31 December 2017 mainly due to refundable deposits made to jetty owners to secure the right to use the jetties for our coal export.

Inventories decreased by US\$1.2 million to US\$7.7 million as at 31 December 2017, net of impairment loss of US\$0.7 million.

#### **Non-current Assets**

Non-current assets increased by US\$82.0 million, to US\$203.6 million as at 31 December 2017, mainly due to increases in property, plant and equipment ("PPE") by US\$79.1 million on acquisition of TBR, restricted cash deposits of US\$3.6 million, deposits and prepayments by US\$1.5 million and deferred tax assets ("DTA") of US\$0.4 million. The increase was partially offset by the decrease in deferred stripping costs by US\$2.0 million due to amortisation.

#### **Current Liabilities**

Current liabilities decreased by US\$10.2 million to US\$104.1 million as at 31 December 2017, mainly due to decrease in trade and other payables of US\$14.7 million, as a result of transfer and assignment of balances as part of the remaining purchase consideration of the TBR acquisition and decrease in advance payment received from customers. The decrease was partially offset by the increase in income tax payable of US\$4.4 million.

#### **Non-current Liabilities**

Non-current liabilities increased by US\$221.3 million to US\$291.4 million as at 31 December 2017, which is mainly due to early redemption of MTN and subsequent issuance of Senior Notes in October 2017, and increases in deferred tax liabilities ("DTL") of US\$1.5 million and provisions of US\$0.4 million.

#### **Contingent Liability**

In 2016, some subsidiaries were audited by the Indonesian Tax Office ("ITO"). ITO assessed an underpayment of tax expenses of approximately US\$3.9 million (IDR53 billion) in respect of a subsidiary for capitalisation of an intercompany loan as equity.

Management has sought advice from professional tax consultants and holds the view that there is a lack of basis under the tax laws for this assessment of underpaid tax. No provision has been recognised in the financial statements as the Group does not consider that there is any probable loss.

#### **Financial Guarantee**

As at 31 December 2017, the Company and some subsidiaries have issued corporate guarantees to bondholders for Senior Notes issued of a subsidiary amounting to US\$300,000,000 (2016: US\$Nil).

### Company

#### **Current Assets**

Current assets decreased by US\$42.4 million to US\$85.9 million as at 31 December 2017, mainly due to the transfer and assignment of trade and other receivables as part of the purchase consideration of the TBR acquisition.

Current assets of US\$85.9 million as at 31 December 2017 comprise mainly cash and bank balances of US\$40.6 million, intercompany receivables of US\$42.0 million, refundable deposit of US\$3.1 million to secure the rights to use a jetty, and deposits and prepayments of US\$0.2 million.

#### **Non-current Assets**

Non-current assets comprise mainly investment in subsidiaries of US\$185.9 million. The increase of US\$87.6 million was mainly due to increases in investment of US\$87.9 million arising from the capitalisation of an intercompany receivable from a subsidiary for its investment in TBR, and recognition as a deemed investment in a subsidiary for the Financial Guarantee given to a subsidiary for its issuance of the Senior Notes.

#### **Current Liabilities**

Current liabilities increased by US\$102.6 million to US\$168.6 million as at 31 December 2017. This was mainly due to increase in intercompany payables of US\$106.0 million for the acquisition of TBR, and recognition of liability of US\$1.6 million for the Financial Guarantee, partially offset by a decrease in other payables.

#### **Working Capital**

Working capital was negative US\$82.7 million, mainly due to the increase in intercompany payables and the reductions in cash and other receivables to finance the acquisition of TBR, recognition of financial guarantee liability, payments of dividend and settlement of accrued purchase consideration for acquisition of SDJ mining concession. Based on the Group's current financial performance and financial position as at 31 December 2017 with a total cash of US\$265.8 million and positive working capital of US\$242.2 million, the Company will be able to pay its debt as and when they fall due.

#### **Non-current Liabilities**

Non-current liabilities as at 31 December 2017 comprise financial guarantee liability, DTL, provision and finance leases. The decrease of US\$62.7 million to US\$6.1 million, was mainly due to early redemption of MTN.

### **8.3 Cash Flow**

#### **Group**

#### **Cash Flow (4Q2017 vs. 4Q2016)**

Net cash from operating activities was US\$23.7 million. Operating cash flows before movements in working capital was an inflow of US\$20.1 million, mainly due to the Group's operating profit and the non-cash items. More cash was generated from our working capital, mainly due to increase in trade payables and decrease in deposits and prepayments against an increase in trade receivable from more sales transacted before the end of the year. The Group also paid US\$1.7 million of corporate tax during the period.

Net cash from investing activities of US\$1.1 million was mainly due to the higher interest earned of US\$1.3 million from the increase in cash and bank balances upon the issuance of the Senior Notes.

Cash from financing activities of US\$202.1 million was mainly due to the proceeds from issuance of Senior Notes (net of transaction costs) of US\$287.3 million, MTN early redemption of US\$74.3 million, dividend paid by the Company of US\$9.8 million and MTN interest payment of US\$1.8 million.

#### **Cash Flow (2017 vs. 2016)**

Net cash from operating activities was US\$46.3 million, as compared to US\$69.3 million in last year. Operating cash flows before movements in working capital was an inflow of US\$86.0 million, mainly due to the Group's operating profit and the non-cash items. More cash was used in working capital, mainly due to increase trade receivables on sales transacted before the end of the year and refundable deposits made to jetty owners. Income tax of US\$10.1 million was paid and US\$0.1 million of tax refund was received in 2017.

Net cash used in investing activities of US\$33.2 million was mainly due to purchase of PPE of US\$30.3 million (from the acquisition of TBR mining concession), deferred payment for acquisition of SDJ of US\$4.5 million, interest received and proceeds from disposal of PPE totalling US\$1.6 million.

Net cash from financing activities of US\$186.6 million was mainly due to the proceeds from issuance of Senior Notes (net of transaction costs) of US\$287.3 million, MTN early redemption of US\$74.3 million, dividend paid by the Company of US\$18.6 million and MTN interest payment of US\$6.5 million.

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

The Group achieved coal sales of 7.6 million tonnes from the production of the SDJ mine in 2017, meeting the projected target of 7-8 million tonnes previously shared under paragraph 10 of the Company's financial statements for the third quarter ended 30 September 2017. In addition, the Group also sold 69,629 tonnes of coal from the BEK mine.

The Group had also met its objective of refinancing its S\$100 million MTN with the successful issuance of its US\$300 million US\$ Notes on 4 October 2017. The successful issuance of the Notes, together with the early redemption of the Group's MTN, has enabled the Group to optimise its capital structure and places the Group in a position of financial strength.

**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 Price Index ("ICI") for 4,200 GAR coal has been stabilising above US\$40.00 per tonne since mid-June 2017, and has continued to stay resilient and strengthen in the second half of 2017.<sup>1</sup> The average ICI for 4,200 GAR coal was around US\$46.00 per tonne in the last quarter of 2017, with a high of US\$46.81 as at 29 December 2017. This was an increase of US\$9.56 per tonne or 25.67% over a twelve-month period, as compared to the US\$37.25 per tonne as at 6 January 2017.

In India and South-east Asia, the development of coal fired power plants will remain to be one of the easiest and most cost-effective ways to achieve their power generation targets for at least the next ten years, thereby ensuring coal demand growth. While the developed economies of China, Japan and Korea provide a base level of coal demand, the emerging economies in South-east Asia, including Indonesia's domestic consumption, provide upside demand potential. Geo Energy, producing high quality, low sulphur and low ash thermal coal which is increasingly in demand given higher environmental concern, is well positioned to benefit from this.<sup>2</sup>

The Group is currently finalising the offtake agreement and mining services contract for the TBR mine, to commence production in 2018. With the commencement of TBR, barring any unforeseen circumstances, the Group targets coal production in 2018 to be 11-12 million tonnes.

The Group will continue to explore opportunities to optimise its coal assets portfolio, by acquiring additional coal mining concessions to complement the Group's portfolio of coal mining assets or strategic collaboration with partners in joint venture coal production.

**11. If a decision regarding dividend has been made: -**

**(a) Whether an interim (final) ordinary dividend has been declared**

An interim dividend of S\$0.01 for the financial year ended 31 December 2017 was paid on 5 December 2017.

No final dividend has been declared in respect of the financial year ended 31 December 2017.

**(b)(i) Amount per share**

Name of dividend:	Interim	Final
Dividend type:	Cash	Nil
Dividend rate:	S\$0.01 per ordinary share	Nil
Paid on:	5 December 2017	Nil

<sup>1</sup> Coalspot.com – Indonesian Coal Price Index ("ICI")

<sup>2</sup> Wood Mackenzie, Indonesia coal industry summary report, 04 July 2017

**(b)(ii) Previous corresponding period**

<u>Name of dividend:</u>	<u>Interim</u>	<u>Final</u>
Dividend type:	Nil	Cash
Dividend rate:	Nil	S\$0.01 per ordinary share
Paid on:	Nil	30 May 2017

**(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**

Dividend paid was tax exempt (one-tier).

**(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 final dividend has been declared in respect of the financial year ended 31 December 2017.

**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 fourth quarter and twelve months ended 31 December 2017.

**14. 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.**

For the purpose of assessment of segment performance, our Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their sale of goods and provision of services. This forms the basis of identifying the segments of our Group under FRS 108.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

Our Group's reportable segments under FRS 108 are as follows:

<u>Segment</u>	<u>Principal Activities</u>
Coal Mining	Production and sale of coal produced from operating owned coal mines
Coal Trading	Purchase and sale of coal from third parties
Mining Services	Mining contracting and project management for mining activities conducted at third party mines

Segment revenue represents revenue generated from external. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating maker for the purpose of resource allocation and assessment of segment performance.

Group	Revenue		Gross Profit (Loss)		Net Profit (Loss)	
	12 months ended 31 December 2017	12 months ended 31 December 2016	12 months ended 31 December 2017	12 months ended 31 December 2016	12 months ended 31 December 2017	12 months ended 31 December 2016
	US\$	US\$	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Continuing operations</b>						
Coal Mining	310,918,843	182,108,648	76,828,947	41,918,717	75,124,307	41,262,567
Coal Trading	2,096,793	-	52,250	-	1,939,798	(150,033)
Mining Services	3,287,419	-	1,540,287	-	1,540,287	-
	<u>316,303,055</u>	<u>182,108,648</u>	<u>78,421,484</u>	<u>41,918,717</u>	<u>78,604,392</u>	<u>41,112,534</u>
Depreciation of property, plant and equipment					(565,856)	(722,690)
Gain on disposal of subsidiary					-	4,962,232
Share-based payment					(495,570)	-
Other gains and losses					(2,039,647)	2,794,784
Group administration costs and directors' remuneration					(10,504,643)	(7,431,680)
Finance costs					(12,734,876)	(6,047,015)
					<u>52,263,800</u>	<u>34,668,165</u>
<b>Discontinued operation</b>						
Rental Services	-	1,072,146	-	(618,786)	-	(595,723)
Depreciation of property, plant and equipment					-	(26,601)
Loss on disposal of discontinued operation					-	(1,267,291)
Other gains and losses					-	1,274,926
Group administration costs and directors' remuneration					-	(122,016)
Finance costs					-	(823,020)
					<u>-</u>	<u>(1,559,725)</u>
<b>Profit before income tax</b>					<b>52,263,800</b>	<b>33,108,440</b>
Income tax expense					(15,586,063)	(10,919,252)
<b>Profit for the year</b>					<b>36,677,737</b>	<b>22,189,188</b>

Revenue reported represents revenue generated from external customers. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' remuneration, finance costs and income tax expense.

## Geographical Information

	Group	
	12 months ended 31 December 2017 US\$ (Unaudited)	12 months ended 31 December 2016 US\$ (Audited)
Republic of Indonesia	12,817,818	14,009,819
People's Republic of China	286,801,296	143,061,916
Thailand	-	17,232,563
India	16,683,941	6,533,216
Others	-	2,343,280
<b>Total</b>	<b>316,303,055</b>	<b>183,180,794</b>

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

The Group's overall revenue increased in 2017 mainly due to higher revenue from coal production in the SDJ mining concession, driven by the increased volume of production as well as the continued increase in coal prices for ICI 4,200 GAR calorific value coal.

**16. A breakdown of sales.**

	Group		Change %
	12 months ended 31 December 2017 US\$ (Unaudited)	12 months ended 31 December 2016 US\$ (Audited)	
Sales reported for first half of year	158,229,976	33,282,602	375
Operating profit after tax before deducting non-controlling interests reported for first half year	24,648,751	1,383,285	nm
Sales reported for second half of year	158,073,079	148,826,046	6
Operating profit after tax before deducting non-controlling interests reported for second half year	12,028,986	22,153,948	(46)

nm – not meaningful

**17. Additional disclosure required for Mineral, Oil and Gas companies**

- (a) Rule 705 (7)(a) – Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred in those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated**

In 2017, our Group has not carried out any exploration and evaluation activities save for the coal produced totalling 7,339,420 tonnes in our SDJ mining concession.

- (b) Rule 705 (7)(b) – Update on its reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D**

The Group is in the process of updating its latest report on its reserves and resources, which will be circulated prior to the forthcoming Annual General Meeting.

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

	31.12.2017 S\$'000	31.12.2016 S\$'000
Final dividend of S\$Nil (2016: S\$0.01) per share <sup>(1)</sup>	-	12,123
Interim dividend of \$0.01 (2016: S\$Nil) per share <sup>(2)</sup>	13,293	-

(1) First and final dividend of S\$0.01 per share in respect of the financial year ended 31 December 2016 for 1,212,273,113 issued shares was approved by shareholders at the Annual General Meeting of the Company held on 28 April 2017, and was paid on 30 May 2017.

(2) Interim dividend of S\$0.01 per share for 1,329,273,113 issued ordinary shares was paid on 5 December 2017

**19. 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.

**20. 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
Yanti Ng	34	Sister of Charles Antony Melati and Huang She Thong	Appointed in 2011 as Regional Operations and Administrative Manager. She is responsible for overseeing our Group's regional operational and administrative matters	N.A.
Ng See Yong	39	Brother of Charles Antony Melati and Huang She Thong	Appointed in 2012 as Head Corporate and Human Resource. He is responsible for our Group's human resource functions and organisational development	N.A.
Lim Kok Wah, Eric	34	Brother-in-law of Charles Antony Melati and Huang She Thong	Appointed in 2013 as Marketing Manager. He is involved in the sales and marketing functions of our Group	N.A.
Ruddy	31	Nephew of Dhamma Surya	Appointed in 2016 as Mine Manager. He is responsible for all operations at site	N.A.

**On behalf of the Board of Directors**

**Charles Antony Melati**  
Executive Chairman

**Tung Kum Hon**  
Chief Executive Officer

**1 March 2018**



## **ABOUT GEO ENERGY RESOURCES LIMITED (Bloomberg Ticker: GERL SP)**

Geo Energy Resources Limited ("Geo Energy") is listed on the Singapore Stock Exchange and part of the Singapore FTSE index.

The Group's operations are primarily located in Indonesia. It is a coal mining specialist with an established track record in the operation of coal mining sites for the purpose of coal production and coal sales since 2008. It now owns major mining concessions and coal mines in East and South Kalimantan, with JORC marketable coal reserves of over 90 million tonnes.

For more information, please visit [www.geocoal.com](http://www.geocoal.com)

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