



GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED

(Incorporated in the Republic of Singapore on 24 May 2010)
(Company Registration Number 201011034Z)

Unaudited First Quarter Financial Statements Announcement

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 FIRST QUARTER ENDED 31 MARCH 2014

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		Change + / (-) %
	3 months ended 31.03.2014 US\$ (Unaudited)	3 months ended 31.03.2013 US\$ (Unaudited)	
Revenue	16,598,935	17,764,962	(7)
Cost of sales	(14,515,992)	(8,018,100)	81
Gross Profit	2,082,943	9,746,862	(79)
Other income	1,329,614	202,662	556
General and administrative expenses	(2,158,513)	(2,038,955)	6
Other expenses	(19,968)	(143,239)	(86)
Finance costs	(576,353)	(428,722)	34
Profit before income tax	657,723	7,338,608	(91)
Income tax expenses	(568,657)	(2,207,125)	(74)
Profit after income tax	89,066	5,131,483	(98)
Profit attributable to:			
Owners of the Company	72,115	5,061,164	(99)
Non-controlling interests	16,951	70,319	(76)
	89,066	5,131,483	(98)

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

	Group		Change +/(⁻) %
	3 months ended 31.03.2014 US\$ (Unaudited)	3 months ended 31.03.2013 US\$ (Unaudited)	
Profit after income tax	89,066	5,131,483	(98)
Other comprehensive income, net of tax:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
- Exchange differences on translation	4,057,538	(1,356,812)	(399)
Total comprehensive income	<u>4,146,604</u>	<u>3,774,671</u>	10
Total comprehensive income attributable to:			
Owners of the Company	4,097,415	3,707,075	11
Non-controlling interests	49,189	67,596	(27)
	<u>4,146,604</u>	<u>3,774,671</u>	10

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

	Group		Change +/(⁻) %
	3 months ended 31.03.2014 US\$ (Unaudited)	3 months ended 31.03.2013 US\$ (Unaudited)	
Other income:			
- Interest income	(29,046)	(160,960)	(82)
- Gain on disposal of property, plant and equipment (net)	-	(21,733)	(100)
- Foreign exchange gain (net)	(1,242,404)	-	N.M.
Other expenses:			
- Foreign exchange loss (net)	-	133,816	(100)
- Loss on disposal of property, plant and equipment (net)	19,968	-	N.M.
Interest expense	576,353	428,722	34
Depreciation of property, plant and equipment	1,755,668	3,061,229	(43)
Amortisation of deferred expenditure	-	686,290	(100)

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	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	10,659,533	17,814,850	10,226,297	13,660,913
Trade and other receivables	31,495,267	25,529,358	51,730,879	49,221,457
Deposits and prepayments	25,895,549	26,380,496	153,441	114,317
Inventories	15,890,716	14,970,692	-	-
Total current assets	83,941,065	84,695,396	62,110,617	62,996,687
Non-current assets				
Deposits and prepayments	2,088,661	1,639,600	120,548	119,986
Investment in subsidiaries	-	-	16,087,770	16,087,770
Deferred expenditure	931,681	871,678	-	-
Property, plant and equipment	72,264,255	69,311,901	305,667	329,860
Investment property	3,491,787	3,475,513	3,491,787	3,475,513
Other non-current asset	139,038	138,390	139,038	138,390
Deferred tax assets	1,531,249	1,353,571	-	-
Total non-current assets	80,446,671	76,790,653	20,144,810	20,151,519
Total assets	164,387,736	161,486,049	82,255,427	83,148,206
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank borrowings	2,823,325	262,845	267,325	262,845
Trade and other payables	4,789,831	7,568,334	3,648,792	3,556,344
Amount due to a related party	2,115,933	1,980,677	-	-
Current portion of finance leases	10,582,544	10,389,961	-	-
Income tax payable	1,420,994	1,558,417	85,167	80,216
Total current liabilities	21,732,627	21,760,234	4,001,284	3,899,405

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Non-current liabilities				
Bank borrowings	209,380	276,205	209,380	276,205
Finance leases	9,944,290	12,260,904	-	-
Provisions	1,494,782	1,274,381	90,932	89,422
Deferred tax liabilities	4,556,229	3,610,501	52,472	48,078
Total non-current liabilities	16,204,681	17,421,991	352,784	413,705
Capital, reserves and non-controlling interests				
Share capital	82,518,674	82,518,674	82,518,674	82,518,674
Other reserve	14,349	14,349	-	-
Revaluation reserve	776,632	776,632	776,632	776,632
Translation reserve	(16,063,482)	(20,088,782)	(3,073,034)	(3,359,822)
Retained earnings (Accumulated losses)	58,567,439	58,495,324	(2,320,913)	(1,100,388)
Equity attributable to owners of the Company	125,813,612	121,716,197	77,901,359	78,835,096
Non-controlling interests	636,816	587,627	-	-
Total equity	126,450,428	122,303,824	77,901,359	78,835,096
Total liabilities and equity	164,387,736	161,486,049	82,255,427	83,148,206

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

	Group			
	31.03.2014		31.12.2013	
	Secured	Unsecured	Secured	Unsecured
	US\$	US\$	US\$	US\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand	13,405,869	2,115,933	10,652,806	1,980,677
Amount repayable after one year	10,153,670	-	12,537,109	-
Total	23,559,539	2,115,933	23,189,915	1,980,677

Details of any collateral and security:

As at 31 March 2014, our Group's bank borrowings were secured by (i) an investment property of the Company, and (ii) certain current assets and a pledge on cash balance in the escrow account of a subsidiary, an undertaking to secure payment obligation from PT Geo Energy Coalindo and Mr. Yanto Melati, and a corporate guarantee issued by the Company.

Our Group's finance lease liabilities are secured by our leased assets.

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 31.03.2014	3 months ended 31.03.2013
	US\$	US\$
	(Unaudited)	(Unaudited)
Operating activities		
Profit before income tax	657,723	7,338,608
Adjustments for:		
Amortisation of deferred expenditure	-	686,290
Depreciation of property, plant and equipment	1,755,668	3,061,229
Loss (Gain) on disposal of property, plant and equipment	19,968	(21,733)
Interest expense	576,353	428,722
Interest income	(29,046)	(160,960)
Retirement benefit obligations	146,300	439,808
Net foreign exchange (gains) losses	(159,239)	6,656
Operating cash flows before movements in working capital	2,967,727	11,778,620
Trade and other receivables	(4,642,724)	(7,969,885)
Deposits and prepayments	227,893	(4,923,829)
Inventories	(920,024)	(6,758,512)
Trade and other payables	(2,778,503)	1,825,270
Cash used in operations	(5,145,631)	(6,048,336)
Income tax paid	(1,159,741)	(786,248)
Retirement benefit obligation paid	(23,921)	(23,689)
Net cash used in operating activities	<u>(6,329,293)</u>	<u>(6,858,273)</u>
Investing activities		
Deferred expenditure (Note B)	-	(544,046)
Interest received	7,605	134,765
Advance payments for purchase of property, plant and equipment	(144,157)	(1,490,047)
Purchase of property, plant and equipment (Note C)	(3,004)	(1,205,890)
Proceeds on disposal of property, plant and equipment	-	27,932
Net cash used in investing activities	<u>(139,556)</u>	<u>(3,077,286)</u>
Financing activities		
Fixed deposit pledged	-	(239,156)
Interest paid	(564,421)	(428,722)
Proceeds from bank borrowing	2,556,000	-
Repayment of bank borrowing	(64,499)	(65,199)
Repayment of obligations under finance leases	(2,721,578)	(2,242,652)
Net cash used in financing activities	<u>(794,498)</u>	<u>(2,975,729)</u>

	Group	
	3 months ended 31.03.2014 US\$ (Unaudited)	3 months ended 31.03.2013 US\$ (Unaudited)
Net decrease in cash and cash equivalents	(7,263,347)	(12,911,288)
Cash and cash equivalents at beginning of the period	17,814,850	68,791,416
Effect of exchange rate changes on the balance held in foreign currencies	108,030	(1,067,499)
Cash and cash equivalents at end of the period (Note A)	10,659,533	54,812,629

Notes to consolidated cash flow statement:

Note A:

	Group	
	31.03.2014 US\$ (Unaudited)	31.03.2013 US\$ (Unaudited)
Cash and bank balances	739,685	28,674,619
Fixed deposits	9,919,848	26,666,213
Total	10,659,533	55,340,832
Less: Fixed deposit pledged	-	(528,203)
Cash and cash equivalents as per cash flow statement	10,659,533	54,812,629

Note B:

During the 3 months ended 31 March 2014, our Group capitalised US\$Nil (31 March 2013: US\$589,310) as deferred expenditure of which US\$Nil (31 March 2013: US\$45,264) pertained to capitalisation of depreciation on property, plant and equipment and US\$Nil (31 March 2013: US\$544,046) was settled in cash.

Note C:

During the 3 months ended 31 March 2014, our Group acquired property, plant and equipment amounting to US\$31,038 (31 March 2013: US\$23,386,943) of which US\$Nil (31 March 2013: US\$17,560,311) were acquired under finance lease arrangements. As at 31 March 2014, US\$Nil (31 March 2013: US\$2,100,517) remained unpaid and is included as part of trade and other payables.

In addition, our Group utilised the advance payment of US\$28,034 (31 March 2013: US\$2,520,225) which was previously paid to purchase property, plant and equipment. During the 3 months ended 31 March 2014, our Group made advance payments of US\$144,157 (31 March 2013: US\$1,490,047) and cash payments of US\$3,004 (31 March 2013: US\$1,205,890) to purchase property, plant and equipment.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group – financial period ended 31.03.2014

	<u>Share capital</u> US\$	<u>Other reserve</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Retained earnings</u> US\$	<u>Equity attributable to owners of the Company</u> US\$	<u>Non-controlling interests</u> US\$	<u>Total</u> US\$
Balance at 1 January 2014	82,518,674	14,349	776,632	(20,088,782)	58,495,324	121,716,197	587,627	122,303,824
Profit for the period	-	-	-	-	72,115	72,115	16,951	89,066
Other comprehensive income for the period	-	-	-	4,025,300	-	4,025,300	32,238	4,057,538
Balance at 31 March 2014	<u>82,518,674</u>	<u>14,349</u>	<u>776,632</u>	<u>(16,063,482)</u>	<u>58,567,439</u>	<u>125,813,612</u>	<u>636,816</u>	<u>126,450,428</u>

Group – financial period ended 31.03.2013

	<u>Share capital</u> US\$	<u>Other reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Retained earnings</u> US\$	<u>Equity attributable to owners of the Company</u> US\$	<u>Non-controlling interests</u> US\$	<u>Total</u> US\$
Balance at 1 January 2013	82,518,674	14,349	(4,672,166)	45,580,359	123,441,216	293,032	123,734,248
Profit for the period	-	-	-	5,061,164	5,061,164	70,319	5,131,483
Other comprehensive income for the period	-	-	(1,354,089)	-	(1,354,089)	(2,723)	(1,356,812)
Balance at 31 March 2013	<u>82,518,674</u>	<u>14,349</u>	<u>(6,026,255)</u>	<u>50,641,523</u>	<u>127,148,291</u>	<u>360,628</u>	<u>127,508,919</u>

Company – financial period ended 31.03.2014

	<u>Share capital</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Balance at 1 January 2014	82,518,674	776,632	(3,359,822)	(1,100,388)	78,835,096
Loss for the period	-	-	-	(1,220,525)	(1,220,525)
Other comprehensive income for the period	-	-	286,788	-	286,788
Balance at 31 March 2014	<u>82,518,674</u>	<u>776,632</u>	<u>(3,073,034)</u>	<u>(2,320,913)</u>	<u>77,901,359</u>

Company – financial period ended 31.03.2013

	<u>Share capital</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Balance at 1 January 2013	82,518,674	(1,195,856)	(2,335,696)	78,987,122
Loss for the period	-	-	(799,854)	(799,854)
Other comprehensive income for the period	-	(1,040,731)	-	(1,040,731)
Balance at 31 March 2013	<u>82,518,674</u>	<u>(2,236,587)</u>	<u>(3,135,550)</u>	<u>77,146,537</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the Company's share capital of S\$100,668,617 (US\$82,518,674) between 31 December 2013 and 31 March 2014.

There were no outstanding convertibles or treasury shares held by the Company as at 31 March 2014 and 31 March 2013.

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 March 2014	31 December 2013
Total number of issued shares (excluding treasury shares)	1,157,050,891	1,157,050,891

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. Our Company 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 2013.

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 2014. The adoption of these new/revised FRSs INT FRSs and amendments to FRSs has no material impact on the financial performance or position of the Group.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

		Group	
		3 months ended 31.03.2014 (Unaudited)	3 months ended 31.03.2013 (Unaudited)
Earnings for computing earnings per share (US\$)		72,115	5,061,164
(i)	Basic earnings per ordinary share (US cents)	0.01	0.44
	- Weighted average number of ordinary shares	1,157,050,891	1,157,050,891
Earnings for computing diluted earnings per share (US\$)		72,115	5,061,164
(ii)	Earnings per ordinary share on a fully diluted basis (US cents)	0.01	0.44
	- Adjusted weighted average number of ordinary shares	1,157,050,891	1,157,050,891

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	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net asset value per ordinary share (US cents)	10.87	10.52	6.73	6.81
Number of issued shares	1,157,050,891	1,157,050,891	1,157,050,891	1,157,050,891

Net asset value per ordinary share is calculated based on equity attributable to owners of the Company divided by the number of issued shares.

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 (1Q2014 vs. 1Q2013)

Revenue, cost of sales and gross profit

Our Group derived revenue from coal production, coal trading, mining services and equipment rental. Revenue decreased by US\$1.2 million from US\$17.8 million in the first quarter ended 31 March 2013 ("1Q2013") to US\$16.6 million in the first quarter ended 31 March 2014 ("1Q2014"), mainly due to weak demand for coal with low calorific value and downward trend in coal price which resulted in a decrease in coal sales of US\$8.5 million. This was partially offset by:

- (i) additional revenue contribution of US\$6.7 million from coal trading business which commenced in 1Q2013; and
- (ii) marginal growth in revenue of US\$0.6 million from mining services and equipment rental.

Our cost of sales increased by US\$6.5 million from US\$8.0 million in 1Q2013 to US\$14.5 million in 1Q2014. The increase in cost of sales was mainly due to:

- (i) increase in upkeep and maintenance cost of mining equipment due to the fleet expansion programme since 1Q2013;
- (ii) increase in transshipment costs and related expenses of US\$1.8 million as our Group commenced coal sales on FOB mother vessel basis from the second quarter ended 30 June 2013 ("2Q2013") (1Q2013 : stockpile and FOB barge basis) and coal trading also on FOB mother vessel basis;
- (iii) increase in cost of coal purchases for coal trading which commenced in 1Q2013; and
- (iv) reversal of unrealised gains from our trading inventories which we recognised in previous quarter, amounting to US\$1.3 million.

Consequently, our Group's gross profit decreased by US\$7.6 million, from US\$9.7 million in 1Q2013 to US\$2.1 million in 1Q2014. Gross profit margin declined from 54.9% in 1Q2013 to 12.5% in 1Q2014. This is mainly due to the change in sales mix with the introduction of the coal trading segment, and the lower volume and margins observed from the coal sale segment due to softening of coal price and weak demand.

Other income and indirect expenses

Other income increased from US\$0.2 million in 1Q2013 to US\$1.3 million in 1Q2014, mainly due to foreign exchange gains arising from the strengthening of IDR against USD in 1Q2014. We have also received rental income from our investment property since the fourth quarter ended 31 December 2013.

General and administrative expenses increased by US\$0.2 million, from US\$2.0 million in 1Q2013 to US\$2.2 million in 1Q2014. The increase was mainly due to additional rental expense as we relocated to our new Singapore office in June 2013.

Other expenses decreased by US\$0.1 million, from US\$0.1 million in 1Q2013 to US\$0.02 million in 1Q2014. The decrease was mainly due to our Group recording foreign exchange losses in 1Q2013 as compared to foreign exchange gains in 1Q2014.

Finance costs increased by US\$0.2 million, from US\$0.4 million in 1Q2013 to US\$0.6 million in 1Q2014, in line with the additional finance leases entered into since 1Q2013 to finance our acquisition of mining equipment.

Income tax

Income tax expense decreased by US\$1.6 million from US\$2.2 million in 1Q2013 to US\$0.6 million in 1Q2014, in line with the decrease in profit. The higher effective tax rate was mainly attributed to certain non-tax-adjustable items and a non-recurrent additional tax assessment arising from earlier tax year.

Profit after income tax

Profit after income tax decreased by US\$5.0 million from US\$5.1 million in 1Q2013 to US\$0.1 million in 1Q2014, mainly due to the lower gross profit and higher finance costs, partially offset by higher other income, lower other expenses, and a reduction in income tax.

Other comprehensive income

Other comprehensive income consists of exchange gains on translating the financial statements of our Group entities from their functional currencies to our Group's presentation currency. The increase in other comprehensive income of US\$5.5 million, from losses of US\$1.4 million in 1Q2013 to gains of US\$4.1 million in 1Q2014, was mainly caused by the strengthening of IDR against USD in 1Q2014.

8.2 Statement of Financial Position (Group)

Our Group's equity attributable to owners of the Company increased by US\$4.1 million, from US\$121.7 million as at 31 December 2013 to US\$125.8 million as at 31 March 2014. The increase reflected our Group's earnings coupled with foreign exchange translation gain in 1Q2014.

Current assets

Our Group's current assets decreased by US\$0.8 million, from US\$84.7 million as at 31 December 2013 to US\$83.9 million as at 31 March 2014. The decrease was mainly due to decreases in (i) cash and cash equivalents of US\$7.2 million; and (ii) deposits and prepayments of US\$0.5 million, partially offset by the increases in (i) trade and other receivables of US\$6.0 million; and (ii) inventory of US\$0.9 million.

Trade and other receivables as at 31 March 2014 mainly comprised US\$21.6 million of trade receivables, US\$4.3 million of prepaid taxes and refundable deposit of US\$2.0 million in relation to the conditional acquisition of mining concessions. Trade receivable balance increased by US\$2.7 million, from US\$18.9 million as at 31 December 2013 to US\$21.6 million as at 31 March 2014 mainly due to extension of credit terms to certain regular customers.

Inventory balance increased marginally as at 31 March 2014. It comprised US\$7.6 million of coal inventories held for trading; US\$6.8 million of coal inventories from BEK mining concession; and the remaining being consumable inventories.

Prepayments as at 31 March 2014 included US\$25.0 million of upfront payments made pursuant to coal purchase contracts entered into previously.

Non-current assets

Our Group's non-current assets increased by US\$3.6 million, from US\$76.8 million as at 31 December 2013 to US\$80.4 million as at 31 March 2014. The increase was mainly due to increases in (i) property, plant and equipment of US\$3.0 million; (ii) deposits and prepayments of US\$0.4 million; and (iii) deferred tax assets of US\$0.2 million.

The increase in property, plant and equipment was mainly due to translation gain arising from the strengthening of IDR against USD in 1Q2014, which was partially offset by depreciation expense.

Current liabilities

Our Group's current liabilities decreased marginally, from US\$21.8 million as at 31 December 2013 to US\$21.7 million as at 31 March 2014. The decrease was mainly due to decrease in trade and other payables of US\$2.8 million, which was partially offset by (i) new bank borrowing of US\$2.6 million; and (ii) finance leases of US\$0.2 million.

Non-current liabilities

Our Group's non-current liabilities decreased by US\$1.2 million, from US\$17.4 million as at 31 December 2013 to US\$16.2 million as at 31 March 2014. The decrease was mainly due to decrease in finance lease of US\$2.3 million, which was partially offset by increases in (i) deferred tax liabilities of US\$0.9 million; and (ii) provisions of US\$0.2 million.

8.3 Statement of Financial Position (Company)

Our Company's equity decreased by US\$0.9 million from US\$78.8 million as at 31 December 2013 to US\$77.9 million as at 31 March 2014.

Current assets

Our Company's current assets decreased by US\$0.9 million, from US\$63.0 million as at 31 December 2013 to US\$62.1 million as at 31 March 2014. The decrease was mainly due to a decrease in cash and cash equivalents of US\$3.4 million, partially offset by an increase in trade and other receivables of US\$2.5 million. The increase in trade and other receivables was mainly due to the utilisation of IPO proceeds by our subsidiaries. Please refer to Paragraph 14 for breakdown of IPO proceeds utilisation.

Non-current assets

Our Company's non-current assets decreased marginally, from US\$20.2 million as at 31 December 2013 to US\$20.1 million as at 31 March 2014.

Current liabilities

Our Company's current liabilities mainly consist of bank borrowing, trade and other payables and income tax payable. Our Company's current liabilities increased by US\$0.1 million, from US\$3.9 million as at 31 December 2013 to US\$4.0 million as at 31 March 2014, mainly due to increase in trade and other payables of US\$0.1 million.

Non-current liabilities

Our Company's non-current liabilities mainly consist of bank borrowing, provisions and deferred tax liabilities. Our Company's non-current liabilities decreased by US\$0.1 million, from US\$0.4 million as at 31 December 2013 to US\$0.3 million as at 31 March 2014, mainly due to repayments of bank borrowing of US\$0.1 million.

8.4 Cash Flow Statement (1Q2014 vs. 1Q2013)

Our Group's net cash used in operating activities in 1Q2014 was US\$6.3 million. Operating cash flows before movements in working capital amounted to US\$3.0 million and this was offset by cash outflows of (i) US\$8.1 million to meet our working capital requirements; and (ii) US\$1.2 million for payments of income tax and retirement benefit.

Net cash used in investing activities in 1Q2014 of US\$0.1 million was mainly due to advance payments and payments for the purchase of property, plant and equipment of US\$0.1 million.

Net cash used in financing activities in 1Q2014 of US\$0.8 million was mainly due to cash outflows in relation to (i) repayment of bank borrowing and finance leases of US\$2.8 million; and (ii) interest payment of US\$0.6 million, partially offset by cash inflow of US\$2.6 million from a new bank borrowing.

As a result of the aforementioned, there was a net decrease of US\$7.3 million in cash and cash equivalents in 1Q2014.

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 significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Indonesian coal mining industry continues to be under pressure from an expansionary supply situation and mild demand growth resulting in a general expectation of coal prices to remain relatively soft in the near future. Accordingly the Indonesian Coal Reference Price (HBA) decreased during the last three months from US\$80.44 in February 2014 to US\$74.81 in April 2014⁽¹⁾. In addition, we expect our key operating costs, mainly in relation to fuel and labour, to increase generally in line with the inflation rates in Indonesia. Should the weak coal demand and downward trend in global coal prices continue to persist; our Group expects lower profitability for the next reporting period compared to the corresponding period of the immediately preceding financial year.

Pursuant to the sales and purchase contract with PT Parisma Jaya Abadi entered into in September 2013, our Group had obtained its first off-take and commenced coal sales in 1Q2014. Coal sales from this higher calorific coal will offer higher margins and we believe that it will be less likely to be affected by the current situation surrounding lower calorific coal. In addition, our Group notes recent articles highlighting growing demand from India and in this regard, we will be looking to leverage on this demand by expanding our current reach in India. Our Group will also 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. Since the beginning of FY2013, we had entered into conditional sale and purchase agreements to purchase five mining concessions in Kutai Barat Regency, East Kalimantan. Please refer to the respective announcements for further information.

⁽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 first quarter ended 31 March 2014.

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 whose value exceeded S\$100,000 during the first quarter ended 31 March 2014.

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	(16.1)	8.9
Construction of jetty and barge loading facilities	2.0	(1.4)	0.6
Business expansion including acquisitions, joint ventures and/or strategic alliances	10.0	(10.0)	-
General working capital purposes	26.7	(26.7)*	-
Net proceeds	63.7	(54.2)	9.5

* As of 4 July 2013, the amount allocated for general working capital purposes was fully utilised. US\$26.7 million was used to satisfy the upfront payments in relation to mining cooperation agreements, and payment of corporate taxes, employee salaries, renovation costs for the Company’s new corporate office, and payment for coal purchased for trading and consumable inventories.

15. Negative confirmation pursuant to Rule 705(5)

We, Charles Antony Melati and Dhamma Surya, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company (the "**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Charles Antony Melati
Executive Chairman

Dhamma Surya
Chief Executive Officer

15 May 2014