GEO ENERGY GROUP
天然煤矿集团

GEO ENERGY RESOURCES LIMITED

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

SGX Announcement

Geo Energy Resources Limited Results Announcement

Second Quarter and Six Months Ended 30 June 2019

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. There is no certainty or assurance as at the date of this announcement that any transaction disclosed in this announcement will proceed or be completed or that no changes will be made to the terms thereof. Important factors that could cause these uncertainties include, but are not limited to, those discussed in Geo Energy's Annual Report 2018 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. Shareholders, investors and other persons are advised to exercise caution in trading the securities of the Group.

Results Review and Strategy Update

Second Quarter and Six Months Ended 30 June 2019

Geo Energy ended 2Q2019 with a lower revenue of US$51.9 million and a return to profitability on a lower net profit of US$0.8 million, driven by weaker coal prices and poor weather conditions. Coal sales of 1.4 million tonnes from the Group's SDJ and TBR coal mines

The Group recorded coal sales of 1.4 million tonnes from its SDJ and TBR coal mines for the 3 months ended 30 June 2019 ("2Q2019"), a decrease from 2Q2018 and 1Q2019 of 2.0 million tonnes and 2.1 million tonnes respectively. Included in the 1.4 million tonnes in 2Q2019 was 0.7 million tonnes of coal sold in the Indonesian market as part of its Domestic Market Obligation ("DMO"). TBR production in the quarter was same as 1Q2019 at 1.0 million tonnes.

The Group results were impacted by the continuous weaker coal prices in 2Q2019, generally weighed upon by weak demands from China. Asian thermal markets were pondering the growing prospect of China introducing fresh import restrictions and were weighing up the possible impact on supply and prices[1]. Moreover, poor weather and rainy conditions in the second quarter had resulted in unfavourable conditions in the TBR coal mine, where pit access was slippery and restricted by water and hence, adversely affecting its production and delivery for a few days. The Regent of Tanah Bumbu Regency in Indonesia had declared flood emergency status for 14 days in mid-June 2019. However, the weather condition improved in mid-June. Normal production and delivery of coal have since resumed and coal loading activity in Kalimantan has also risen[2].

The Rencana Kerja Anggaran Biaya ("RKAB") (Work Plan and Budget) production quota set out by the local authority for SDJ for 2019 is lower than 2018, although the total production quota for the Group (including TBR) was increased in 2019 over 2018. The lower production quota for SDJ resulted in lower production and sales quantities from the SDJ coal mine. The Group had achieved its DMO requirements for the 6 months ended 30 June 2019 and barring any unforeseen circumstances, is expected to meet its full year DMO requirement in 2019. We have applied for a review of our 2019 RKAB to increase our production quota by 2 million tonnes for SDJ and expect results to be known by 3Q2019.

[1] McCloskey Coal Report, Issue 463, 28 June 2019
[2] McCloskey Fax, Issue 947, 5 July 2019

The average Indonesian Coal Index ("ICI") price in 2Q2019 was US$37.56 per tonne, up from US$35.49 per tonne in 1Q2019 but down from US$44.84 in 2Q2018. Average selling price ("ASP") in 2Q2019 was US$36.54 per tonne, higher than US$32.04 in 1Q2019 but lower than US$42.24 per tonne in 2Q2018. This resulted in a decrease in the Group's revenue to US$51.9 million, and a lower net profit of US$2.0 million in the quarter. The lower ASP compared to the ICI price was due to our pricing based on the average index prices of the month in which laycan takes place and marketing discounts.

ICI prices for 4,200 GAR coal have been volatile since the beginning of the year. ICI coal prices for 4,200 GAR hit a high of US$40.32 per tonne on 8 March 2019 and was at US$32.34 per tonne on 8 August 2019. There will be pressure on coal price as the key independent power producers in China maintain sufficient inventory levels following production ramp-ups ahead of the summer season, coupled with lacklustre thermal power generation[3].

We expect our results in the coming quarters to improve if coal prices recover, especially with the increase in the target production and sales of TBR coal.

The Group has a cash balance of US$199.6 million as at 30 June 2019. We are always reviewing our business strategy to build a sustainable business, and at the same time transforming the Group to be a major energy producer internationally. We need to change to be ahead of the current economic development and trade tensions faced by the major markets where we do business. A company that does not innovate and change may one day find itself irrelevant. We can be successful now, but it does not mean that we will be successful in the future if our business is not sustainable.

Our aim is to become one of the top ten coal producers in Indonesia.

2Q2019 HIGHLIGHTS

- The Group sold 0.4 million tonnes of 4,200 GAR coal from the SDJ coal mine and another 1.0 million tonnes from the TBR coal mine, totalling 1.4 million tonnes of coal sold during the quarter. This was a decrease from 1Q2019 and 2Q2018 of 2.1 million tonnes and 2.0 million tonnes respectively.

- Revenue decreased by 38% from US$83.2 million in 2Q2018 to US$51.9 million due to lower ASP following the decrease in the average ICI price in 2Q2019 as compared to 2Q2018. The Group recorded an ASP of US$36.54 per tonne for 2Q2019, higher than $32.04 in 1Q2019 but lower than US$42.24 per tonne in 2Q2018. The lower ASP compared to the ICI price was due to our pricing based on the average index prices of the month in which laycan takes place and marketing discounts.

- Cash profit for coal mining segment for 2Q2019 averaged US$10.76 per tonne (2Q2018: US$13.06 per tonne; 1Q2019: US$1.80 per tonne) against the ASP of US$36.54 per tonne for 4,200 GAR coal, giving a cash profit margin of 29%, driven by the lower coal prices, but partially offset by the lower production cash cost. Production cash cost has decreased from US$29.18 in 2Q2018 and US$30.24 in 1Q2019 to US$25.78 in 2Q2019, mainly due to the Group's effort to reduce the overburden hauling distance ("OB distance") and renegotiating, and reducing its costs with the suppliers in line with the lower coal price.

We continue to remain focused on our strategic objectives in 2019. We need to manage our risks, substantially reduce our costs as we invest and expand our business by diversifying our product portfolio to put our Group on a stronger and more sustainable growth path.

In June 2019, we appointed Trafigura Pte Ltd ("Trafigura") as the new coal offtaker for the SDJ mine as Engelhart CTP (Singapore) Pte Ltd ("ECTP") streamlining its physical coal trading activities and will be exiting from offtake agreements, including with the Group. Trafigura is one of the largest physical commodities trading groups in the world. Trafigura sources, stores, transports and delivers a range of raw materials (including oil and refined products and metals and minerals) to clients around the world. Trafigura has achieved substantial growth over recent years, growing revenue from US$12 billion in 2003 to US$180.7 billion in 2018. The signing with Trafigura will enable the Group to adjust the risk and coal pricing towards current coal market conditions as well as to gain new markets through Trafigura. The coal delivery under the new offtake with Trafigura will commence in January 2020.

[3] UOB Kay Hian Greater China Daily Report, 22 July 2019

The Group has won the Gold Award for Best Investor Relations ("IR") for companies with market capitalisation of less than S$300 million at the Singapore Corporate Awards 2019. We are honoured to be receiving this award, which represents another significant recognition that we are doing the right thing. IR is a communication between the company and the investors (including all our stakeholders). The conversation is by no means one-sided and we encourage investors to have an opportunity to give feedback to us and express their views, which we take very seriously. Listening to our investors makes us better at managing our IR and also at implementing suggested changes.

We value each investor and shareholder who has invested in our company, irrespective of their shareholdings or investments amount. Some of them have invested and put their trust in us, and it is important that we do not fail them.

Our market capitalisation as at 13 August 2019 was S$201 million. For our bondholders, the price for our Senior Note is traded at US$81 as at 13 August 2019. We will explore buying back part of the bond if it represents a value creation to the Group.

We are always working on opportunities to optimise our coal assets portfolio, such as pursuing coal producing assets that can boost our profitability and coal reserves substantially. As mentioned in our 1Q2019 results announcement, we had submitted a non-binding offer to the potential acquisition of new coal assets for a producing coal mine in East Kalimantan, Indonesia. We are currently performing the due diligence process and if satisfactory, we expect to submit a binding offer according to the transaction process by end August 2019. We have also appointed J.P. Morgan as the financial advisor for this potential acquisition. We will make the relevant announcement in due course.

Tung Kum Hon
Chief Executive Officer/Director

14 August 2019

Unaudited Financial Statements Announcement for the Second Quarter and Six Months Ended 30 June 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2019

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 and other comprehensive income

	Group			Group		
	3 months ended 30.6.2019 US$ (Unaudited)	3 months ended 30.6.2018 US$ (Unaudited)	% Change	6 months ended 30.6.2019 US$ (Unaudited)	6 months ended 30.6.2018 US$ (Unaudited)	% Change
Revenue	51,929,511	83,183,822	(38)	117,655,465	173,731,163	(32)
Cost of sales	(40,930,347)	(61,820,330)	(34)	(108,121,925)	(130,462,562)	(17)
Gross profit	**10,999,164**	**21,363,492**	**(49)**	**9,533,540**	**43,268,601**	**(78)**
Other income	1,357,025	1,137,049	19	3,344,748	3,026,098	11
General and administrative expenses	(2,537,536)	(2,782,878)	(9)	(6,292,768)	(5,331,494)	18
Other expenses	(352,246)	(1,131,658)	(69)	(1,086,387)	(2,817,494)	(61)
Finance costs	(6,633,335)	(7,538,450)	(12)	(13,267,045)	(15,219,616)	(13)
Profit (loss) before income tax	**2,833,072**	**11,047,555**	**(74)**	**(7,767,912)**	**22,926,095**	**nm**
Income tax expense	(2,013,110)	(2,584,331)	(22)	(129,515)	(5,478,971)	(98)
Profit (loss) for the period	**819,962**	**8,463,224**	**(90)**	**(7,897,427)**	**17,447,124**	**nm**
Other comprehensive income, net of tax:						
Item that may be subsequently reclassified to profit or loss:						
- Exchange differences on translation of foreign operations	272,045	(363,715)	nm	171,718	(481,136)	nm
Total comprehensive income	**1,092,007**	**8,099,509**	**(87)**	**(7,725,709)**	**16,965,988**	**nm**
Profit (loss) attributable to:						
Owners of the Company	830,481	8,474,282	(90)	(7,883,129)	17,458,356	nm
Non-controlling interests	(10,519)	(11,058)	(5)	(14,298)	(11,232)	27
	819,962	**8,463,224**	**(90)**	**(7,897,427)**	**17,447,124**	**nm**
Total comprehensive income attributable to:						
Owners of the Company	1,099,975	8,162,899	(87)	(7,722,209)	17,047,373	nm
Non-controlling interests	(7,968)	(63,390)	(87)	(3,500)	(81,385)	(96)
	1,092,007	**8,099,509**	**(87)**	**(7,725,709)**	**16,965,988**	**nm**

nm – not meaningful

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

	Group			Group		
	3 months ended 30.6.2019 US$ (Unaudited)	3 months ended 30.6.2018 US$ (Unaudited)	% Change	6 months ended 30.6.2019 US$ (Unaudited)	6 months ended 30.6.2018 US$ (Unaudited)	% Change
Interest income	(1,357,025)	(1,137,049)	19	(2,947,995)	(2,472,813)	19
Loss (gain) on disposal of property, plant and equipment (net)	27	5,779	(100)	(134)	6,035	nm
Foreign exchange loss (net)	285,721	802,693	(64)	535,545	1,736,947	(69)
Coupon interest on Senior Notes	6,000,000	6,000,000	nm	12,000,000	12,000,000	nm
Amortisation of transaction costs of Senior Notes	617,197	1,510,052	(59)	1,234,395	3,184,675	(61)
Depreciation of property, plant and equipment	2,953,090	3,143,298	(6)	7,056,363	6,368,295	11
Amortisation of deferred stripping costs	1,384,708	421,894	228	2,661,014	732,255	263
Share-based payment expense	213,286	107,754	98	426,935	215,824	98
Amortisation of deferred gain	(6,597)	-	nm	(115,857)	-	nm
(Reversal of) loss on financial asset carried at amortised cost	-	-	nm	(41,802)	577,564	nm

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	
	30.6.2019 US$ (Unaudited)	31.12.2018 US$ (Audited)	30.6.2019 US$ (Unaudited)	31.12.2018 US$ (Audited)
ASSETS				
Current assets				
Cash and bank balances	199,582,058	202,590,402	21,084,501	28,933,622
Trade and other receivables	27,281,343	25,043,611	59,145,725	57,493,923
Deposits and prepayments	22,178,940	23,631,249	1,003,256	962,907
Inventory	26,943,786	14,823,301	-	-
Total current assets	**275,986,127**	**266,088,563**	**81,233,482**	**87,390,452**
Non-current assets				
Trade and other receivables	20,210,388	20,216,791	3,137,897	3,144,300
Restricted cash deposits	3,483,911	3,435,846	-	-
Deposits and prepayments	20,089,302	25,238,521	105,397	105,420
Investment in subsidiaries	-	-	185,877,305	185,877,305
Deferred stripping costs	64,229,572	57,899,708	-	-
Property, plant and equipment	167,994,901	172,128,800	1,202,101	105,642
Deferred tax assets	3,012,879	3,420,792	85,469	11,954
Other non-current asset	153,698	153,698	153,698	153,698
Total non-current assets	**279,174,651**	**282,494,156**	**190,561,867**	**189,398,319**
Total assets	**555,160,778**	**548,582,719**	**271,795,349**	**276,788,771**

	Group		Company	
	30.6.2019 US$ (Unaudited)	**31.12.2018 US$ (Audited)**	**30.6.2019 US$ (Unaudited)**	**31.12.2018 US$ (Audited)**
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	90,686,537	74,390,700	149,721,572	151,264,683
Current portion of finance leases	134,558	152,325	19,004	18,598
Current portion of lease liability	373,271	-	373,271	-
Financial guarantee liability	-	-	1,580,855	1,576,536
Income tax payable	1,858,233	2,137,945	548,269	1,162,081
Total current liabilities	**93,052,599**	**76,680,970**	**152,242,971**	**154,021,898**
Non-current liabilities				
Trade and other payables	2,138,753	2,185,207	-	-
Finance leases	36,612	89,451	4,585	13,396
Lease liability	749,500	-	749,500	-
Notes payable	291,882,543	290,497,081	-	-
Provisions	1,882,051	1,753,433	107,733	105,540
Financial guarantee liability	-	-	3,567,722	4,353,831
Deferred tax liabilities	2,705,271	3,273,809	-	-
Total non-current liabilities	**299,394,730**	**297,798,981**	**4,429,540**	**4,472,767**
Capital, reserves and non-controlling interests				
Share capital	106,513,187	106,513,187	106,513,187	106,513,187
Capital and other reserve	2,446,181	2,019,246	4,692,237	4,265,302
Translation reserve	5,026,155	4,865,233	4,464,506	4,464,506
Retained earnings (accumulated losses)	48,551,212	60,524,888	(547,092)	3,051,111
Equity attributable to owners of the Company	**162,536,735**	**173,922,554**	**115,122,838**	**118,294,106**
Non-controlling interests	176,714	180,214	-	-
Total equity	**162,713,449**	**174,102,768**	**115,122,838**	**118,294,106**
Total liabilities and equity	**555,160,778**	**548,582,719**	**271,795,349**	**276,788,771**

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

	Group		Group	
	30.6.2019 US$ Secured (Unaudited)	**30.6.2019 US$ Unsecured (Unaudited)**	**31.12.2018 US$ Secured (Audited)**	**31.12.2018 US$ Unsecured (Audited)**
Amount repayable in one year or less, or on demand	134,558	373,271	152,325	-
Amount repayable after one year	36,612	292,632,043	89,451	290,497,081
	171,170	**293,005,314**	**241,776**	**290,497,081**

Details of any collateral and security:

As at 30 June 2019, the Group's finance lease liabilities are secured by the leased assets, motor vehicles.

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 Medium Term Notes of S$100 million due in January 2018, 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 30 June 2019, 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. Amortisation of the financial guarantee liability amounting to US$781,789 was credited to the Company's profit or loss during the financial period ended 30 June 2019.

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 30.6.2019 US$ (Unaudited)	**3 months ended 30.6.2018 US$ (Unaudited)**	**6 months ended 30.6.2019 US$ (Unaudited)**	**6 months ended 30.6.2018 US$ (Unaudited)**
Operating activities				
Profit (loss) before income tax	**2,833,072**	**11,047,555**	**(7,767,912)**	**22,926,095**
Adjustments for:				
Depreciation of property, plant and equipment	2,953,090	3,143,298	7,056,363	6,368,295
Amortisation of deferred stripping costs	1,384,708	421,894	2,661,014	732,255
Loss (gain) on disposal of property, plant and equipment	27	5,779	(134)	6,035
(Reversal of) loss on financial asset carried at amortised cost	-	-	(41,802)	577,564
Share-based payment expense	213,286	107,754	426,935	215,824
Amortisation of deferred gain	(6,597)	-	(115,857)	-
Amortisation of transaction costs of Senior Notes	617,197	1,510,052	1,234,395	3,184,675
Interest expense	6,016,138	6,028,398	12,032,650	12,034,941
Interest income	(1,357,025)	(1,137,049)	(2,947,995)	(2,472,813)
Retirement benefit obligations	81,499	119,326	166,011	234,777
Net foreign exchange losses (gains)	1,111,569	(477,667)	1,596,389	(199,575)
Operating cash flows before movements in working capital	**13,846,964**	**20,769,340**	**14,300,057**	**43,608,073**
Trade and other receivables	3,077,494	6,525,182	(2,665,262)	12,121,864
Deposits and prepayments	6,356,252	5,020,213	5,525,243	(26,248,572)
Inventory	(6,985,736)	1,461,144	(11,869,385)	(364,703)
Trade and other payables	(6,143,353)	(17,130,632)	8,590,778	(29,088,888)
Cash generated from operations	**10,151,621**	**16,645,247**	**13,881,431**	**27,774**
Income tax paid	(784,642)	(12,361,067)	(1,292,913)	(13,994,473)
Income tax refund	146,700	-	146,700	-
Net cash from (used in) operating activities	**9,513,679**	**4,284,180**	**12,735,218**	**(13,966,699)**
Investing activities				
Interest received	1,315,012	1,329,149	3,142,052	2,252,796
Addition to deferred stripping costs	(508,709)	(9,178,254)	(1,150,928)	(9,491,782)
Advance payments for purchase of property, plant and equipment	(256,965)	(911,151)	(247,611)	(991,962)
Purchase of property, plant and equipment	(498,295)	(35,515)	(1,342,302)	(125,688)
Proceeds from disposal of property, plant and equipment	-	23,860	3,892	43,334
Net cash from (used in) investing activities	**51,043**	**(8,771,911)**	**405,103**	**(8,313,302)**
Financing activities				
Decrease (increase) in deposits pledged	-	-	400,000	(1,691,983)
Decrease in restricted cash deposits	25,877	240,942	35,432	143,828
Interest paid	(12,004,687)	(12,003,985)	(12,009,782)	(12,009,424)
Dividend paid	(4,090,545)	-	(4,090,545)	-
Repayment of obligations under finance leases	(44,022)	(29,705)	(81,389)	(79,040)
Repayment of obligations under lease liability	(30,573)	-	(30,573)	-
Net cash used in financing activities	**(16,143,950)**	**(11,792,748)**	**(15,776,857)**	**(13,636,619)**
Net decrease in cash and cash equivalents	**(6,579,228)**	**(16,280,479)**	**(2,636,536)**	**(35,916,620)**
Cash and cash equivalents at beginning of the period	201,133,695	242,879,532	197,190,402	262,462,723
Effect of exchange rate changes on the balance held in foreign currencies	27,591	(104,971)	28,192	(52,021)
Cash and cash equivalents at end of the period (Note A)	**194,582,058**	**226,494,082**	**194,582,058**	**226,494,082**

	Group		Group	
	3 months ended 30.6.2019 US$ (Unaudited)	3 months ended 30.6.2018 US$ (Unaudited)	6 months ended 30.6.2019 US$ (Unaudited)	6 months ended 30.6.2018 US$ (Unaudited)
Note A				
Cash on hand and at banks	148,521,312	81,494,082	148,521,312	81,494,082
Deposits	51,060,746	150,000,000	51,060,746	150,000,000
Cash and bank balances	199,582,058	231,494,082	199,582,058	231,494,082
Restricted cash deposits (non-current)	3,483,911	3,709,464	3,483,911	3,709,464
	203,065,969	235,203,546	203,065,969	235,203,546
Less: Deposits pledged	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Less: Restricted cash deposits (non-current)	(3,483,911)	(3,709,464)	(3,483,911)	(3,709,464)
Cash and cash equivalents	**194,582,058**	**226,494,082**	**194,582,058**	**226,494,082**

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	Share capital US$	Capital and other reserves US$	Translation reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
At 1.1.2019 (audited)	**106,513,187**	**2,019,246**	**4,865,233**	**60,524,888**	**173,922,554**	**180,214**	**174,102,768**
Loss for the period	-	-	-	(8,713,610)	(8,713,610)	(3,779)	(8,717,389)
Other comprehensive income for the period	-	-	(98,802)	(9,772)	(108,574)	8,247	(100,327)
Transactions with owners, recognised directly in equity:							
Deemed capital contribution*	-	82,663	-	-	82,663	-	82,663
Share-based payment**	-	130,986	-	-	130,986	-	130,986
At 31.3.2019 (unaudited)	**106,513,187**	**2,232,895**	**4,766,431**	**51,801,506**	**165,314,019**	**184,682**	**165,498,701**
Profit for the period	-	-	-	830,481	830,481	(10,519)	819,962
Other comprehensive income for the period	-	-	259,724	9,770	269,494	2,551	272,045
Transactions with owners, recognised directly in equity:							
Dividend	-	-	-	(4,090,545)	(4,090,545)	-	(4,090,545)
Deemed capital contribution*	-	82,300	-	-	82,300	-	82,300
Share-based payment**	-	130,986	-	-	130,986	-	130,986
At 30.6.2019 (unaudited)	**106,513,187**	**2,446,181**	**5,026,155**	**48,551,212**	**162,536,735**	**176,714**	**162,713,449**

Group	Share capital US$	Capital and other reserves US$	Translation reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1.1.2018 (audited)	95,069,461	871,762	(12,858,989)	70,051,598	153,133,832	1,312,376	154,446,208
Adjustment from adoption of SFRS(I)	-	-	18,232,460	(18,232,460)	-	-	-
Balance at 1.1.2018 As restated (unaudited)	**95,069,461**	**871,762**	**5,373,471**	**51,819,138**	**153,133,832**	**1,312,376**	**154,446,208**
Profit for the period	-	-	-	8,984,074	8,984,074	(174)	8,983,900
Other comprehensive income for the period	-	-	(99,600)	-	(99,600)	(17,821)	(117,421)
Transaction with owners, recognised directly in equity:							
Deemed capital contribution*	-	108,070	-	-	108,070	-	108,070
Balance at 31.3.2018 (unaudited)	**95,069,461**	**979,832**	**5,273,871**	**60,803,212**	**162,126,376**	**1,294,381**	**163,420,757**
Profit for the period	-	-	-	8,474,282	8,474,282	(11,058)	8,463,224
Other comprehensive income for the period	-	-	(310,853)	(530)	(311,383)	(52,332)	(363,715)
Transaction with owners, recognised directly in equity:							
Deemed capital contribution*	-	107,754	-	-	107,754	-	107,754
Balance at 30.6.2018 (unaudited)	**95,069,461**	**1,087,586**	**4,963,018**	**69,276,964**	**170,397,029**	**1,230,991**	**171,628,020**

Company	Share capital US$	Capital and other reserves US$	Translation reserve US$	Retained earnings / (Accumula-ted losses) US$	Total US$
At 1.1.2019 (audited)	**106,513,187**	**4,265,302**	**4,464,506**	**3,051,111**	**118,294,106**
Profit for the period	-	-	-	517,181	517,181
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*	-	82,663	-	-	82,663
Share-based payment**	-	130,986	-	-	130,986
At 31.3.2019 (unaudited)	**106,513,187**	**4,478,951**	**4,464,506**	**3,568,292**	**119,024,936**
Loss for the period	-	-	-	(24,839)	(24,839)
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*	-	82,300	-	-	82,300
Share-based payment**	-	130,986	-	-	130,986
Dividend	-	-	-	(4,090,545)	(4,090,545)
At 30.6.2019 (unaudited)	**106,513,187**	**4,692,237**	**4,464,506**	**(547,092)**	**115,122,838**

Company	Share capital US$	Capital and other reserves US$	Translation reserve US$	(Accumulated losses) / Retained earnings US$	Total US$
At 1.1.2018 As restated (unaudited)	**95,069,461**	**495,570**	**4,464,506**	**(2,528,685)**	**97,500,852**
Profit for the period	-	-	-	9,922,924	9,922,924
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*	-	108,070	-	-	108,070
At 31.3.2018 (unaudited)	**95,069,461**	**603,640**	**4,464,506**	**7,394,239**	**107,531,846**
Profit for the period	-	-	-	161,402	161,402
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*	-	107,754	-	-	107,754
At 30.6.2018 (unaudited)	**95,069,461**	**711,394**	**4,464,506**	**7,555,641**	**107,801,002**

* 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 the Chief Executive Officer) of the Company, as share-based payment.

** Pertains to share-based payment arising from the grant of share options pursuant to the Geo Energy share option scheme on 11 January 2019.

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

As at 30 June 2019, the Company's share capital comprised 1,399,273,113 shares (31 March 2019: 1,399,273,113 shares). There were no outstanding convertibles or treasury shares as at 30 June 2019 and 30 June 2018.

On 19 November 2018, the Company issued 74,000,000 non-listed, transferable, free warrants exercisable within two years from the date of issue, with each warrant carrying the right to subscribe for one ordinary share in the Company at an exercise price of S$0.33 per share. As at 30 June 2019, no warrant was exercised.

On 11 January 2019, the Group has announced the grant of share options pursuant to the Geo Energy share option scheme. A total of 24,850,000 options was granted at the exercise price of S$0.19 per share. The vesting period of the options commences after the first anniversary from the date of the grant.

Please refer to relevant announcements.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.6.2019	31.12.2018
Total number of issued shares (excluding treasury shares)	1,399,273,113	1,399,273,113

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2018.

5. If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group except for the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases which took effect on 1 January 2019. In compliance with SFRS(I) 16 Leases, the Group has recognised a right-of-use asset and a corresponding liability in respect of all leases, unless they qualify for low value or short-term leases.

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 30.6.2019 (Unaudited)	**3 months ended 30.6.2018 (Unaudited)**	**6 months ended 30.6.2019 (Unaudited)**	**6 months ended 30.6.2018 (Unaudited)**
Earnings per share ("EPS")				
Earnings (losses) for computing EPS (US$)	830,481	8,474,282	(7,883,129)	17,458,356
Weighted average number of ordinary shares [(1)]	1,399,273,113	1,329,273,113	1,399,273,113	1,329,273,113
Basic and diluted EPS based on weighted average number of ordinary shares (US cent) [(2)]	0.06	0.64	(0.56)	1.31
Basic and diluted EPS based on weighted average number of ordinary shares (SG cent) [(3)]	0.08	0.87	(0.76)	1.80

(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.

(2) The basic and diluted EPS were the same, as the warrants issued by the Group only have a dilutive effect when the average market price of ordinary shares during the period exceeds the exercise price of the warrants.

(3) Numbers were translated using the 30 June 2019 and 30 June 2018 of US$:S$ exchange rates of 1.3537 and 1.3679 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	
	30.6.2019 (Unaudited)	**31.12.2018 (Audited)**	**30.6.2019 (Unaudited)**	**31.12.2018 (Audited)**
Net asset value (US$)	162,536,735	173,922,554	115,122,838	118,294,106
Number of issued shares	1,399,273,113	1,399,273,113	1,399,273,113	1,399,273,113
Net asset value per ordinary share (US cent)	11.62	12.43	8.23	8.45
Net asset value per ordinary share (SG cent) (1)	15.72	16.97	11.14	11.55

(1) Numbers were translated using the 30 June 2019 and 31 December 2018 of US$:S$ exchange rates of 1.3537 and 1.3657 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

	Group		Group	
	3 months ended 30.6.2019 (Unaudited)	**3 months ended 30.6.2018 (Unaudited)**	**6 months ended 30.6.2019 (Unaudited)**	**6 months ended 30.6.2018 (Unaudited)**
Revenue				
Sales Volume (million tonnes)	1.4	2.0	3.5	3.9
- SDJ	0.4	2.0	1.6	3.9
- TBR	1.0	-	1.9	-
Average Indonesian Coal Index Price (US$/tonne)	37.56	44.84	36.52	46.43
Average Selling Price (US$/tonne)	36.54	42.24	33.88	44.34
Production				
Production Volume (million tonnes)	1.7	1.8	3.6	3.8
- SDJ	0.7	1.7	1.6	3.7
- TBR	1.0	0.1	2.0	0.1
Strip Ratio (times)				
- SDJ	2.7	3.3	2.8	3.9
- TBR	3.0	3.2	3.3	3.6
Production Cash Cost (US$/tonne)	25.78	29.18	28.41	31.33
Cash Profit (US$/tonne)	**10.76**	**13.06**	**5.47**	**13.01**

Financial performance (2Q2019 vs. 2Q2018)

Revenue decreased by US$31.3 million to US$51.9 million due to lower Average Selling Price ("ASP") resulting from the decrease in the average Indonesian Coal Index ("ICI") price in 2Q2019 compared to 2Q2018, and lower sales quantity due to poor weather conditions.

The Group recorded coal sales of 1.4 million tonnes from its SDJ and TBR coal mines for the 3 months ended 30 June 2019 ("2Q2019"), a decrease from 2Q2018 and 1Q2019 of 2.0 million tonnes and 2.1 million tonnes respectively. Included in the 1.4 million tonnes in 2Q2019 was 0.7 million tonnes of coal sold in the Indonesian market as part of its Domestic Market Obligation ("DMO"). TBR production in the quarter was same as 1Q2019 at 1.0 million tonnes.

The Group results were impacted by the continuous weaker coal prices in 2Q2019, generally weighed upon by weak demands from China. Asian thermal markets were pondering the growing prospect of China introducing fresh import restrictions and were weighing up the possible impact on supply and prices[1]. Moreover, poor weather and rainy conditions in the second quarter had resulted in unfavourable conditions in the TBR coal mine, where pit access was slippery and restricted by water and hence, adversely affecting its production and delivery for a few days. The Regent of Tanah Bumbu Regency in Indonesia had declared flood emergency status for 14 days in mid-June 2019. However, the weather condition improved in mid-June. Normal production and delivery of coal have since resumed and coal loading activity in Kalimantan has also risen.

The Rencana Kerja Anggaran Biaya ("RKAB") (Work Plan and Budget) production quota set out by the local authority for SDJ for 2019 is lower than 2018, although the total production quota for the Group (including TBR) was increased in 2019 over 2018. The lower production quota for SDJ resulted in lower production and sales quantities from the SDJ coal mine. The Group had achieved its DMO requirements for the 1H2019 and barring any unforeseen circumstances, is expected to meet its full year DMO requirement in 2019. We have applied for a review of our 2019 RKAB to increase our production quota by 2 million tonnes for SDJ and expect results to be known by 3Q2019.

The average ICI price in 2Q2019 was US$37.56 per tonne, up from US$35.49 per tonne in 1Q2019 but down from US$44.84 in 2Q2018. Average selling price ("ASP") in 2Q2019 was US$36.54 per tonne, higher than US$32.04 in 1Q2019 but lower than US$42.24 per tonne in 2Q2018. This resulted in a decrease in the Group's revenue to US$51.9 million, and a lower net profit of US$0.8 million in the quarter. The lower ASP compared to the ICI price was due to our pricing based on the average index prices of the month in which laycan takes place and marketing discounts.

ICI prices for 4,200 GAR coal have been volatile since the beginning of the year. ICI coal prices for 4,200 GAR hit a high of US$40.32 per tonne on 8 March 2019 and was at US$32.34 per tonne on 8 August 2019. There will be pressure on coal price as the key independent power producers in China maintain sufficient inventory levels following production ramp-ups ahead of the summer season, coupled with lacklustre thermal power generation.

We expect our results in the coming quarters to improve if coal prices recover, especially with the increase in the target production and sales of TBR coal.

The Group recorded a **gross profit** of US$11.0 million, compared to US$21.4 million recorded in 2Q2018, mostly due to the lower ASP. At the same time, production cash cost has decreased from US$29.18 in 2Q2018 to US$25.78 in 2Q2019 mainly due to the Group's effort to reduce the OB distance and renegotiating, and reducing its costs with the suppliers in line with the lower coal price.

Cash profit for coal mining averaged US$10.76 per tonne in 2Q2019, compared to an average of US$1.80 per tonne in 1Q2019 and US$13.06 per tonne in 2Q2018. Cash profit has improved from 1Q2019 due to the higher ASP and reduction in the production cash cost.

Group (All figures in US$'000 except as indicated)	**Coal mining**	**Coal trading**	**Coal mining management services**	**Total**
3 months ended 30.6.2019 (unaudited)				
Volume (tonnes)	1,421,297	-	-	1,421,297
Revenue	51,930	-	-	51,930
Cost of sales	(40,930)	-	-	(40,930)
Gross profit	11,000	-	-	11,000
Non-cash items:				
Depreciation & amortisation	4,289	-	-	4,289
Cash profit	**15,289**	**-**	**-**	**15,289**
3 months ended 31.3.2019 (unaudited)				
Volume (tonnes)	2,051,187	-	-	2,051,187
Revenue	65,726	-	-	65,726
Cost of sales	(67,192)	-	-	(67,192)
Gross loss	(1,466)	-	-	(1,466)
Non-cash items:				
Depreciation & amortisation	5,168	-	-	5,168
Cash profit	**3,702**	**-**	**-**	**3,702**

Group (All figures in US$'000 except as indicated)	**Coal mining**	**Coal trading**	**Coal mining management services**	**Total**
3 months ended 30.6.2018 (unaudited)				
Volume (tonnes)	1,969,557	-	-	1,969,557
Revenue	83,184	-	-	83,184
Cost of sales	(61,820)	-	-	(61,820)
Gross profit	21,364	-	-	21,364
Non-cash items:				
Depreciation & amortisation	4,351	-	-	4,351
Cash profit	**25,715**	**-**	**-**	**25,715**

Profit before income tax of US$2.8 million includes:

- Other income of US$1.4 million. The increase of US$0.2 million was mainly due to higher interest income earned from the amount placed in short-term investments and deposits;

- General and administrative expenses of US$2.5 million. The decrease of US$0.2 million was mainly due to lower staff costs, partially offset by higher share-based payment expense arising from the grant of share options pursuant to the Geo Energy share option scheme on 11 January 2019;

- Other expenses of US$0.4 million. The decrease of US$0.8 million was mainly due to the lower forex loss in the quarter;

- Finance costs of US$6.6 million. The decrease of US$0.9 million was mainly due to the adjustment on the amortisation of transaction costs of Senior Notes which took effect from 4Q2018; and

- Depreciation and amortisation of US$4.3 million. The increase of US$0.8 million was mainly due to the higher amortisation expense attributed to the TBR mine.

Income tax expense amounted to US$2.0 million. The decrease in income tax expense was in line with the decrease in profit before tax. Income tax expense was also arrived at after accounting for underprovision of tax in prior year and certain non-deductible expenses, mainly depreciation of mining properties and amortisation of transaction costs of Senior Notes.

Overall, the Group recorded a profit of US$0.8 million for the period, mainly due to lower ASP from 2Q2018. This was offset by lower production costs, due to the Group's effort to reduce the OB distance and renegotiating, reducing its costs with the suppliers in line with the lower coal price, and lower other non-operating expenses.

Financial performance (1H2019 vs. 1H2018)

Revenue decreased by US$56.1 million to US$117.7 million due to lower ASP resulting from the decrease in the average ICI price in 1H2019 compared to 1H2018, and lower sales quantity due to poor weather conditions.

The Group results were impacted by the continuous weaker coal prices in 2Q2019, generally weighed upon by weak demands from China. Asian thermal markets were pondering the growing prospect of China introducing fresh import restrictions and were weighing up the possible impact on supply and prices. Moreover, poor weather and rainy conditions in the second quarter had resulted in unfavourable conditions in the TBR coal mine, where pit access was slippery and restricted by water and hence, adversely affecting its production and delivery for a few days. The Regent of Tanah Bumbu Regency in Indonesia had declared flood emergency status for 14 days in mid-June 2019. However, the weather condition improved in mid-June. Normal production and delivery of coal have since resumed and coal loading activity in Kalimantan has also risen.

The Rencana Kerja Anggaran Biaya ("RKAB") (Work Plan and Budget) production quota set out by the local authority for SDJ for 2019 is lower than 2018, although the total production quota for the Group (including TBR) was increased in 2019 over 2018. The lower production quota for SDJ resulted in lower production and sales quantities from the SDJ coal mine. The Group had achieved its DMO requirements for the 1H2019 and barring any unforeseen circumstances, is expected to meet its full year DMO requirement in 2019. We have applied for a review of our 2019 RKAB to increase our production quota by 2 million tonnes for SDJ and expect results to be known by 3Q2019.

The Group sold 1.6 million tonnes of 4,200 GAR coal from the SDJ coal mine and 1.9 million tonnes from the TBR coal mine, totalling 3.5 million tonnes of coal sold during the period. This was a decrease from 1H2018 sales of 3.9 million tonnes.

The average ICI price for 4,200 GAR coal was US$36.52 per tonne in 1H2019, down from US$46.43 per tonne in 1H2018. There will be pressure on coal price as the key independent power producers in China maintain sufficient inventory levels following production ramp-ups ahead of the summer season, coupled with lacklustre thermal power generation. The Group recorded an ASP of US$33.88 per tonne, lower than US$44.34 per tonne in 1H2018. The lower ASP compared to the ICI price was due to our pricing based on the average index prices of the precedent 3rd and 4th week and the month in which laycan takes place, and marketing discounts.

The Group recorded a **gross profit** of US$9.5 million, down from US$43.3 million recorded in 1H2018. In addition to the lower ASP, production in 1H2019 was affected by the increases in OB hauling distance, fuel price and increased strip ratios. The temporary increase in OB distance was due to the disposal of overburden at the further end of the dumping site based on the current mining plan. The Group has been gradually optimising the mining plan to reduce the OB distance from this quarter.

Cash profit for coal mining averaged US$5.47 per tonne in 1H2019 compared to an average of US$13.01 per tonne in 1H2018. The lower cash profit was mainly due the lower ASP caused by lower ICI price in the period and abovementioned factors affecting the production cash costs.

Group (All figures in US$'000 except as indicated)	**Coal mining**	**Coal trading**	**Coal mining management services**	**Total**
6 months ended 30.6.2019 (unaudited)				
Volume (tonnes)	3,472,485	-	-	3,472,485
Revenue	117,655	-	-	117,655
Cost of sales	(108,122)	-	-	(108,122)
Gross profit	9,533	-	-	9,533
Non-cash items:				
Depreciation & amortisation	9,457	-	-	9,457
Cash profit	**18,990**	**-**	**-**	**18,990**
6 months ended 30.6.2018 (unaudited)				
Volume (tonnes)	3,906,374	-	-	3,906,374
Revenue	173,221	-	510	173,731
Cost of sales	(130,187)	-	(276)	(130,463)
Gross profit	43,034	-	234	43,268
Non-cash items:				
Depreciation & amortisation	7,770	-	-	7,770
Cash profit	**50,804**	**-**	**234**	**51,038**

Loss before income tax of US$7.8 million includes:

- Other income of US$3.3 million. The increase of US$0.3 million was mainly due to higher interest income earned from the amount placed in short-term investments and deposits;
- General and administrative expenses of US$6.3 million. The increase of US$1.0 million was mainly due to higher professional fees incurred, as well as share-based payment expense arising from the grant of share options pursuant to the Geo Energy share option scheme on 11 January 2019;
- Other expenses of US$1.1 million. The decrease of US$1.7 million was mainly due to lower forex loss in the period and loss on financial assets carried at amortised cost recorded in 1H2018, the latter of which did not recur in 1H2019;
- Finance costs of US$13.3 million. The decrease of US$2.0 million was mainly due to the adjustment on the amortisation of transaction costs of Senior Notes which took effect from 4Q2018; and
- Depreciation and amortisation of US$9.7 million. The increase of US$2.6 million was mainly due to the higher amortisation expense attributed to the TBR mine.

Income tax expense was US$0.1 million. We recorded income tax expense despite incurring losses before tax due to underprovision of tax in prior year and certain non-deductible expenses, mainly depreciation of mining properties and amortisation of transaction costs of Senior Notes.

Overall, the Group incurred a loss of US$7.9 million for the period, mainly due to lower ASP from 1H2018 and higher general and administrative costs. This was partially offset by lower production costs, other expenses and finance costs as well as higher other income.

8.2 Financial Position

Group

Current Assets
Current assets increased by US$9.9 million to US$276.0 million as at 30 June 2019.

Cash and bank balances decreased by US$3.0 million to US$199.6 million as at 30 June 2019, mainly due to dividend payment and income tax payment, offset by improved working capital management.

Trade and other receivables of US$27.3 million as at 30 June 2019 comprise mainly trade receivables of US$13.9 million and non-trade receivables of US$13.4 million. The increase of US$2.2 million from US$25.0 million as of 31 December 2018 was mainly due to increases in prepaid income tax for our Indonesian subsidiaries by US$3.9 million, offset by decrease in our trade receivables. Our Indonesian subsidiaries are required to prepay their current income tax. Should the total amount of tax prepaid exceed the official tax assessment, the excess amount will be refunded.

Deposits and prepayments decreased by US$1.5 million to US$22.2 million as at 30 June 2019 mainly due to the utilisation of amount prepaid in relation to the agreement the Group entered with third parties for the provision of integrated coal mining support and infrastructure services for the SDJ and TBR coal mines.

Inventory increased by US$12.1 million to US$26.9 million as at 30 June 2019. This increase was temporary and caused by the timing of loading around period end. Shipments were made subsequently after the period end.

Non-current Assets
Non-current assets decreased by US$3.3 million to US$279.2 million as at 30 June 2019, mainly due to decreases in deposits and prepayments by US$5.1 million (due to reclass of certain prepayments to current asset and utilisation of such prepayments), property, plant and equipment ("PPE") by US$4.1 million (mainly from depreciation, offset by recognition of a right-of-use asset comprising leasehold assets in compliance with SFRS(I) 16 Leases) and deferred tax assets ("DTA") by US$0.4 million. These were partially offset by the increase in deferred stripping costs by US$6.3 million (pre-stripping cost upon commencement of production at the TBR coal mine) for the 6 months ended 30 June 2019.

Current Liabilities
Current liabilities increased by US$16.4 million to US$93.1 million as at 30 June 2019, mainly due to increases in trade and other payables by US$16.3 million and lease liability by US$0.4 million, offset by decrease in income tax payable by US$0.3 million. Increase in trade and other payables was mainly due to increases in trade payables and advances from customers, partially offset by decrease in accruals. Lease liability increased upon recognising a liability corresponding to the increase in PPE relating to the leasehold assets in compliance with SFRS(I) 16 Leases.

Non-current Liabilities
Non-current liabilities increased by US$1.6 million to US$299.4 million as at 30 June 2019, mainly due to the interests accrued on the Senior Notes of US$1.4 million and increases in lease liability (due to abovementioned recognition of lease liability in compliance with SFRS(I) 16 Leases) and in provisions by US$0.1 million. These were partially offset by the decrease in deferred tax liability by US$0.6 million.

Contingent Liability
In 2016, some subsidiaries were audited by 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 legal firm in Jakarta, Indonesia. Closing Statements with our point of view had been submitted to the Court of Appeal in July 2018. Final decision is expected to be received by the third quarter of 2019. 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 30 June 2019, the Company and some subsidiaries have issued corporate guarantees to bondholders for Senior Notes issued by a subsidiary of US$300,000,000 (2018: US$300,000,000).

Company

Current Assets
Current assets decreased by US$6.2 million to US$81.2 million as at 30 June 2019, mainly due to decrease in cash and bank balances by US$7.8 million (mainly due to dividend payment of US$4.1 million), partially offset by increase in intercompany receivables by US$1.6 million.

Current assets of US$81.2 million as at 30 June 2019 mainly comprised cash and bank balances of US$21.1 million, intercompany receivables of US$59.0 million and deposits and prepayments of US$1.0 million.

Non-current Assets
Non-current assets comprised mainly investment in subsidiaries of US$185.9 million, other receivable of US$3.1 million and PPE of US$1.2 million. The increase in PPE was due to the recognition of a right-of-use asset comprising leasehold assets in compliance with SFRS(I) 16 Leases.

Current Liabilities
Current liabilities decreased by US$1.8 million to US$152.2 million as at 30 June 2019. This was mainly due to decreases in intercompany payables, accruals, other payables, and income tax payable. These were partially offset by the increase in lease liability upon recognising a liability corresponding to the increase in PPE relating to the leasehold assets in compliance with SFRS(I) 16 Leases.

Net current Liabilities
The Company's working capital was negative US$71.0 million, mainly due to the increase in intercompany receivables and decreases in payables. Based on the Group's current financial performance and financial position as at 30 June 2019 with a total cash of US$199.6 million and positive working capital of US$182.9 million, the Company will be able to pay its debt as and when they fall due.

Non-current Liabilities
Non-current liabilities as at 30 June 2019 mainly comprise financial guarantee liability, lease liability and provisions. The slight decrease of US$0.1 million was mainly due to amortisation of financial guarantee liability of US$0.8 million to the profit or loss as deemed guarantee income, offset by increase in lease liability in relation to the abovementioned application of SFRS(I) 16 Leases.

8.3 Cash Flow

Group

Cash Flow (2Q2019 vs. 2Q2018)

Net cash from operating activities was US$9.5 million. Operating cash flows before movements in working capital was an inflow of US$13.8 million, from the Group's profit before tax and the adjustments on non-cash items.

Working Capital
Working capital movement was negative US$3.7 million in 2Q2019, as compared to the negative working capital of US$4.1 million in 2Q2018. This was mainly due to the increase in inventory volume.

Net cash from investing activities of US$0.1 million was mainly due to interest received of US$1.3 million, offset by addition to deferred stripping costs of US$0.5 million for the TBR coal mine operation, purchase of PPE of US$0.5 million and advance payment for purchase of PPE of US$0.3 million.

Net cash used in financing activities of US$16.1 million was due to the payment of Senior Note interest of U$12.0 million and dividend paid of US$4.1 million.

Cash Flow (1H2019 vs. 1HQ2018)

Net cash from operating activities was US$12.7 million. Operating cash flows before movements in working capital was an inflow of US$14.3 million, due to the adjustments of the Group's non-cash items.

Working Capital
Working capital movement was negative US$0.4 million in 1H2019, as compared to the negative working capital of US$43.6 million in 1H2018. The Group made advance payments for provision of integrated coal mining support and infrastructure services for the SDJ and TBR coal mines in 1H2018. Hence, the improvement in the working capital movement was mainly due to non-recurrence of such payments in this period, and better credit on trade and other payables in 1H2019.

Net cash from investing activities of US$0.4 million was mainly due to interest received of US$3.1 million, offset by addition to deferred stripping costs of US$1.2 million for the TBR coal mine operation, purchase of PPE of US$1.3 million and advance payment for purchase of PPE of US$0.2 million.

Net cash used in financing activities of US$15.8 million was due to the payment of Senior Note interest of U$12.0 million, dividend paid of US$4.1 million and repayment of finance lease and lease liability obligations of US$0.1 million. These were partially offset by the decrease of US$0.4 million in deposits pledged.

Overall, total cash and cash equivalent as of 30 June 2019 was US$194.6 million, excluding the pledged deposits of US$5.0 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 has previously indicated a production and sales of at least 8 million tonnes of coal for both SDJ and TBR in 2019. The Group recorded coal sales of 1.4 million tonnes from its SDJ and TBR coal mines for 2Q2019 and 3.5 million tonnes for 1H2019.

The RKAB for SDJ for 2019 is lower than 2018, although the total production quota for the Group (including TBR) was increased in 2019 over 2018. The lower production quota for SDJ resulted in lower production and sales quantities from the SDJ coal mine. The Group had achieved its DMO requirements for 1H2019 and barring any unforeseen circumstance is expected to meet its full year DMO requirement in 2019. The Group had applied for a review of its 2019 RKAB to increase the Group's production quota by 2 million tonnes for SDJ and expects results to be known by 3Q2019.

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

In 2Q2019, the average ICI for 4,200 GAR coal was at US$37.56 per tonne, an increase of US$2.07 per tonne as compared to US$35.49 per tonnes in 1Q2019 but down by US$7.28 per tonne from 2Q2018. ICI for 4,200 GAR coal on 8 August 2019 was US$32.34.

According to McCloskey report, Indonesia sub-bituminous and low-ranked prices started to soften with Indonesia low-ranked traded at US$35.25-US$36.00 per tonne FOB, basis 4,200 kc GAR, for July and August loading geared vessels, despite a return of heavy rains to major mining regions in Kalimantan[4] in June that has affected supply. Thermal coal price continued to trend down due to quick coal production ramp-up ahead of the summer season, sufficient inventory levels at the key independent power producers in China and lacklustre thermal power generation. With an additional 160 million of newly approved coal capacity in 1H2019 coming on stream and softening demand amid concerns over slowing economic growth, the thermal coal prices expected to decline gradually in 2H2019[3].

[4] McCloskey Issue 464, 12 July 2019

There have been request from miners to revise the quota upwards for the rest of 2019. The Directorate General of Minerals and Coal in Indonesia stated that the request is currently being evaluated whether to increase the production quota and results will be announced at end of July or early August. Miners that are looking to increase output will have the domestic market in mind[4]. In China, domestic market coal consumption at six major coastal power plants increased by 36,700 tonnes per day to 634,100 tonnes per day as of 9 July 2019[5].

Coal still accounts for about 40% of global power supply, unchanged for many years and demand of energy will continue to grow as the world population grows and countries in Asia industrialise. Coal remains the single largest source of energy for the world and will continue to do so for decades to come. Indonesia has made gains in volumes into China which was likely due to China's stronger demand for low-ranked coal for blending[6]. In addition, Indonesia is expected to add some 50 million tonnes a year of coal-fired power demand by 2023, a rise of 55% from 2018 making it one of Asia's biggest consumers.[7] Vietnam's coal demand outpaces domestic output in the first half of 2019, with power, steel and coal production all rising significantly, albeit with coal output still lagging the country's demand. Coal import to Vietnam were up 102% with Indonesia as the main leading import origin. Coal-fired power generation on the Malaysian Peninsular was up 4% in 1H2019. Coal is the largest contributor to the power generation mix in Malaysia. According to IHS Markit's latest forecast, Malaysia is expected to import 36.2 million tonnes of thermal coal in 2019 and by 2021, Malaysia imports are expected to reach around 40 million tonnes per year[4].

We are always working on opportunities to optimise our coal assets portfolio, such as pursuing coal producing assets that can boost our profitability and coal reserves substantially. As mentioned in our 1Q2019 results announcement, we had submitted a non-binding offer to the potential acquisition of new coal assets for a producing coal mine in East Kalimantan, Indonesia. We are currently performing the due diligence process and if satisfactory, we expect to submit a binding offer according to the transaction process by end August 2019. J.P. Morgan has been appointed as the financial advisor for this potential acquisition. We will make the relevant announcement in due course.

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

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

No dividend has been declared for the financial period ended 30 June 2019.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

Name of dividend:	Interim
Dividend type:	Cash
Dividend rate:	S$0.01 per share

(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.

[5] https://www.argusmedia.com/en/news/1936972-lowcv-indonesian-coal-prices-steady-to softer?
[6] McCloskey Issue 463, 28 June 2019
[7] https://www.cnbc.com/2019/07/04/reuters-america-future-tense-fastest-growing-market-asia-rethinks-coals-prospects.html

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended.

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 and there is no IPT.

14. Negative confirmation pursuant to Rule 705(5)

We, Charles Antonny Melati and Tung Kum Hon, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company (the "Board") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter and six months ended 30 June 2019 to be false or misleading in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors

Charles Antonny Melati
Executive Chairman

14 August 2019

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

Geo Energy Resources Limited ("Geo Energy") is one of the major coal producers in Indonesia and is listed on the Singapore Stock Exchange and is part of the Singapore FTSE-ST index.

The Group is ranked 17th in the inaugural award for Singapore's Fastest Growing Companies 2019 presented by The Straits Times and Statista based on the strongest revenue growth in recent years.

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 owns major mining concessions and coal mines in East and South Kalimantan, Indonesia.

For more information, please visit www.geocoal.com

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