GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED

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

Unaudited Financial Statements Announcement for the Second Quarter and Six Months Ended 30 June 2017

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017

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

1(a)(i) Consolidated statement of profit or loss

	Group					
	3 months ended 30.6.2017	3 months ended 30.6.2016	Change +/(-)	6 months ended 30.6.2017	6 months ended 30.6.2016	Change +/(-)
	US$	US$	%	US$	US$	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Continuing operations						
Revenue	58,947,139	21,394,166	176	158,229,976	33,282,602	375
Cost of sales	(39,819,330)	(20,158,399)	98	(113,772,108)	(31,799,176)	258
Gross profit	19,127,809	1,235,767	nm	44,457,868	1,483,426	nm
Other income	291,814	6,493,674	(96)	404,607	6,346,527	(94)
General and administrative expenses	(2,571,793)	(1,728,875)	49	(4,799,801)	(3,116,321)	54
Other expenses	(408,428)	(54,407)	651	(2,351,786)	(256,938)	815
Finance costs	(1,168,369)	(1,559,045)	(25)	(2,577,193)	(3,081,905)	(16)
Profit before income tax	15,271,033	4,387,114	248	35,133,695	1,374,789	nm
Income tax (expense) credit	(5,257,142)	(148,535)	nm	(10,484,944)	8,496	nm
Profit after income tax from continuing operations	10,013,891	4,238,579	136	24,648,751	1,383,285	nm
Discontinued operation						
Loss for the period from discontinued operation	-	(1,605,621)	(100)	-	(1,348,045)	(100)
Profit for the period	10,013,891	2,632,958	280	24,648,751	35,240	nm
Other comprehensive income, net of tax:						
Items that may be subsequently reclassified to profit or loss						
- Exchange differences on translation of foreign operations	(344,206)	4,503,795	nm	(498,563)	2,364,616	nm
Total comprehensive income	9,669,685	7,136,753	35	24,150,188	2,399,856	906

nm – not meaningful

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

	Group					
	3 months ended 30.6.2017 US$ (Unaudited)	3 months ended 30.6.2016 US$ (Unaudited)	Change +/(-) %	6 months ended 30.6.2017 US$ (Unaudited)	6 months ended 30.6.2016 US$ (Unaudited)	Change +/(-) %
Profit (loss) attributable to:						
Owners of the Company	10,002,858	2,635,912	279	24,642,167	50,204	nm
Non-controlling interests	11,033	(2,954)	nm	6,584	(14,964)	nm
	10,013,891	2,632,958	280	24,648,751	35,240	nm
Total comprehensive income attributable to:						
Owners of the Company	9,657,992	7,150,257	35	24,142,531	2,424,912	896
Non-controlling interests	11,693	(13,504)	nm	7,657	(25,056)	nm
	9,669,685	7,136,753	35	24,150,188	2,399,856	906

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

	Group					
	3 months ended 30.6.2017 US$ (Unaudited)	3 months ended 30.6.2016 US$ (Unaudited)	Change +/(-) %	6 months ended 30.6.2017 US$ (Unaudited)	6 months ended 30.6.2016 US$ (Unaudited)	Change +/(-) %
Continuing operations						
Interest income	(111,464)	(25,226)	342	(209,883)	(63,411)	231
Gain on disposal of subsidiaries	-	(4,962,232)	(100)	-	(4,962,232)	(100)
Gain on disposal of property, plant and equipment (net)	(6,936)	(28,846)	(76)	(21,310)	(48,506)	(56)
Foreign exchange loss (net)	418,915	218,176	92	2,351,786	1,178,748	100
Interest expense	1,168,369	1,559,044	(25)	2,577,193	3,081,905	(16)
Depreciation of property, plant and equipment	3,086,562	1,831,600	69	6,884,047	3,053,190	125
Amortisation of deferred stripping costs	410,526	950,589	(57)	910,802	1,152,436	(21)
Discontinued operation						
Interest income	-	(509)	(100)	-	(672)	(100)
Foreign exchange gain	-	(151,245)	(100)	-	(920,105)	(100)
Gain on disposal of property, plant and equipment (net)	-	(2,061)	(100)	-	(3,426)	(100)
Loss on disposal of a discontinued operation	-	1,267,291	(100)	-	1,267,291	(100)
Interest expense	-	498,619	(100)	-	823,020	(100)
Depreciation of property, plant and equipment	-	20,928	(100)	-	827,028	(100)

nm - not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30.6.2017 US$ (Unaudited)	**31.12.2016 US$ (Audited)**	**30.6.2017 US$ (Unaudited)**	**31.12.2016 US$ (Audited)**
ASSETS				
Current assets				
Cash and bank balances	26,469,590	67,703,681	8,258,857	53,417,879
Trade and other receivables	38,636,761	103,493,933	113,785,096	74,659,464
Deposits and prepayments	23,057,357	7,415,552	199,361	194,271
Inventories	7,717,720	8,890,420	-	-
Total current assets	95,881,428	187,503,586	122,243,314	128,271,614
Non-current assets				
Deposits and prepayments	6,742,436	5,067,764	85,615	82,285
Investment in subsidiaries	-	-	98,024,128	98,024,126
Deferred stripping costs	9,029,519	9,940,321	-	-
Property, plant and equipment	189,087,318	102,529,077	118,819	134,882
Investment property	547,338	542,572	-	-
Deferred tax assets	3,645,807	3,347,593	443,151	263,418
Other non-current asset	149,060	143,263	149,060	143,263
Total non-current assets	209,201,478	121,570,590	98,820,773	98,647,974
Total assets	**305,082,906**	**309,074,176**	**221,064,087**	**226,919,588**
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	63,611,927	106,899,123	55,071,653	65,929,218
Current portion of finance leases	97,887	14,718	15,648	14,718
Notes payable	71,515,634	-	71,515,634	-
Income tax payable	14,700,295	7,447,250	-	-
Total current liabilities	149,925,743	114,361,091	126,602,935	65,943,936
Non-current liabilities				
Finance leases	192,982	43,887	37,755	43,887
Notes payable	-	68,675,591	-	68,675,591
Provisions	1,531,251	1,335,862	96,004	90,350
Deferred tax liabilities	337,502	-	-	-
Total non-current liabilities	2,061,735	70,055,340	133,759	68,809,828

	Group		Company	
	30.6.2017 US$ (Unaudited)	31.12.2016 US$ (Audited)	30.6.2017 US$ (Unaudited)	31.12.2016 US$ (Audited)
Capital, reserves and non-controlling interests				
Share capital	102,670,842	89,670,842	102,670,842	89,670,842
Capital and other reserve	376,192	316,251	-	-
Translation reserve	(18,732,096)	(18,232,460)	(5,066,908)	(4,464,506)
Retained earnings (Accumulated losses)	68,551,150	52,681,429	(3,276,541)	6,959,488
Equity attributable to owners of the Company	152,866,088	124,436,062	94,327,393	92,165,824
Non-controlling interests	229,340	221,683	-	-
Total equity	153,095,428	124,657,745	94,327,393	92,165,824
Total liabilities and equity	**305,082,906**	**309,074,176**	**221,064,087**	**226,919,588**

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

	Group			
	30.6.2017		31.12.2016	
	Secured US$ (Unaudited)	Unsecured US$ (Unaudited)	Secured US$ (Audited)	Unsecured US$ (Audited)
Amount repayable in one year or less, or on demand	97,887	71,515,634	14,718	-
Amount repayable after one year	192,982	-	43,887	68,675,591
	290,869	**71,515,634**	**58,605**	**68,675,591**

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

As at 30 June 2017, the Group's finance lease liabilities are secured by the leased assets, motor vehicles.

In July 2014, the Group issued Medium Term Notes ("MTN" or "the Notes") of S$100 million. The Notes matures in January 2018 and bear interest at a fixed rate of 7% per annum payable semi-annually in arrears. Separately, the Group has pledged a deposit of S$3.5 million for the purpose of securing its interest payment obligations.

On 14 June 2017, the Group has received the mandate from the MTN holders via a Consent Solicitation exercise to waive non-compliance with the negative pledge, financial covenants and any events of default which may occur as a result of refinancing of the MTN. 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			
	3 months ended 30.6.2017 US$ (Unaudited)	**3 months ended 30.6.2016 US$ (Unaudited)**	**6 months ended 30.6.2017 US$ (Unaudited)**	**6 months ended 30.6.2016 US$ (Unaudited)**
Operating activities				
Profit (loss) before income tax (Note A)	15,271,033	2,476,032	35,133,695	(184,936)
Adjustments for:				
Depreciation of property, plant and equipment	3,086,562	1,852,528	6,884,047	3,880,218
Amortisation of deferred stripping costs	410,526	950,589	910,802	1,152,436
Gain on disposal of property, plant and equipment	(6,936)	(30,907)	(21,310)	(51,932)
Gain on disposal of subsidiaries	-	(4,962,232)	-	(4,962,232)
Loss on disposal of discontinued operation	-	1,267,291	-	1,267,291
Interest expense	1,168,369	2,057,663	2,577,193	3,904,925
Interest income	(111,464)	(25,735)	(209,883)	(64,083)
Retirement benefit obligations	70,608	56,453	159,520	112,684
Net foreign exchange (gains) losses	(1,352,151)	2,133,681	1,974,996	2,320,092
Operating cash flows before movements in working capital:	18,536,547	5,775,363	47,409,060	7,374,463
Trade and other receivables	18,786,519	(4,320,344)	315,499	(6,995,990)
Deposits and prepayments	(12,214,410)	(57,422)	(15,681,054)	(752,214)
Inventories	(1,515,150)	(1,081,724)	1,975,086	(1,486,588)
Trade and other payables	(27,033,004)	3,814,882	(25,462,425)	7,983,231
Cash (used in) generated from operations	(3,439,498)	4,130,755	8,556,166	6,122,902
Income tax paid	(2,110,903)	(250)	(3,216,398)	(5,306)
Income tax refund	114,458	2,250,952	114,458	2,250,952
Retirement benefit obligation paid	-	-	-	(486)
Net cash (used in) from operating activities	(5,435,943)	6,381,457	5,454,226	8,368,062
Investing activities				
Interest received	81,620	6,823	151,487	15,226
Disposal of subsidiaries	-	(95,198)	-	(95,198)
Addition to deferred stripping costs	-	(5,888,138)	-	(8,812,552)
Advance payments for purchase of property, plant and equipment	(2,651)	(18,859)	(52,419)	(18,859)
Deferred payment for acquisition of property, plant and equipment	-	-	(4,482,388)	-
Purchase of property, plant and equipment	(15,990,841)	(65,969)	(31,145,625)	(197,774)
Proceeds on disposal of property, plant and equipment	28,462	40,311	64,113	91,068
Proceeds on disposal of investment property	-	2,860,585	-	2,860,585
Purchase of other non-current asset	-	-	-	(23,102)
Net cash used in investing activities	(15,883,410)	(3,160,445)	(35,464,832)	(6,180,606)

	Group			
	3 months ended 30.6.2017 US$ (Unaudited)	3 months ended 30.6.2016 US$ (Unaudited)	6 months ended 30.6.2017 US$ (Unaudited)	6 months ended 30.6.2016 US$ (Unaudited)
Financing activities				
Increase in fixed deposit pledged	(1,314,890)	-	(1,314,890)	-
Interest paid	-	(498,876)	(2,531,050)	(3,388,312)
Dividend paid	(8,772,446)	-	(8,772,446)	-
Repayment of obligations under finance leases	(24,295)	(1,005,243)	(31,654)	(1,946,650)
Net cash used in financing activities	(10,111,631)	(1,504,119)	(12,650,040)	(5,334,962)
Net (decrease) increase in cash and cash equivalents	(31,430,984)	1,716,893	(42,660,646)	(3,147,506)
Cash and cash equivalents at beginning of the period	51,542,906	2,705,890	62,761,457	7,421,269
Effect of exchange rate changes on the balance held in foreign currencies	1,719	584	12,830	149,604
Cash and cash equivalents at end of the period (Note B)	**20,113,641**	**4,423,367**	**20,113,641**	**4,423,367**

Note A

Profit (loss) before income tax:				
Continuing operations	15,271,033	4,387,114	35,133,695	1,374,789
Discontinued operation	-	(1,911,082)	-	(1,559,725)
	15,271,033	2,476,032	35,133,695	(184,936)

Note B

Cash and bank balances	19,301,184	4,419,142	19,301,184	4,419,142
Deposits	7,168,406	5,120,260	7,168,406	5,120,260
	26,469,590	9,539,402	26,469,590	9,539,402
Less: Deposit pledged	(6,355,949)	(5,116,035)	(6,355,949)	(5,116,035)
Cash and cash equivalents	20,113,641	4,423,367	20,113,641	4,423,367

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

	Share capital US$	Capital, revaluation and other reserve US$	Translation reserve US$	Retained Earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Group							
Balance at 1.1.2017	89,670,842	316,251	(18,232,460)	52,681,429	124,436,062	221,683	124,657,745
Profit for the period	-	-	-	14,639,309	14,639,309	(4,449)	14,634,860
Other comprehensive income for the period	-	-	(154,770)	-	(154,770)	413	(154,357)
Balance at 31.3.2017	89,670,842	316,251	(18,387,230)	67,320,738	138,920,601	217,647	139,138,248
Share issuance	13,000,000	-	-	-	13,000,000	-	13,000,000
Effects arising from acquisition of subsidiaries	-	59,941	-	-	59,941	-	59,941
Dividend	-	-	-	(8,772,446)	(8,772,446)	-	(8,772,446)
Profit for the period	-	-	-	10,002,858	10,002,858	11,033	10,013,891
Other comprehensive income for the period	-	-	(344,866)	-	(344,866)	660	(344,206)
Balance at 30.6.2017	**102,670,842**	**376,192**	**(18,732,096)**	**68,551,150**	**152,866,088**	**229,340**	**153,095,428**

	Share capital US$	Capital, revaluation and other reserve US$	Translation reserve US$	Retained Earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Group							
Balance at 1.1.2016	86,170,842	790,737	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
Issue of share capital	3,500,000	-	-	-	3,500,000	-	3,500,000
Loss for the period	-	-	-	(2,585,708)	(2,585,708)	(12,010)	(2,597,718)
Other comprehensive income for the period	-	-	(2,139,637)	-	(2,139,637)	458	(2,139,179)
Balance at 31.3.2016	89,670,842	790,737	(25,086,451)	27,133,210	92,508,338	225,790	92,734,128
Profit for the period	-	-	-	2,635,912	2,635,912	(2,954)	2,632,958
Other comprehensive income for the period	-	(776,632)	4,514,345	776,632	4,514,345	(10,550)	4,503,795
Balance at 30.6.2016	**89,670,842**	**14,105**	**(20,572,106)**	**30,545,754**	**99,658,595**	**212,286**	**99,870,881**

	Share capital	Revaluation reserve	Translation reserve	Retained earnings	Total
	US$	US$	US$	US$	US$
Company					
Balance at 1.1.2017	89,670,842	-	(4,464,506)	6,959,488	92,165,824
Loss for the period	-		-	(3,144,917)	(3,144,917)
Other comprehensive income for the period	-	-	(221,694)	-	(221,694)
Balance at 31.3.2017	89,670,842	-	(4,686,200)	3,814,571	88,799,213
Share issuance	13,000,000		-	-	13,000,000
Dividend	-		-	(8,772,446)	(8,772,446)
Profit for the period	-		-	1,681,334	1,681,334
Other comprehensive income for the period	-	-	(380,708)	-	(380,708)
Balance at 30.6.2017	**102,670,842**	**-**	**(5,066,908)**	**(3,276,541)**	**94,327,393**

	Share capital	Revaluation reserve	Translation reserve	Retained earnings	Total
Company					
Balance at 1.1.2016	86,170,842	776,632	(4,324,438)	(5,981,107)	76,641,929
Issue of share capital	3,500,000	-	-	-	3,500,000
Loss for the period	-	-	-	(2,111,077)	(2,111,077)
Other comprehensive income for the period	-	-	(2,338,745)	-	(2,338,745)
Balance at 31.3.2016	89,670,842	776,632	(6,663,183)	(8,092,184)	75,692,107
Loss for the period	-	-	-	(2,528,078)	(2,528,078)
Other comprehensive income for the period	-	(776,632)	997,996	776,632	997,996
Balance at 30.6.2016	**89,670,842**	**-**	**(5,665,187)**	**(9,843,630)**	**74,162,025**

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

On 23 June 2017, the Company issued 117,000,000 new ordinary shares as the consideration shares for the acquisition of indirect effective equity interest of 98.73% in PT Tanah Bumbu Resources (“TBR”). The consideration shares are subject to a 3-year moratorium from the date of issue.

As at 30 June 2017, the Company’s share capital comprised 1,329,273,113 shares (31 March 2017: 1,212,273,113). There were no outstanding convertibles or treasury shares as at 30 June 2017 and 30 June 2016.

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

	30.6.2017	31.12.2016
Total number of issued shares (excluding treasury shares)	1,329,273,113	1,212,273,113

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

Not applicable. Our Company does not hold any treasury shares.

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

The figures have not been audited nor reviewed by our Company's auditors, unless otherwise stated.

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

Not applicable.

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

Save as disclosed in Paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period and year compared with the audited financial statements for the year ended 31 December 2016.

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

Our Group has adopted the applicable new and revised Financial Reporting Standards ("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 2017. The adoption of these new/revised FRSs INT FRSs and amendments to FRSs has no material impact on the financial performance or position of the Group and Company.

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

	Group			
	3 months ended 30.6.2017 (Unaudited)	**3 months ended 30.6.2016 (Unaudited)**	**6 months ended 30.6.2017 (Unaudited)**	**6 months ended 30.6.2016 (Unaudited)**
Earnings per share ("EPS")				
Earnings for computing EPS (US$)				
- Continuing operations	10,002,858	4,241,533	24,642,167	1,398,249
- Discontinued operation	-	(1,605,621)	-	(1,348,045)
Weighted average number of ordinary shares (1)	1,222,558,827	1,212,273,113	1,217,444,383	1,200,157,728
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) (2)				
- Continuing operations	0.82	0.35	2.02	0.12
- Discontinued operation	-	(0.13)	-	(0.11)
Basic and diluted EPS based on weighted average number of ordinary shares (SG cents) (3)				
- Continuing operations	1.14	0.47	2.81	0.16
- Discontinued operation	-	(0.18)	-	(0.15)

(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 periods.

(2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

(3) Numbers were translated using the 30 June 2017 and 2016 exchange rates of 1.3887 and 1.3489 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**	
	30.6.2017 (Unaudited)	**31.12.2016 (Audited)**	**30.6.2017 (Unaudited)**	**31.12.2016 (Audited)**
Net Assets value (US$)	152,866,088	124,436,062	94,327,393	92,165,824
Number of issued shares	1,329,273,113	1,212,273,113	1,329,273,113	1,212,273,113
Net asset value per ordinary share (US cents)	11.50	10.26	7.10	7.60
Net asset value per ordinary share (SG cents) (1)	15.97	14.82	9.86	10.98

(1) Numbers were translated using the 30 June 2017 and 31 December 2016 exchange rates of 1.3887 and 1.4449 respectively

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

8.1 Income Statement

Financial performance (2Q2017 vs. 2Q2016)

Revenue from continuing operations increased by US$37.6 million to US$58.9 million in 2Q2017 mainly due to increased revenue from coal mining as well as new revenue from coal mining management services during the period.

The Group sold 1,451,539 tonnes of coal from the SDJ mine in 2Q2017, a decrease from the 2,212,893 tonnes sold in 1Q2017, following poor weather conditions during the second quarter, which had slowed down production. Rainfall in 2Q2017 was 321 hours as compared to preceding quarter of 158 hours of rainfall. The prolonged rainy season resulted in unfavourable conditions in the coal mine, where pit access is slippery and restricted by water. In addition, production halted during the last week of June 2017 due to the Muslim festive season and extended public holidays in Indonesia (which occurred in July last year). These factors affected the production volumes for most coal mines in South Kalimantan.

The Indonesia Coal Index ("ICI") price for 4,200 GAR ("Gross As Received") for coal sales decreased from the average index price of US$42.77 per tonne in 1Q2017 to US$40.12 per tonne in 2Q2017, a decrease of US$2.65 per tonne. As compared to 2Q2016 average index price of US$27.96 per tonne, the average index price increased by US$12.16 per tonne or 43%. At the same time, the average selling price of coal in 2Q2017 was US$40.11 per tonne, an increase of US$0.66 over the US$39.45 per tonne in 1Q2017. This was due to approximately 37% of the sales in 2Q2017 priced by reference to the average index price of March 2017. The remainder was sold with reference to either average index price of the 3rd and 4th week prior to bill of lading date as of April 2017 or May 2017.

Gross profit was US$19.1 million in 2Q2017. Excluding non-cash depreciation and amortisation totalling US$3.3 million, the Group's cash gross profit in 2Q2017 was US$22.5 million, out of which US$22.1 million was contributed by the coal mining segment. As compared with 1Q2017, the Group's cash gross profit from coal mining segment decreased by US$7.0 million from US$29.1 million due to the lower volume shipped as a result of the rainy season and fewer days worked.

Cash profit for coal mining segment was an average of US$15.24 per tonne compared to an average of US$13.16 per tonne in 1Q2017 and US$4.50 per tonne in 2Q2016.

(All figures in US$'000 except as indicated)	**Coal mining**	**Coal trading**	**Coal mining management services**	**Total**
Group				
Continuing operations				
3 months ended 30.6.2017				
Volume (tonnes)	1,451,539	-	-	1,451,539
Revenue	58,215	-	732	58,947
Cost of sales	(39,429)	-	(390)	(39,819)
Gross profit	18,786	-	342	19,128
Non-cash items (depreciation & amortisation)	3,338	-	-	3,338
Cash profit	22,124	-	342	22,466
3 months ended 31.3.2017				
Volume (tonnes)	2,212,893	411,421	-	2,624,314
Revenue	87,295	11,702	286	99,283
Cost of sales	(62,321)	(11,470)	(162)	(73,953)
Gross profit	24,974	232	124	25,330
Non-cash items (depreciation & amortisation)	4,139	-	-	4,139
Cash profit	29,113	232	124	29,469
3 months ended 30.6.2016				
Volume (tonnes)	849,844	-	-	849,844
Revenue	21,394	-	-	21,394
Cost of sales	(20,158)	-	-	(20,158)
Gross profit	1,236	-	-	1,236
Non-cash items (depreciation & amortisation)	2,590	-	-	2,590
Cash profit	3,826	-	-	3,826

Profit before income tax of US$15.3 million in 2Q2017 includes:

- Other income of US$0.3 million. A decrease of US$6.2 million, mainly due to one-off gain on disposal of subsidiaries and late payment interest charged to certain debtors in 2Q2016. Excluding these exceptional items, other income increased by US$0.1 million or 26%;

- General and administrative expenses of US$2.6 million. An increase of US$0.8 million, mainly due to higher staff costs as the Group expanded its operations ;

- Other expenses of US$0.4 million. An increase of US$0.3 million, mainly due to forex loss on the monetary assets (mostly intercompany receivables) held by the Company denominated in US$, following the appreciation of S$ against US$;

- Finance costs of US$1.2 million. A decrease of US$0.4 million, mainly due to lower amortised borrowing costs on the MTN payable; and

- Depreciation and amortisation of US$3.5 million. An increase of US$0.7 million, due to the higher amount of coal produced and shipped in 2Q2017 as compared to 2Q2016.

Income tax expense increased by US$5.2 million, from US$0.1 million in 2Q2016 to US$5.3 million in 2Q2017, which was in line with the increase in the Group's profit before tax. Effective tax rate is 34% due to certain non-deductible expenses and adjustment recognised in current period relating to taxes of prior years. Excluding these items, the effective tax rate was 23%.

Overall, the Group's **net profit from continuing operations** for the period increased by US$5.8 million, from US$4.2 million in 2Q2016 to US$10.0 million in 2Q2017.

Financial performance (6M2017 vs. 6M2016)

Revenue from continuing operations increased by US$124.9 million to US$158.2 million in 6M2017, mainly due to increased revenue contribution from coal mining, as well as new revenue from coal trading and coal mining management services during the period. The Group sold 3,664,432 tonnes of coal from the SDJ mine in 6M2017, as compared to 1,334,680 tonnes in 6M2016.

Gross profit was US$44.5 million in 6M2017. Excluding non-cash depreciation and amortisation of US$7.5 million, the Group's cash profit was US$51.9 million, of which US$51.2 million was contributed by the coal mining segment. Cash profit for coal mining segment was US$13.98 per tonne in 6M2017 as compared with US$3.96 per tonne in 6M2016.

(All figures in US$'000 except as indicated)	**Coal mining**	**Coal trading**	**Coal mining management services**	**Total**
Group				
Continuing operations				
6 months ended 30.6.2017				
Volume (tonnes)	3,664,432	411,421	-	4,075,853
Revenue	145,510	11,702	1,018	158,230
Cost of sales	(101,750)	(11,470)	(552)	(113,772)
Gross profit	43,760	232	466	44,458
Non-cash items (depreciation & amortisation)	7,477	-	-	7,477
Cash profit	51,237	232	466	51,935
6 months ended 30.6.2016				
Volume (tonnes)	1,334,680	-	-	1,334,680
Revenue	33,282	-	-	33,282
Cost of sales	(31,799)	-	-	(31,799)
Gross profit	1,483	-	-	1,483
Non-cash items (depreciation & amortisation)	3,807	-	-	3,807
Cash profit	5,290	-	-	5,290

Profit before income tax of US$35.1 million in 6M2017 includes:

- Other income of US$0.4 million. A decrease of US$5.9 million, mainly due to one-off gain on disposal of subsidiaries and late payment interest charged to certain debtors in 6M2016. Excluding these exceptional items, other income increased by US$0.3 million or 380%;

- General and administrative expenses of US$4.8 million. An increase of US$1.7 million, mainly due to higher staff costs as the Group expanded its operations;

- Other expenses was US$2.4 million. An increase of US$2.1 million, mainly due to forex loss on the monetary assets (mostly intercompany receivables) held by the Company denominated in US$, following the appreciation of S$ against US$;

- Finance costs was US$2.6 million. A decrease of US$0.5 million, mainly due to lower amortised borrowing costs on the MTN payable; and

- Depreciation and amortisation of US$7.8 million. An increase of US$3.6 million, due to the higher amount of coal produced and shipped in 6M2017 as compared to 6M2016.

Income tax expense increased by US$10.5 million in 6M2017, from tax credit of US$8,000 in 6M2016, which was in line with the increase in the Group's profit before tax. Effective tax rate is 30% due to certain non-deductible expenses and adjustment recognised in current period in relation to tax of prior years. Excluding these items, the effective tax rate was 22%.

Overall, the Group's **net profit from continuing operations** increased by US$23.2 million, from US$1.4 million in 6M2016 to US$24.6 million in 6M2017.

8.2 Financial Position

Group

Current Assets
Current assets decreased by US$91.6 million to US$95.9 million as at 30 June 2017.

Cash and bank balances decreased by US$41.2 million to US$26.5 million as at 30 June 2017, mainly due to payments made in relation to the acquisition of TBR of US$28.5 million, dividend paid by the Company in May 2017 of US$8.8 million, and advance payments of US$12.2 million made to jetty owners to facilitate our coal delivery, less receipts from coal sales.

Trade and other receivables of US$38.6 million as at 30 June 2017 comprise mainly trade receivables of US$29.0 million and non-trade receivables of US$9.6 million. The decrease of US$64.9 million from US$103.5 million as of 31 December 2016 was mainly due to the transfer and assignment of trade and other receivables as part of the purchase consideration of the TBR acquisition.

Deposits and prepayments increased by US$15.6 million to US$23.1 million as at 30 June 2017 mainly due to advance payments made to jetty owners for the expansions of the jetty to facilitate our coal export from the SDJ mine.

Inventories decreased by US$1.2 million to US$7.7 million as at 30 June 2017 due to lower coal production as a result of the rainy season.

Non-current Assets
Non-current assets increased by US$87.6 million, to US$209.2 million as at 30 June 2017, mainly due to increases in property, plant and equipment by US$86.6 million (net of depreciation), and deposits and prepayments by US$1.7 million upon the completion of acquisition of TBR.

These were partially offset by the decrease in deferred stripping costs by US$0.9 million due to amortisation.

Current Liabilities
Current liabilities increased by US$35.6 million to US$149.9 million as at 30 June 2017, mainly due to reclassification of the amount owing on the MTN of US$71.5 million from non-current liabilities to current liabilities as it matures within a year and increase in income tax payable of US$7.3 million. These were partially offset by the decrease in trade and other payables of US$43.3 million due to transfer and assignment of balances as part of the remaining purchase consideration of the TBR acquisition and decrease in advance payment received from customers.

Working Capital
Working capital was negative US$54.0 million, mainly due to the reclassification of the amount owing on the MTN of US$71.5 million as current liabilities and the reductions in cash, and trade and other receivables to finance the acquisition of TBR. Based on the Group's current financial performance, cash flows from operations and the cash prepayments from its SDJ offtake agreement with ECTP and new offtake prepayment on the new TBR mine to be signed, there are reasonable grounds to believe that the Group will be able to pay its debt as and when they fall due.

Non-current Liabilities
Non-current liabilities decreased by US$68.0 million to US$2.1 million as at 30 June 2017, which is mainly due to reclassification of the amount owing on MTN from non-current liabilities to current liabilities as it matures within a year. This was partially offset by the increases in deferred tax liabilities of US$0.3 million, finance leases of US$0.2 million and provisions of US$0.2 million.

Contingent Liability
In 2016, some subsidiaries were audited by the Indonesian Tax Office ("ITO"). ITO assessed an underpayment of tax expenses of approximately US$2.3 million (IDR31 billion) in respect of a subsidiary for capitalisation of an intercompany loan as equity.

Management has sought advice from professional tax consultants and holds the view that there is a lack of basis under the tax laws for this assessment of underpaid tax. An objection was filed but was subsequently turned down by the ITO. Management is currently filing an appeal against this decision.

No provision has been recognised in the financial statements as the Group does not consider that there is any probable loss.

Company

Current Assets
Current assets decreased by US$6.0 million to US$122.2 million as at 30 June 2017.

Current assets of US$122.2 million as at 30 June 2017 comprise mainly cash and bank balances of US$8.3 million, intercompany receivables of US$110.5 million, refundable deposit of US$3.1 million to secure the rights to use a jetty, and deposits and prepayments of US$0.2 million.

Non-current Assets
Non-current assets comprise mainly investment in subsidiaries of US$98.0 million. The increase of US$0.2 million, to US$98.8 million as at 30 June 2017 was mainly due to increase in deferred tax asset of US$0.2 million.

Current Liabilities
Current liabilities increased by US$60.7 million to US$126.6 million as at 30 June 2017. This was mainly due to reclassification of the amount owing on MTN from non-current liabilities as it matures within a year, partially offset by a decrease in intercompany payables.

Working Capital
Working capital was negative US$4.4 million, mainly due to the reclassification of the amount owing on the MTN of US$71.5 million as current liabilities and the reductions in cash and other receivables to finance the acquisition of TBR, partially offset by the dividend receivable from a subsidiary. Based on the Group's current financial performance, cash flows from operations and the cash prepayments from its SDJ offtake agreement with ECTP and new offtake prepayment on the new TBR mine to be signed, there are reasonable grounds to believe that 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 2017 comprises provision and finance leases. The decrease of US$68.7 million, to US$0.1 million, was mainly due to reclassification of amount owing on MTN to current liabilities.

8.3 Cash Flow

Group

Cash Flow (2Q2017 vs. 2Q2016)

Net cash used in operating activities in 2Q2017 was US$5.4 million. Operating cash flows before movements in working capital was an inflow of US$18.5 million, mainly due to the Group's operating profit in 2Q2017. More cash was used in working capital as compared to the same quarter last year, mainly due to the advance payments made to jetty owners, decrease in advance payment received from customers and other payments made to our vendors. Increased income tax of US$2.1 million relates to the payment of corporate tax and US$0.1 million of tax refund received.

Net cash used in investing activities in 2Q2017 of US$15.9 million was mainly due to the purchase of PPE of US$16.0 million, arising from the acquisition of the TBR mining concession, partially offset by interest received and proceeds from disposal of property, plant and equipment totalling US$0.1 million.

Cash used in financing activities in 2Q2017 of US$10.1 million was mainly due to the dividend paid by the Company in May 2017 of US$8.8 million, increase in pledged deposit of US$1.3 million and instalment payments made for our finance lease obligations.

Cash Flow (6M2017 vs. 6M2016)

Net cash generated from operating activities in the six months ended 30 June 2017 was US$5.5 million, as compared to US$8.4 million in the same period last year. Operating cash flows before movements in working capital was an inflow of US$47.4 million, mainly due to the Group's operating profit in 6M2017. More cash was used in working capital as compared to the same period last year, mainly due to the advance payments made to jetty owners, decrease in advance payment received from customers and other payments made to our vendors. Increased income tax of US$3.2 million relates to the payment of corporate tax and US$0.1 million of tax refund was received.

Net cash used in investing activities in 6M2017 of US$35.5 million was mainly due to purchase of property, plant and equipment of US$31.1 million (arising from the acquisition of TBR mining concession), and deferred payment for acquisition of property, plant and equipment on SDJ of US$4.5 million. These were partially offset by interest received and proceeds from disposal of property, plant and equipment totalling US$0.2 million.

Net cash used in financing activities in 6M2017 of US$12.7 million was mainly due to the dividend paid by the Company in May 2017 of US$8.8 million, MTN interest payment of US$2.5 million, increase in pledged deposit of US$1.3 million and instalment payments made for our finance lease obligations.

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

The Group achieved coal sales of 3,664,432 tonnes from the production of the SDJ mine for the first half of 2017, despite it being the wet season where production is typically lower due to heavy rains. This is in line with the Group's production plan where the Group expects a higher volume of coal sales for the second half of 2017 given better weather conditions.

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

The Indonesian Coal Index (ICI) shows promising signs of a sustained uptrend on coal prices. ICI 4,200 GAR[1] coal prices had increased from US$26.69 per tonne in January 2016 to US$42.55 per tonne on 4 August 2017, an increase of US$15.86 per tonne or 59% in the 18 month's period.

Global seaborne export supply of thermal coal is expected to increase in line with demand through to 2025 to support power generation requirements and allow for ongoing industrialisation and electrification[2]. Indonesia remains the largest contributor of seaborne thermal coal market, contributing approximately 40% of the thermal coal supply[3]. Majority of Geo Energy's production currently goes to end customers in China, comprising mainly coal-fired power plants. Strong economic growth in the South-East Asian markets, including Indonesia, are also expected to see increased coal demand given the need for power for these developing countries around the region.

China's cut-off of coal imports from North Korea has been effectively supplemented by supplies from Mongolia and Russia with minimal impact on the demand of Indonesian coal. This third quarter should also see a supply glut among China's coal producers due to relaxation measures implemented by the Chinese government earlier in the year. However, the Chinese government's potential tightening of rules on low-quality and high ash content coal imports bodes well for Geo Energy's brand of 4,200 GAR, low ash and low sulphur content coal grade[4]. In

[1] Coalspot.com – Indonesian Coal Index (ICI)
[2] Wood Mackenzie – Indonesian Coal Industry Summary Report, 4 July 2017
[3] Citi Research – The Coal Book 2017, 12 July 2017
[4] Reuters - China Authorities and Power Firms discuss Curbing Low-Quality Coal Imports, 12 May 2017

the near future, China intends to reject coal grades of below 3,400 GAR and those with high ash content of above 30% to uphold their strict environmental initiatives[5].

In 2Q2017, the Group completed the acquisition of TBR, a mining concession strategically located next to the Group's SDJ coal mine. With this acquisition, the Group doubled its JORC coal reserves to more than 90 million tonnes.

As most countries head into the winter season in the later part of the year, the Group expects stocking-up demand to pick up during the July to October period which should see current coal prices sustain or improve. The Group expects to maintain its profitability going forward.

From a position of increased coal reserves, stronger cash flows and profitability, the Group continues to explore on optimisation of its capital structure, taking into account the MTN due in January 2018. With the acquisition of TBR being internally funded and not taking on new debt, we are exploring ways to lower our weighted average cost of capital, as well as reviewing the gearing and capital structure for our Company.

In July 2017, the Group announced that it decided not to proceed with the proposed issuance of US Dollar – denominated fixed rate senior notes due 2022 at this point in time, in view of the current market conditions. The Group will pursue other financing alternatives available to the Company for the repayment of the MTN and for investment purposes. We are constantly exploring opportunities to acquire additional coal mining concessions to complement our portfolio of coal mining assets and are also exploring opportunities to divest stakes in our coal mining concessions as a means to collaborate with strategic partners and raise capital.

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.

[5] Citi Research – The Coal Book 2017, 12 July 2017

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

No dividend has been declared or recommended for the second quarter ended 30 June 2017.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

No IPT mandate has been obtained from shareholders. In addition, there was no IPT which value exceeded S$100,000 during the second quarter and six months ended 30 June 2017.

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 statements for the second quarter and six months ended 30 June 2017 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	Tung Kum Hon Chief Executive Officer

14 August 2017