

MASNET No. 76 OF 27.11.2003
Announcement No. 76

INTERRA RESOURCES LIMITED

**UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30
SEPTEMBER 2003**

Attached is the financial statements for the nine months ended 30 September 2003. These figures have not been audited.



Interra30092003AnnM(Final).pdf

By Order of the Board

Attlee Hue
Company Secretary
27 November 2003

Submitted by Attlee Hue, Company Secretary on 27/11/2003 to the SGX



UNAUDITED RESULTS FOR THE FIRST NINE MONTHS ENDED 30 SEPTEMBER 2003

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) [An income statement \(for the group\) together with a comparative statement for the corresponding period of the immediately preceding financial year](#)

GROUP

All figures are in S\$'000

		01-Jan-03 to 30 Sep 2003	01-Jan-02 to 30-Sep-02 (Restated)	% Change
Revenue		3,185	4,708	-32%
Cost of Production	Note 1	(2,607)	(1,448)	80%
Gross Profit		<u>578</u>	<u>3,260</u>	
Operating Income				
Interest Income		2	4	-50%
Total Operating Income		<u>2</u>	<u>4</u>	
Operating Expenses				
Administrative Expenses		(2,159)	(1,044)	107%
Depreciation of Fixed Assets		(3)	-	NM
Amortization on Goodwill on Acquisition	Note 2	(44)	-	NM
Exchange Loss		(8)	-	NM
Total Operating Expenses		<u>(2,214)</u>	<u>(1,044)</u>	
(Loss) / Profit from Operation before exceptional items		<u>(1,634)</u>	<u>2,220</u>	
Exceptional Items				
Gain From Farm Out	Note 3	5,925	-	NM
Profit from Operation		<u>4,291</u>	<u>2,220</u>	
Finance Cost		-	(102)	
Net Profit Loss Before Tax		<u>4,291</u>	<u>2,118</u>	103%
Income Tax		(319)	(332)	-4%
Net Profit Loss After Tax		<u>3,972</u>	<u>1,786</u>	122%

Notes:- NM - Not meaningful

ADDITIONAL INFORMATION

The financial statements has been prepared in accordance to FRS22 as a reverse acquisition. For further details, please refer to item 4.

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

ADDITIONAL INFORMATION (cont'd)

All figures are in S\$'000

	01-Jan-03 to 30 Sep 2003	01-Jan-02 to 30-Sep-02 (Restated)	% Change
Note 1, Included in Cost of Production are:			
Depreciation of Fixed Assets relating to Oil Operation	78	195	-60%
Fixed Assets written off	7	0	NM
Amortization of Exploration, Evaluation & Development Cost	472	611	-23%
Amortization of Intangible Benefits	434	0	NM

Note 2, Amortization on Goodwill on Acquisition

The goodwill computed under the reverse acquisition method arose from the acquisition of Interra Resources Ltd which was previously disclosed in the circular to shareholders dated 6 June 2003. The deemed cost of acquisition are amortized over the remaining contract period under the IPR contract.

Note 3, Exceptional Items

Gain arising from Farming out 40% stake to GeoPetrol Singu Inc. The gain recognized in the current Profit and Loss account is after deducting 40% of the Net Book Value of Concession Rights and Contractual Bonus

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

	Group		Company	
	30-Sep-03	30-Sep-02 (Restated)	30-Sep-03	30-Sep-02
NON CURRENT ASSETS				
Fixed Assets	283	560	41	-
Exploration, Evaluation and Development Cost	16,573	14,969	-	-
Intangibles Benefits	9,979	-	-	-
Interest In Subsidiary companies	-	-	30,000	12,297
Loan to Subsidiaries	-	-	1,825	-
CURRENT ASSETS				
Inventories	2,218	-	-	-
Trade receivables	1,208	2,374	-	-
Deposit, other receivables and prepayment	4,090	11	44	-
Cash & bank	5,325	884	2,715	4,398
Total Current Assets	12,841	3,269	2,759	4,398
CURRENT LIABILITIES				
Trade payables	1,003	576	-	98
Amount due to related parties (trade)	2,067	369	-	-
Accrued Operating Expenses	876	458	229	2,990
Loan from Related Parties (non trade)	2,425	3,110	-	-
Bank Overdrafts and term loan	-	-	-	119,811
Provision for tax	1,380	939	-	7,359
Total Current Liabilities	7,751	5,452	229	130,258
NET CURRENT ASSETS	5,090	(2,183)	2,530	(125,860)
NON CURRENT LIABILITIES				
Loan from Shareholders	5,152	7,791	-	-
Total Non Current Liabilities	5,152	7,791	0	0
OTHERS				
Deferred Income	9,979	-	-	-
NET ASSETS / (LIABILITIES)	16,794	5,555	34,396	(113,563)
CAPITAL & RESERVES				
Share Capital	44,132	322	44,132	6,764
Reserves	(27,338)	5,233	(9,736)	(120,327)
SHAREHOLDERS' EQUITY	16,794	5,555	34,396	(113,563)

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	30-Sep-03		30-Sep-2002 (Restated)	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	Nil	2,424,628	Nil	3,110,111

	30-Sep-03		30-Sep-2002 (Restated)	
	Secured	Unsecured	Secured	Unsecured
Amount repayable after one year	Nil	5,152,333	Nil	7,790,741

Details of any collateral

Not applicable

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Cash Flow Statement (All figures are in S\$'000)	Notes	01-Jan-03 to 30 Sep 2003	01-Jan-02 to 30 Sep 2002 (Restated)
Cash Flow From Operating Activities			
Net Profit Before Tax		4,291	2,118
Adjustment for:			
Currency re-alignment and translation		7	(196)
Contractual Bonus written off		562	-
Concession Rights written off		463	-
Depreciation of Fixed Assets		81	195
Fixed Asset Written Off		7	-
Amortization of Exploration, Evaluation and Development Cost		472	611
Amortization of Goodwill on Acquisition		44	-
Amortization of Intangible Benefits		434	-
Interest Income		(2)	-
Deferred Income		(434)	-
Exchange Difference		(8)	-
Operating Profit Before Working Capital Changes		5,917	2,728
<u>(Increase)/Decrease in working capital</u>			
Increase in Inventory		(1,602)	1,563
Decrease Trade Receivables		1,230	(784)
Increase in Deposits, Prepayments & Other Receivables		(1,110)	(5)
Increase in Trade Payables		663	285
Increase in Amt Due to Related Parties (Trade)		1,981	(2,873)
Increase in Accrued Operating Expenses		77	(39)
Decrease in Other Payables		(61)	(115)
Net Change in Working Capital		1,178	(1,968)
Interest Received		2	-
(Less) Cash arising from Reverse Acquisition of Interra Resources Ltd (Note 1)		(2)	-
		-	-
Net cash flow generated from Operating Activities		7,095	760
Cash Flow From Investing Activities			
Cash arising from Reverse Acquisition of Interra Resources Ltd (Note 1)		2	-
Purchase of Fixed Assets		(45)	(179)
<u>Additional Investments In Production Phase Properties</u>			
Well Drillings & Improvements		(1,046)	(3,987)
Other Expenditures Capitalized		(355)	(1,041)
Deposit placed for possible acquisition new concession		(2,594)	-
Fixed Assets Transferred to Joint Venture Entity		196	-
Net cash flow used in investing activities		(3,842)	(5,207)
Cash Flow From Financing Activities			
Proceeds from Loan from Related Party		-	3,034
Repayment of Loan to Related Parties		(3,034)	-
Net Proceeds from Placement Shares		4,750	-
Net Cash flow generated from financing activities		1,716	3,034
Net increase/(decrease) in cash and cash equivalents		4,969	(1,413)
Cash and cash equivalent at beginning of period		356	2,297
Cash and cash equivalents at end of the period		5,325	884

Note (1) Details of Assets & Liabilities acquired by Group from Reverse acquisition of Interra Resources Ltd

Subsequent to the completion of Restructuring in July 2003, Interra Resources Limited has no other assets or liabilities except for Cash of S\$1,865 which was injected into the Group.

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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	
	01-Jan-03 to 30 Sep 2003	01-Jan-02 to 30 Sep 2002 (Restated)
Share Capital		
Balance As At Beginning of Period	322	322
Arising from Reverse Acquisition	39,060	-
Issue of Share Capital	4,750	-
Balance As At End of Period	44,132	322
Share Premium		
Balance As At Beginning of Period	-	-
Arising from Reverse Acquisition	98,304	-
Balance As At End of Period	98,304	-
Currency Translation Reserve		
Balance As At Beginning of Period	(202)	(585)
Arising from Reverse Acquisition	(4)	-
Movements during the period	263	125
Balance As At End of Period	57	(460)
Special Reserves		
Balance As At Beginning of Period	-	-
Arising from Reverse Acquisition	(134,940)	-
Balance As At End of Period	(134,940)	-
Retained Earnings		
Balance As At Beginning of Period	5,269	3,907
Net Profit after tax for the period	3,972	1,786
Balance As At End of Period	9,241	5,693
Total Equity	16,794	5,555

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

Company
1 Oct 2001
to
30 Sep 2003

Share Capital

Balance As At 1 Oct 2001	6,764
Reduction of Par Value from \$1.0 to \$0.5	(3,382)
Issued New shares to convert debt to equity	6,000
Issued New shares to acquire Goldwater Company Ltd	30,000
Placement shares of 95,000,000 shares	4,750
Balance As At End of Period	44,132

Share Premium

Balance As At 1 Oct 2001	64,898
Issued New shares to convert debt to equity	98,304
Balance As At End of Period	163,202

Currency Translation Reserve

Balance As At 1 Oct 2001	-
Issued New shares to convert debt to equity	(4)
Balance As At End of Period	(4)

Retained Earnings

Balance As At 1 Oct 2001	(288,515)
Profit for the year ending 30 Sep 2002	103,290
Profit for the period 1 Oct 2002 to 31 March 2003	9,433
Loss for the period 1 April 2003 to 9 July 2003	(168)
Reduction of Par Value from \$1.0 to \$0.5	3,382
Loss for the period 10 July 2003 to 30 Sep 2003	(356)
Balance As At End of Period	(172,934)

Total Equity	34,396
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Note:

During the year, the Company changed its year end to 31 December instead of 30 September. The last reported results for company was for the period 1 October 2002 to 31 March 2003. Accordingly, to ensure continuity of events the Company's Statement of changes in Equity for the period 1 Oct 2001 to 30 September 2003 is presented.

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Issued Share Capital

During the period, the Company completed its restructuring process with the following:

	No of shares after each event	Par Value
Balance As At 1 October 2002	6,763,512	S\$1.00
1) Reduction of Par Value of each ordinary shares of S\$1.00 each to S\$0.50.	6,763,512	S\$0.50
2) Share Split of one S\$0.50 share into ten S\$0.05 shares (Share Split)	67,635,120	S\$0.05
3) Debt Conversion to Shantex Holdings Pte Ltd - issuance of 120,000,000 of S\$0.05 shares at S\$0.8692 per share	187,635,120	S\$0.05
4) Reverse takeover of Goldwater - issuance of 600,000,000 of S\$0.05 shares at par value	787,635,120	S\$0.05
5) Placements shares to inject additional capital - issuance of 95,000,000 of S\$0.05 shares at par value	882,635,120	S\$0.05

Authorized Share Capital

To accommodate the restructuring and further increases in issued share capital the Company's authorized has been increased to S\$100 million comprising 2,000,000,000 shares of S\$0.05 each.

- 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)

These figures have not been audited or reviewed by an auditor

- 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 annual financial statements have been applied

Upon the completion of the Acquisition of Goldwater Company Limited ("Goldwater") as mentioned in the announcement dated 12 July 2002, the Company became the legal parent company of Goldwater in a share-to-share transaction. Due to the relative value of Goldwater, the former shareholders' of Goldwater became the majority shareholder of the Company holding 76.18% of the enlarged share capital (before placement shares made at the same time). This means the substance of the acquisition is that Goldwater acquired Interra Resources Ltd through a reverse acquisition. As a result, the consolidated financial statements for the period ended 30 September 2003 were prepared in accordance to FRS22 as a reverse acquisition and thus representing the continuation of the financial statements of the legal subsidiary. The consolidated financial statements for the period ended 30 September 2003 were prepared to incorporate the results of Goldwater since the beginning of the period (1 January 2003 to 30 September 2003) and post acquisition results of Interra Resources Ltd (10 July 2003 to 30 September 2003). Accordingly, the comparatives figures in the consolidated financial statements were restated to reflect the financial positions and results of Goldwater.

These figures have been prepared in accordance to the same accounting policies which was previously disclosed in the circular to shareholders dated 6 June 2003.

The Financial Year end for Interra Resources Limited has also been changed to 31 December instead of 30 September.

- 5 If there are any changes in the 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

None

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

<u>Group</u>	01-Jan-03 to 30 Sep 2003	01-Jan-02 to 30-Sep-02 (Restated)
Weighted Average number of shares	685,929,359	600,000,000
Earnings / (Loss) per ordinary share for the period based on 1(a) above after deducting any provision for preference dividends(if any):-		
(i) Based on weighted average number of ordinary shares in issue (cents per share)	+ 0.579	+ 0.298
(ii) On a fully diluted basis (cents per share)	+ 0.579	+ 0.298

Earnings per share is calculated based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares. Earnings per share for the period 1 Jan 2003 to 30 Sep 2003 is calculated based on 685,929,359 shares. This average is made of 600,000,000 shares which is the average number of shares issued to Goldwater shareholders for the acquisition of Goldwater, 85,929,359 which is the average number of shares issued for the debt conversion, placement shares and actual number of shares outstanding from 10 July 2003 to 30 Sep 2003.

For comparative purposes, earnings per shares is calculated based on the net profit attributable to ordinary shareholders based on 600,000,000 shares which is the actual number of shares issued for the acquisition of Goldwater.

INTERRA RESOURCES LIMITED PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

The Group	30 Sep 2003	30 Sep 2002 (Restated)
Number of shares outstanding	882,635,120	600,000,000
Group Net assets (liabilities) value per share (cents)	+ 1.90	+ 0.93

For comparative purposes, Net Asset Value per share is based on 600,000,000 shares which is the actual number of shares issued to the previous shareholders of Goldwater prior to the reverse acquisition.

The Company	30 Sep 2003	30 Sep 2002
Number of shares outstanding	882,635,120	67,635,120
Company Net assets (liabilities) value per share (cents)	+ 3.90	- 167.91

For comparative purposes, Net Asset Value per share is based on 67,635,120 shares which is the actual number of shares outstanding as at 30 Sep 2002 and after adjusting for capital reduction and share split as though it has taken place on the 30 Sep 2002.

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

During the period, the Group completed the acquisition of the Goldwater Company Ltd ("**Goldwater**") and all the restructuring process as mentioned in the circular dated 6 June 2003. Hence, the results of the period had incorporated the results of Goldwater from 1 January 2003 and the post acquisition results of the **Interra Resources Limited** (formerly known as Van der Horst Limited)

The Group had adopted FRS22 in the preparation of the consolidated financial statements pertaining to the reverse acquisition as at 10 July 2003.

Net Profit Before Tax

Net Profit before tax has increased 103% mainly due to the gain from the Farm out of 40% of the IPR contract in Myanmar to Geopetrol Singu Inc ("**Geopetrol**"). As disclosed in the Circular to shareholders dated 6 June 2003, Goldwater has farm out 40% of the IPR contract in Myanmar to Geopetrol. Accordingly, turnover has declined by 32% mainly due to the farm out of 40% of the IPR contract in Myanmar to Geopetrol. In exchange for the farm out Goldwater will receive US\$4 million. As at 30 September 2003, GeoPetrol has paid US\$3.5 million. As at the date of this announcement, Geopetrol has paid the remaining US\$500,000. Apart from that, Geopetrol will also provide the technical know how.

However, this gain is offset by a one time prelisting expenses approximating S\$1.1 mil incurred by Goldwater to acquire Interra Resources Ltd and the release of Interra Resources from judicial management. Expenses incurred were mainly professional services fees like legal fees, accountants' fees, independent financial advisers' fees, corporate finance services fees, independent valuers' fees and other administrative expenses.

As a result of the Farm Out, the year to date revenue for Goldwater has accordingly decreased by about 32% as Goldwater now receives 60% of the total revenue since March 2003. However, the production cost has relatively increased mainly due to the transition process of the farm out where certain expenses which have been incurred prior to the Farm out was 100% expensed out to Goldwater as Geopetrol does not share the burden of such cost in accordance to the Farm out agreement.

Balance Sheet

Major assets as at 30 September 2003 included Exploration, Evaluation and Development Cost and Intangibles with a net book value of S\$26 mil. The increase is mainly due to additional development cost of S\$1.4 mil which have been sunk in and Intangibles which was recognized from the Farm Out to Geopetrol.

Cash Flow

The Group has a net cash inflow of S\$ 5.3 mil for the current period ended 30 September 2003 compared to S\$0.9mil net cash inflow for the previous corresponding period. This increase is mainly due to the proceeds from additional share capital issued in July 2003 amounting to S\$4.56 mil (after deducting the related placement expenses) and proceeds from the Farm Out to Geopetrol amounting to approximately S\$6 mil. Proceeds from the Placement shares has been mainly utilized to further develop the production field in Myanmar including the drilling of a new well which was completed in October 2003 amounting to S\$1.4 mil whereas, the S\$6 mil received from Geopetrol has been mainly utilized to repay a loan from related party amounting to approximately S\$3 mil.

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

No forecast have been previously made.

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 operation results for group's operations in the next 12 months will largely depend on the outcome of the drilling of new wells in Yenangyaung & Chauk area. Shortly after the re-listing of Interra Resources, the Group's joint venture entity with Geopetrol, Goldpetrol Joint Operating Company ("**Goldpetrol**") commenced drilling of new well in Yenangyaung. As announced on 27 Oct 2003, the drilling of a new well utilizing funds received from the placement shares made in July 2003 has been completed. Two new layers of hydrocarbon were discovered, and this new well (Well No 3230) is currently producing from the 2 new layers without any pumping equipment. Goldpetrol is now preparing the necessary tools to enable well to flow the oil from the 2 new layers and also pump oil from the shallower layers. A second drilling has commenced and reached the depth of 7000 feet as at 25 Nov 2003. As disclosed in the Circular to Shareholders dated 6 June 2003, Goldpetrol had originally planned to at least 5 new wells and 4 well deepening in 2004. However, in light of the discovery of new layers of hydrocarbon, the number of drillings might be increased. The results of next year operations will largely depend on the outcome of these planned development activities.

Apart from the outcome of development activities, the group's operation results will also subject to the volatility of crude oil prices and exchange rate of United States Dollar against Singapore Dollars.

The Management does not intend to rely solely on the concession in Myanmar. The management is constantly on a look out for attractive properties and concessions around the region. The success of securing such concession or properties will not only increase the oil and gas production of the group but also to diversify its country risk.

11 **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 **If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared / recommended during the financial period.