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Announcement No. 97

INTERRA RESOURCES LIMITED

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2004**

Attached is the second quarter financial statements for the period ended 30 June 2004. These figures have not been audited.



Announce-FinancialResults Q2 2004[130804].pdf

By Order of the Board

Attlee Hue
Company Secretary
13 August 2004

Submitted by Attlee Hue, Company Secretary on 13/08/2004 to the SGX



13 August 2004

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2004

The second quarter results for 2004 are attached hereto. The highlights are as follows:

Financial Performance

In summary, this quarter the Group recorded the following:

1. Revenue of **S\$3.6 mil** (Q1 2004: S\$1.1 mil)
2. Net Loss after tax attributable to shareholders of **S\$60k** (Q1 2004: Net Loss after tax of S\$66k)
3. Net Cash inflow of **S\$6.3 mil** (Q1 2004: S\$0.5 mil)

The revenue was higher than Q1 2004 due mainly to the consolidation of operating results of PT Retco Prima Energi ("Retco"), which the Group owns 70%, into the Group's operating results from 1 April 2004 onwards.

Activities in Q2 2004

Fund Raising

The Group raised an additional S\$15 million through a share placement exercise where 80 million new shares of S\$0.05 each were issued at S\$0.19332 per ordinary share.

Myanmar Concession

Goldpetrol, which the Group owns 60%, produced 41,321 barrels of oil or 454 barrels of oil per day ("BOPD") and 40,079 barrels of oil (440 BOPD) in Q2 2004 and Q1 2004 respectively. The Group's share of revenue for this quarter is S\$1.1 million.

In Q2 2004, the main perforation work and layer by layer testing, intended to increase production, was conducted on Well No 3230 and Well No 3231. Perforation work on Well No 3230 was completed in the last week of July 2004 and is currently producing about 65 BOPD.

Indonesia Concession

Retco, which the Group owns 70%, operates Tanjung Miring Timur oil field in South Sumatra, Indonesia contributed 53,728 barrels of oil (590 BOPD) (S\$2.5 million in revenue) to the Group's operating results in Q2 2004.

Development in Q3 2004

Indonesian Concession

Retco has submitted to Pertamina a three-well drilling program in Tanjung Miring Timur for the second half of 2004.

Yours sincerely,

The Board of Directors
Interra Resources Limited



INTERRA RESOURCES LIMITED
UNAUDITED RESULTS FOR THE QUARTER
ENDED 30 JUNE 2004

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1(a)(i) CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	GROUP		Variance +/- %
		3 months ended 30 Jun 2004 \$'000	31 Mar 2004 \$'000	
Revenue		3,565	1,091	+ 227%
Cost of production	A	(2,796)	(653)	+ 328%
Gross profit		769	438	+ 76%
Operating income	B	317	238	+ 33%
Administrative expenses		(772)	(370)	+ 109%
Depreciation and amortization	C	(206)	(252)	- 18%
Other operating expenses	D	-	(38)	NM
Profit from operations		108	16	+ 575%
Finance costs		-	-	
Profit from ordinary activities before taxation		108	16	+ 575%
Taxation		(97)	(82)	+ 18%
Profit / (Loss) from ordinary activities after taxation		11	(66)	NM
Minority interests	E	71	-	
(Loss) attributable to shareholders		(60)	(66)	- 9%

Comparative figures

- As the Group was formed in July 2003, the preceding quarter results are used as comparative figures.
- Net operating results for this quarter includes 3 months net operating results of Retco.

1(a)(ii) EXPLANATORY NOTES TO INCOME STATEMENT

NOTE	GROUP		Variance +/- %
	3 months ended 30 Jun 2004 \$'000	31 Mar 2004 \$'000	
A <u>Cost of production</u>			
Production expenses	2,582	502	+ 414%
Depreciation of property, plant and equipment of oil operations	94	49	+ 92%
Amortization of exploration, evaluation and development cost	120	102	+ 18%
	<u>2,796</u>	<u>653</u>	+ 328%
B <u>Operating income</u>			
Management fees	48	58	- 17%
Interest income	6	-	NM
Deferred income	181	180	+ 1%
Foreign exchange gain, net	82	-	NM
	<u>317</u>	<u>238</u>	+ 33%
C <u>Depreciation and amortization</u>			
Property, plant and equipment	13	12	+ 8%
Concession rights	12	13	- 8%
Goodwill on acquisition	-	47	NM
Intangible benefits	181	180	+ 1%
	<u>206</u>	<u>252</u>	- 18%
D <u>Other operating expenses</u>			
Foreign exchange loss, net	-	38	NM
E <u>Minority interests</u>			
Minority interests represents minority shareholders' share of after tax profit of Retco.			

1(b)(i) CONSOLIDATED BALANCE SHEETS AND COMPANY BALANCE SHEET

	Note	GROUP		COMPANY	
		As at 30 Jun 2004 \$'000	As at 31 Mar 2004 \$'000	As at 30 Jun 2004 \$'000	As at 31 Mar 2004 \$'000
Non-Current Assets					
Property, plant and equipment		1,799	821	42	44
Exploration, evaluation and development cost		24,469	17,651	-	-
Intangibles		10,059	10,256	-	-
Interest in subsidiaries		-	-	39,236	32,056
Goodwill on consolidation		6,547	2,438	-	-
		42,874	31,166	39,278	32,100
Current Assets					
Inventories		1,794	973	-	-
Trade receivables		1,886	1,009	-	-
Deposit, other receivables and prepayment		451	621	74	44
Cash and bank		11,016	4,671	8,551	1,079
		15,147	7,274	8,625	1,123
Current Liabilities					
Trade payables		(1,295)	(667)	-	-
Amount due to related parties (trade)		(1,615)	(1,171)	-	-
Other payables and accruals		(2,033)	(832)	(30)	(76)
Provision for tax		(1,609)	(1,474)	-	-
Amount due to director (non-trade)		-	(8)	-	-
		(6,552)	(4,152)	(30)	(76)
Net Current Assets		8,595	3,122	8,595	1,047
Non-Current Liabilities					
Loan from related party (non-trade)		(2,406)	(2,347)	-	-
Loan from shareholders		(5,114)	(4,987)	-	-
Loan from minority interests		(1,311)	-	-	-
Deferred income		(9,425)	(9,610)	-	-
		(18,256)	(16,944)	-	-
Net Assets	F	33,213	17,344	47,873	33,147
Shareholder's Equity and Minority Interests					
Share capital		48,132	44,132	48,132	44,132
Reserves		(15,916)	(26,788)	(259)	(10,985)
Shareholders' Equity		32,216	17,344	47,873	33,147
Minority interests	G	997	-	-	-
		33,213	17,344	47,873	33,147

1(b)(ii) EXPLANATORY NOTES TO BALANCE SHEETS

F Net Assets

Increase in all major categories of the balance sheet items are mainly due to the consolidation of Retco's financial position from 1 April 2004 onwards into the Group's financial statements. See Note H of item 1(c)(ii) for the major categories of balance sheet items arising from the consolidation of Retco's financial statements.

G Minority interests

Minority interests represents minority shareholders' share of net assets of Retco.

1(b)(iii) GROUP BORROWINGS

	As at 30 Jun 2004		As at 31 Mar 2004	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	8,831	-	7,334

Details of Collateral

Not applicable

1(c)(i) CONSOLIDATED CASHFLOW STATEMENT

	Note	GROUP	
		30 Jun 2004 \$'000	31 Mar 2004 \$'000
Cashflows from Operating Activities			
Profit from ordinary activities before taxation and minority interests		108	16
Adjustments for:			
Currency re-alignment and translation		50	(17)
Depreciation of property, plant and equipment		107	61
Amortization of:			
Exploration, evaluation and development cost		120	102
Concession rights		12	13
Intangible benefits		181	180
Goodwill on consolidation		-	47
Interest income		(6)	-
Deferred income		(181)	(180)
Exchange difference - unrealized		-	33
Operating profit before working capital changes		391	255
Inventories		(365)	400
Trade and other receivables		374	(27)
Trade and other payables		253	27
Accrued operating expenses		(160)	(105)
Amount due to related parties (trade)		444	(1,034)
Amount due to directors		(8)	(3)
Net cash inflow / (outflow) from operating activities		929	(487)
Cashflows from Investing Activities			
Interest income received		6	-
Acquisition of subsidiaries	H	(8,314)	-
Purchase of property, plant and equipment		(709)	(320)
Additional investments in production phase properties:			
Well drillings and improvements		(328)	(150)
Other expenditures capitalized		(216)	(1,005)
Refund of deposit placed for possible acquisition		-	2,511
Net cash (outflow) / inflow from investing activities		(9,561)	1,036
Cashflows from Financing Activities			
Net proceeds from share placements		14,977	-
Net cash inflow from investing activities		14,977	-
Net change in cash and cash equivalents		6,345	549
Cash and cash equivalents at the beginning of period		4,671	4,122
Cash and cash equivalents at the end of period		11,016	4,671

1(c)(ii) EXPLANATORY NOTES TO CASHFLOW STATEMENT

H Net cash flow effect of acquisition of subsidiaries	S\$ '000
Property, plant and equipment	367
Exploration, evaluation and development cost	6,240
Current assets	2,481
Current liabilities	(1,736)
Loan from minority shareholders	(1,279)
Minority interests	(926)
Net assets acquired	5,147
Goodwill on consolidation	4,108
Amount paid for acquisition	9,255
Less cash of subsidiary acquired	(941)
Cash flow, net of cash of subsidiary acquired	8,314

1(d)(i) STATEMENTS OF CHANGES IN EQUITY FOR THE GROUP AND COMPANY

GROUP	Share Capital \$'000	Share Premium \$'000	Currency Translation Reserves \$'000	Special Reserves \$'000	Unappropriated Profits \$'000	Total \$'000
Balance as at 31 December 2003	44,132	98,300	(27)	(135,457)	10,354	17,302
Movements in translation differences	-	-	108	-	-	108
Net loss after tax for the quarter	-	-	-	-	(66)	(66)
Balance as at 31 March 2004	44,132	98,300	81	(135,457)	10,288	17,344
Issuance of new shares	4,000	10,977	-	-	-	14,977
Movements in translation differences	-	-	(45)	-	-	(45)
Net loss after tax for the quarter	-	-	-	-	(60)	(60)
Balance as at 30 June 2004	48,132	109,277	36	(135,457)	10,228	32,216
COMPANY	Share Capital \$'000	Share Premium \$'000	Accumulated Losses \$'000	Total \$'000		
Balance as at 31 December 2003	44,132	163,198	(173,945)	33,385		
Net loss after tax for the quarter	-	-	(238)	(238)		
Balance as at 31 March 2004	44,132	163,198	(174,183)	33,147		
Issuance of new shares	4,000	10,977	-	14,977		
Net loss after tax for the quarter	-	-	(251)	(251)		
Balance as at 30 June 2004	48,132	174,175	(174,434)	47,873		

1(d)(ii) SHARE CAPITAL

	No of ordinary shares of S\$0.05 each
As at 1 April 2004	882,635,120
Share placement for additional capital issued at S\$0.19332 per share	80,000,000
As at 30 June 2004	962,635,120

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 or reviewed.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2003 except disclosed in the item 5 below.

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

Amortization of goodwill on consolidation

The Group has opted for early adoption of FRS103 which deals with the treatment of goodwill arising from business combinations. Previously, the Group amortized goodwill from consolidation over the remaining life of IPR contract. However, with the adoption of new treatment according to FRS103, the Group is not required to amortize goodwill arising from consolidation. Instead, such goodwill shall be reviewed annually for its impairment. As of 30 June 2004, the management is of the view that no provision for impairment is necessary.

Amortisation of goodwill on consolidation amounting to S\$47,190 for Goldwater ceased during this quarter, effect of this change increase the profit before tax by the same amount. There is also no amortization on goodwill on consolidation for the new operation, Retco. If goodwill on consolidation for Retco had been made, the profit before tax for the quarter would have been reduced by S\$81,089.

6 NET EARNINGS PER ORDINARY SHARE OF THE GROUP FOR THE CURRENT PERIOD REPORTED

GROUP	
3 months ended	
30 Jun 2004	31 Mar 2004

Weighted average number of ordinary shares in issue	925,712,043	882,635,120
(i) Based on weighted average number of ordinary shares in issue (cents per share)	- 0.007	- 0.007
(ii) On a fully diluted basis (cents per share)	- 0.007	- 0.007

7 NET ASSET VALUE PER ORDINARY SHARE AT THE END OF CURRENT PERIOD

GROUP	
30 Jun 2004	31 Mar 2004

Number of ordinary shares in issue	962,635,120	882,635,120
(i) Group net asset value per share (cents)	+ 3.450	+ 1.965
(ii) Issuer net asset value per share (cents)	+ 4.973	+ 3.755

8 SEGMENT INFORMATION

BY REGION	Revenue 3 months ended		Gross Profit 3 months ended		Net Profit before Tax 3 months ended	
	30 Jun 2004 \$'000	31 Mar 2004 \$'000	30 Jun 2004 \$'000	31 Mar 2004 \$'000	30 Jun 2004 \$'000	31 Mar 2004 \$'000
Myanmar	1,064	1,091	286	438	110	306
Indonesia	2,501	NA	483	NA	205	NA
Total	3,565	1,091	769	438	315	306

9 GROUP PERFORMANCE REVIEW

Financial Performance

Revenue

Revenue increased by 227% to S\$3.6 mil in Q2 2004 due mainly to the inclusion of Retco's revenue into the Group's consolidated Profit and Loss account from 1 April 2004 onwards. In Q2 2004, Retco produced 53,728 barrels of oil whereas Goldpetrol produced 41,321 barrels of oil (Q1 2004 - 40,079 barrels).

Gross Profit Margin

The Group's Gross Profit margin declined from 40% to 22% due mainly to the consolidation of Retco's operations which have different production sharing rates from Goldpetrol's IPR contract.

Net Loss After Tax attributable to shareholders

Net loss after tax attributable to shareholders has reduced slightly due mainly to the inclusion of Retco's net operating results to the Group's consolidated Profit and Loss account from 1 April 2004. Retco contributed S\$ 483k of gross profit to the Group. However, this is offset by

- higher administrative expenses after including Retco's administrative expenses of about S\$277k.
- higher professional fees and travelling expenses amounting to S\$75k for Q2 2004
- lower contribution from Myanmar operations due to higher cost of production of S\$778k in Q2 2004 as compared with S\$653k in Q1 2004. The higher cost of production is due mainly to additional activities on well workovers which includes perforation and layers testings work.

Cashflow

Cash inflows were due mainly to:

- the share placement exercise in May 2004 amounting to S\$15.0 mil.

Cash outflows were due mainly to:

- purchase of 70% stake in Retco amounting to S\$8.3 mil;
- purchase of workover rig in Myanmar amounting to S\$0.7 mil; and
- continued development activities in Myanmar amounting to S\$0.5 mil.

Financial Position

The net assets of the Group increased from S\$17.3 mil to S\$33.2 mil due mainly to the additional capital raised from the share placement exercise. In May 2004, the Company issued 80,000,000 new shares of S\$0.05 each at S\$0.19332 per ordinary share.

10 PROFIT FORECAST

No forecast was made in our previous quarter results announcements dated 30 April 2004.

11 COMMENTARY ON CONDITIONS AFFECTING THE GROUP'S RESULTS

Myanmar Concession

Increase in Goldpetrol's contribution to the Group will largely depend on the outcome of the installation of dual completion well head on Well No 3231 to produce upper and lower layers of hydrocarbon.

Indonesia Concession

Retco has submitted to Pertamina a three well drilling program in Tanjung Miring Timur for the second half of 2004. Increase in Retco's contribution to the Group will largely depend on the results of these three drillings.

Possible new concession

The Group has also submitted a bid to acquire the entire issue share capital of a company whose subsidiaries own the rights to develop two oil fields in Indonesia. The current production of these two oil fields are in excess of 5,000 BOPD which would contribute significantly to the Group's production.

12 DIVIDEND

No interim dividend for the quarter ended 30 June 2004 is recommended.

13 INTERESTED PERSON TRANSACTIONS

In respect of the period ended 30 June 2004, the Company declares the aggregate value of interested person transactions conducted as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Mr Subianto Arpan Sumodikoro*	252,506	Nil

* Mr Subianto Arpan Sumodikoro is a deemed substantial shareholder of Interra through Canyon Gate Investments Ltd. He is also a director and shareholder of Multi-Co who owns all the shares in Contium. The above transactions are in relation to rig rental services provided by Contium to Goldpetrol.

14 **ABBREVIATIONS**

BOPD	means	Barrels of Oil Per Day
Contium	means	Contium Engineers Far East Pte Ltd
FRS	means	Financial Reporting Standards
Goldpetrol	means	Goldpetrol Joint Operating Company Inc.
Group	means	Interra Resources Limited, its subsidiary companies and jointly controlled entities
Interra	means	Interra Resources Limited
IPR	means	Improved Petroleum Recovery
MI	means	Minority Interests
Multi-Co	means	Multi-Corporation (S) Pte Ltd
NA	means	Not applicable
NM	means	Not meaningful
NPBT	means	Net Profit Before Tax
Pertamina	means	Perusahaan Pertambangan Minyak Dan Gas Bumi Negara
Q1 2004	means	First calendar quarter of year 2004
Q2 2004	means	Second calendar quarter of year 2004
Retco	means	PT Retco Prima Energi