

[Print this page](#)**Second Quarter * Financial Statement And Dividend Announcement**

* Asterisks denote mandatory information


Name of Announcer *	INTERRA RESOURCES LIMITED
Company Registration No.	197300166Z
Announcement submitted on behalf of	INTERRA RESOURCES LIMITED
Announcement is submitted with respect to *	INTERRA RESOURCES LIMITED
Announcement is submitted by *	LUKE CHRISTOPHER TARGETT
Designation *	DIRECTOR
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2005
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Attachments:

 [InterraResult-30062005.pdf](#)
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12 August 2005

Dear Shareholders,

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2005

The Board of Directors of Interra Resources Limited ("Interra") wishes to confirm that in the second quarter of 2005, the Group has completed the acquisition of a 50% interest in Orchard Energy Holding Java & Sumatra B.V. ("Orchard"). The other 50% is owned by Citigroup Financial Products Inc. ("CFPI"). Orchard owns 100% of Orchard Energy Java B.V. and 100% of Orchard Energy Sumatra B.V. These companies own a 5% interest in the Offshore Northwest Java PSC ("ONWJ") and the South East Sumatra PSC ("SES") purchased from Mitsubishi Corporation. The financial results of the Orchard group of companies have been included in the Group's financial statements using the equity accounting method from 27 April 2005 onwards. Under this method of accounting, top line sales and expenses are not reported by Interra. Rather, Interra only reports the carrying value of its investment in Orchard together with its share of net profit or loss for the period.

The unaudited results for the second quarter of 2005 are attached hereto.

Yours sincerely,

The Board of Directors
Interra Resources Limited



**INTERRA RESOURCES LIMITED
UNAUDITED RESULTS FOR THE PERIOD
ENDED 30 JUNE 2005**

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1(a)(i) PROFIT AND LOSS STATEMENT

Group	Note	2Q 2005 S\$'000	2Q 2004 S\$'000	Change %	6M 2005 S\$'000	6M 2004 S\$'000	Change %
Revenue		4,320	2,815	+ 53	8,005	3,906	+ 105
Cost of production	A1	(3,165)	(2,191)	- 44	(5,148)	(2,844)	- 81
Gross profit		1,155	624	+ 85	2,857	1,062	+ 169
Operating income	A2	258	308	- 16	456	546	- 16
Administrative expenses		(803)	(689)	- 17	(1,498)	(1,059)	- 41
Depreciation and amortization	A3	(269)	(206)	- 31	(543)	(458)	- 19
Other operating expenses	A4	(60)	-	NM	(3)	(38)	NM
Profit from operations		281	37	+ 659	1,269	53	+ 2,294
Finance costs	A5	(394)	-	NM	(394)	-	NM
Share of associated companies' profit after tax		532	-	NM	532	-	NM
Profit before tax		419	37	+ 1,032	1,407	53	+ 2,555
Taxation		(154)	(97)	- 59	(280)	(179)	- 56
Profit/(Loss) after tax		265	(60)	NM	1,127	(126)	NM

+ change in % means favourable change for the Group

- change in % means unfavourable change for the Group

1(a)(ii) EXPLANATORY NOTES TO PROFIT AND LOSS STATEMENT

Group	2Q 2005 S\$'000	2Q 2004 S\$'000	6M 2005 S\$'000	6M 2004 S\$'000
A1 Cost of production				
Production expenses	2,544	1,985	4,015	2,487
Depreciation of property, plant and equipment of oil operations	193	86	327	134
Amortization of exploration, evaluation and development cost	428	120	806	223
	3,165	2,191	5,148	2,844
A2 Operating income				
Management fees	-	48	-	104
Interest income	77	6	101	6
Deferred income	177	181	351	361
Other income	4	-	4	-
Foreign exchange gain, net	-	73	-	75
	258	308	456	546
A3 Depreciation and amortization				
Property, plant and equipment	10	13	29	25
Concession rights	12	12	24	25
Goodwill on reverse acquisition	-	-	-	47
Participation rights	70	-	139	-
Intangible benefits	177	181	351	361
	269	206	543	458
A4 Other operating expenses				
Foreign exchange loss, net	60	-	3	38
	60	-	3	38
A5 Finance costs				
Interest expense amortisation for bonds issued	394	-	394	-
	394	-	394	-

1(b)(i) BALANCE SHEET

	Note	Group		Company	
		30-Jun-05 S\$'000	31-Dec-04 S\$'000	30-Jun-05 S\$'000	31-Dec-04 S\$'000
Non-Current Assets					
Property, plant and equipment		2,085	1,597	27	35
Exploration, evaluation and development cost		24,807	24,142	-	-
Intangibles		8,752	9,135	-	-
Interest in subsidiaries		-	-	41,890	41,031
Interest in associates	B1	19,445	-	18,913	-
Goodwill on reverse acquisition		2,438	2,438	-	-
Participation rights		3,256	3,302	-	-
		60,783	40,614	60,830	41,066
Current Assets					
Inventories		1,588	1,881	-	-
Trade receivables	B2	4,065	2,282	-	-
Deposit, other receivables and prepayment		521	413	297	255
Cash and bank balances	B3	7,967	7,775	6,828	5,930
Amount due from associates		48	-	48	-
		14,189	12,351	7,173	6,185
Current Liabilities					
Trade payables		(416)	(1,296)	-	-
Amount due to related parties (trade)		(477)	(1,753)	-	-
Other payables and accruals	B4	(5,076)	(2,039)	(3,035)	(204)
Provision for tax		(2,107)	(1,770)	-	-
Coupon payable		(275)	-	(275)	-
		(8,351)	(6,858)	(3,310)	(204)
Net Current Assets					
		5,838	5,493	3,863	5,981
Non-Current Liabilities					
Loan from a director		(2,363)	(2,296)	-	-
Loan from a substantial shareholder		(2,511)	(2,439)	-	-
Loan from a related party		(2,511)	(2,439)	-	-
Deferred income		(8,439)	(8,546)	-	-
Secured Bond 7% due 2010	B5	(17,743)	-	(17,743)	-
		(33,567)	(15,720)	(17,743)	-
Net Assets					
		33,054	30,387	46,950	47,047
Capital and Reserves					
Share capital		48,132	48,132	48,132	48,132
Reserves		(15,078)	(17,745)	(1,182)	(1,085)
Shareholders' Equity					
		33,054	30,387	46,950	47,047

Exchange Rates

The functional currencies for the accounts of the Group's subsidiaries are in US\$ and have been translated to S\$ at the exchange rate prevailing at the balance sheet date. The exchange rates as at 30 Jun 2005 and 31 Dec 2004 are 1.6858 and 1.6376 respectively.

Explanatory Notes to Balance Sheet

The key movements in the balance sheet items for this period were attributable to two main transactions, ie the issuance of bonds cum detachable warrants and the acquisition of a 50% interest in Orchard Energy Holding Java & Sumatra B.V.

- B1 Interest in associates represents the Group's 50% interest in Orchard.
- B2 Increase in trade receivables as at 30 Jun 2005 compared with 31 Dec 2004 was due to an increase in billings of crude oil sales in the last two months of the respective period. This accounted for S\$0.85 mil of the increase in trade receivables. The increase was also due to slower payments from the Myanmar crude oil sales debtor.
- B3 Cash and bank balances as at 30 Jun 2005 include the restricted cash deposits (Secured Debt Service Reserve Account) of S\$3.9 mil.
- B4 Increase in other payables and accruals was due mainly to outstanding acquisition costs of Orchard which have not been paid as at 30 Jun 2005.
- B5 Secured Bond 7% due 2010 represents the principal amount of US\$11 mil (S\$18.5 mil) and redemption premium balance of US\$475k (S\$801k). Detachable warrants were also issued to the bondholder. In accordance with FRS 32 ("Financial Instruments: Disclosure and Presentation") and FRS 39 ("Financial Instruments: Recognition and Measurement"), a value is allocated to the warrants issued even though they were issued at no cost. This value amounts to S\$900k and is recognised on the issue date as warrant premium reserves.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Jun-05		31-Dec-04	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	18,544	7,385	-	7,174

Details of Collateral

The secured borrowings of the Group are secured by

- a charge over the shares held by the Company in the capital of Goldwater Company Limited
- a charge over the shares held by the Company in the capital of Goldwater TMT Pte. Ltd.
- an assignment of all rights in respect of the Secured Debt Service Reserve Account

1(c) CASH FLOW STATEMENT

Group	2Q 2005 S\$'000	2Q 2004 S\$'000	6M 2005 S\$'000	6M 2004 S\$'000
Cash Flows from Operating Activities				
Profit before tax	419	37	1,407	53
Share of associated company's profit after tax	(532)	-	(532)	-
Adjustments for non-cash items:				
Currency re-alignment and translation	375	39	436	18
Depreciation of property, plant and equipment	203	99	356	159
Amortization of:				
Exploration, evaluation and development cost	428	120	806	223
Concession rights	12	12	24	25
Intangible benefits	177	181	351	361
Goodwill on reverse acquisition	-	-	-	47
Participation rights	70	-	139	-
Other income	(4)	-	(4)	-
Interest income	(77)	(6)	(101)	(6)
Interest expense	394	-	394	-
Deferred income	(177)	(181)	(351)	(361)
Exchange difference	60	-	3	38
Operating profit before working capital changes	1,348	301	2,928	557
Inventories	36	(383)	294	17
Trade and other receivables	(1,165)	387	(1,908)	360
Trade and other payables	(800)	272	(961)	299
Accrued operating expenses	727	(67)	797	(172)
Amount due to related parties (trade)	(299)	444	(1,277)	(590)
Amount due to directors	-	(8)	-	(11)
Net cash (outflow) / inflow from operating activities	(153)	946	(127)	460
Cash Flows from Investing Activities				
Interest income received	14	6	38	6
Net proceeds from disposal of property, plant and equipment	7	-	7	-
Investment in associate companies	(15,672)	-	(16,559)	-
Acquisition of subsidiaries	-	(8,596)	-	(8,596)
Additional investments in production phase properties:				
Purchase of property, plant and equipment	(26)	(679)	(211)	(999)
Well drillings and improvements	(181)	(673)	(952)	(1,828)
Geological and geophysical studies	(69)	-	(133)	-
Refund of deposit placed for possible acquisition	-	-	-	2,511
Net cash (outflow) from investing activities	(15,927)	(9,942)	(17,810)	(8,906)
Cash Flows from Financing Activities				
Net proceeds from placement of shares	-	14,977	-	14,977
Net proceeds from issuance of bonds	18,129	-	18,129	-
Net cash inflow from financing activities	18,129	14,977	18,129	14,977
Net inflow of cash and cash equivalents	2,049	5,981	192	6,531
Cash and cash equivalents at beginning of period	5,918	4,672	7,775	4,122
Cash and cash equivalents at end of period (See Note B3)	7,967	10,653	7,967	10,653

1(d)(i) STATEMENTS OF CHANGES IN EQUITY

Group	Share Capital	Share Premium	Currency Translation Reserves	Special Reserves	Warrant Premium Reserves	Accumulated Profit / (Loss)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 31 Mar 2004	44,132	98,300	81	(135,457)	-	10,288	17,344
Issuance of new shares	4,000	10,977	-	-	-	-	14,977
Translation differences	-	-	(70)	-	-	-	(70)
Net loss after tax for 2Q 2004	-	-	-	-	-	(60)	(60)
Balance as at 30 Jun 2004	48,132	109,277	11	(135,457)	-	10,228	32,191
Balance as at 31 Mar 2005	48,132	109,277	(962)	(135,458)	-	10,445	31,434
Translation differences	-	-	456	-	-	-	456
Arising from issuance of warrants (See Note B5)	-	-	-	-	900	-	900
Net profit after tax for 2Q 2005	-	-	-	-	-	264	264
Balance as at 30 Jun 2005	48,132	109,277	(506)	(135,458)	900	10,709	33,054

Company	Share Capital	Share Premium	Warrant Premium Reserves	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 31 Mar 2004	44,132	163,198	-	(174,183)	33,147
Issuance of new shares	4,000	10,977	-	-	14,977
Net loss after tax for 2Q 2004	-	-	-	(251)	(251)
Balance as at 30 Jun 2004	48,132	174,175	-	(174,434)	47,873
Balance as at 31 Mar 2005	48,132	174,175	-	(175,489)	46,818
Arising from issuance of warrants (See Note B5)	-	-	900	-	900
Net loss after tax for 2Q 2005	-	-	-	(768)	(768)
Balance as at 30 Jun 2005	48,132	174,175	900	(176,257)	46,950

1(d)(ii) SHARE CAPITAL

No additional share capital was issued in 2Q 2005.

2 WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED, AND IN ACCORDANCE WITH WHICH STANDARD (EG. THE STANDARD ON AUDITING 910 (ENGAGEMENTS TO REVIEW FINANCIAL STATEMENTS), OR AN EQUIVALENT STANDARD)

The figures have not been audited or reviewed by our auditors.

3 WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY QUALIFICATIONS OR EMPHASIS OF A 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 compared with the audited financial statements for the year ended 31 Dec 2004.

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

Not applicable.

6 EARNINGS PER SHARE

Group	2Q 2005	2Q 2004
Basic earnings/(loss) per share (cents) #	+ 0.138	- 0.032
Fully diluted earnings/(loss) per share (cents) +	+ 0.114	- 0.032

Basic earnings per share for 2Q 2005 is based on the weighted average number of 192,527,024 shares of S\$0.25 each in issue in 2Q 2005 (2Q 2004: 185,142,409). For comparison purposes, the weighted average number of shares of S\$0.05 each in issue in 2Q 2004 have been adjusted to reflect the 5 to 1 share consolidation which took place on 29 Apr 2005.

+ The fully diluted earnings per share is based on the weighted average number of 232,379,647 shares of S\$0.25 each in issue in 2Q 2005 (2Q 2004: 185,142,409). This is arrived after taking into account the potential shares arising from the exercise of warrants which would dilute the basic earnings per share from 25 Apr 2005 onwards.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-05	31-Dec-04	30-Jun-05	31-Dec-04
Net asset value per ordinary share based on issued share capital (cents) ^	17.168	15.783	24.386	24.437
^ Number of ordinary shares in issue	192,527,024	192,527,024	192,527,024	192,527,024

^ For comparison purposes, the number of shares in issue as at 31 Dec 2004 comprising 962,635,120 shares of S\$0.05 each have been adjusted to reflect the 5 to 1 share consolidation which took place on 29 Apr 2005.

8(i) PERFORMANCE REVIEW

Significant factors affecting the turnover, costs and earnings of the Group

Revenue increased by S\$1.5 mil (53%) from S\$2.8 mil in 2Q 2004 to S\$4.3 mil in 2Q 2005. This was due mainly to the increased oil price. The weighted average transacted oil price in 2Q 2005 and 2Q 2004 were in the region of US\$52.70 and US\$35.10 respectively. The increase in shareable production in 2Q 2005 (65.4k barrels of oil) compared with 2Q 2004 (62.4k barrels of oil) also contributed to the increase in revenue. (Since Orchard Energy Holding Java & Sumatra B.V. ("Orchard") is an associated company, the Group's share of production from its net working interest of 2.5% in Offshore Northwest Java PSC ("ONWJ") and South East Sumatra PSC ("SES"), which amounts to 157.4k barrels of oil and oil equivalent ("boe") were not consolidated into the Group's top line revenue. Taking this into consideration, the Group's shareable production was effectively 222.8k boe or 2,448 boe per day in 2Q 2005.)

Cost of production increased by 974k (44%) from S\$2.2 mil in 2Q 2004 to S\$3.2 mil in 2Q 2005. This was due mainly to a provision for training levy which is required under the IPR contracts in Myanmar amounting to S\$807k. Under the terms and conditions of the IPR, Goldwater is required to spend US\$50k per year per area of interests for the training and development of MOGE personnel from the start of commercial production (1997 for Yenangyaung area and 1999 for Chauk area). Any unspent commitment is to be carried forward to the following years. Goldwater's share of this required expenditure amounts to US\$594k as at 30 Jun 2005. To date, Goldwater incurred only US\$113k of such expenditure. Hence, the Group has decided to make a provision of S\$807k (US\$481k) for the unspent commitment in this quarter. Due to the provision, Myanmar concession registered a loss of S\$246k in 2Q 2005 (2Q 2004: profit of S\$235k). If not for the provision, Myanmar would have posted a profit of S\$561k. Moving forward, a quarterly accrual will be made for any unspent training levy.

Notwithstanding the above, the **Group posted a net profit after tax of S\$265k** due to strong results from its 70% interest in Tanjung Miring Timur ("TMT") in South Sumatra and the additional contribution from the Group's 50% interest in Orchard. TMT contributed a profit of S\$1.1 mil in 2Q 2005 (2Q 2004: S\$0.2 mil) whereas Orchard contributed S\$532k to the Group's net profit after tax. Orchard represents the Group's net working interest of 2.5% in ONWJ and SES acquired from Mitsubishi Corporation.

Material factors affecting the cash flow, working capital, assets or liabilities of the Group during the current financial period

The major activities in 2Q 2005 are the completion of the acquisition of the Group's 50% interest in Orchard and the issuance of secured bonds cum detachable warrants of US\$11 mil.

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	2Q 2005	2Q 2004	2Q 2005	2Q 2004	2Q 2005	2Q 2004
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Results						
EBITDA	1,433	162	77	443	1,510	605
EBIT	1,050	143	(246)	235	804	378
Sales to external customers	2,633	1,751	1,687	1,064	4,320	2,815
Segment Results	1,051	166	(246)	235	805	401
Unallocated corporate net operating results					(524)	(364)
Profit from operations					281	37
Finance costs					(394)	-
Share of associated companies' profit after tax					532	-
Profit before tax					419	37
Taxation					(154)	(97)
Net profit/(loss) after tax					265	(60)

Geographical Segment	Indonesia		Myanmar		Consolidated	
	6M 2005	6M 2004	6M 2005	6M 2004	6M 2005	6M 2004
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Results						
EBITDA	2,807	162	672	1,038	3,479	1,200
EBIT	2,114	143	51	660	2,165	803
Sales to external customers	4,954	1,751	3,051	2,155	8,005	3,906
Segment Results	2,120	166	51	660	2,171	826
Unallocated corporate net operating results					(902)	(773)
Profit from operations					1,269	53
Finance costs					(394)	-
Share of associated companies' profit after tax					532	-
Profit before tax					1,407	53
Taxation					(280)	(179)
Net profit/(loss) after tax					1,127	(126)

Notes

EBIT is the operating earnings before divestment gains, interest income, exchange difference, finance cost and tax. This is net of joint venture partner's share.

EBITDA is the operating earnings before divestment gains, interest income, exchange difference, finance cost, tax, depreciation and amortisation. This is net of joint venture partner's share.

8(iii) PRODUCTION PROFILE

Myanmar Production		2Q 2005 barrels	2Q 2004 barrels	6M 2005 barrels	6M 2004 barrels
Average gross production per day		2,189	2,227	2,184	2,230
Gross production		199,241	202,667	395,231	405,849
Non-shareable production		(154,527)	(161,346)	(309,012)	(324,449)
Production shareable with Myanma Oil and Gas Enterprise		44,714	41,321	86,219	81,400
Group's 60% share of production		26,828	24,793	51,731	48,840
Group's average shareable production per day		295	272	286	268
Myanmar Revenue		2Q 2005	2Q 2004	6M 2005	6M 2004
Weighted average oil price transacted	US\$	52.72	35.08	49.73	32.89
Revenue shareable with MOGE	US\$'000	1,414	870	2,573	1,607
MOGE's share	US\$'000	(397)	(244)	(722)	(337)
Group's net share of revenue in US\$	US\$'000	1,017	626	1,851	1,270
Group's net share of revenue in S\$	S\$'000	1,687	1,064	3,051	2,155
Indonesia Production		2Q 2005 barrels	2Q 2004 barrels	6M 2005 barrels	6M 2004 @ barrels
Average gross production per day		690	695	704	695 @
Gross production		62,786	63,283	127,450	63,283
Non-shareable production		(7,686)	(9,553)	(15,696)	(9,553)
Production shareable with Pertamina		55,100	53,730	111,754	53,730
Group's 70% share production		38,570	37,611	78,228	37,611
Group's average shareable production per day		424	413	432	413
<p>@ Indonesia operations was consolidated into the Group's financial statements from 1 Apr 2004 onwards. Average gross production per day is based on 91 days, ie from 1 Apr 2004 to 30 Jun 2004.</p>					
Indonesia Revenue		2Q 2005	2Q 2004	6M 2005	6M 2004 @
Weighted average oil price transacted	US\$	52.76	35.07	49.76	35.07
Revenue shareable with Pertamina	US\$'000	2,035	1,319	3,893	1,319
Pertamina's share	US\$'000	(446)	(289)	(888)	(289)
Group's net share of revenue in US\$	US\$'000	1,589	1,030	3,005	1,030
Group's net share of revenue in S\$	S\$'000	2,633	1,751	4,954	1,751
Group Production and Revenue		2Q 2005	2Q 2004	6M 2005	6M 2004
Group's shareable production	barrels	65,398	62,404	129,959	86,451
Group's average shareable production per day	barrels	719	686	718	475
Group's total revenue in S\$	S\$'000	4,320	2,815	8,005	3,906

9 WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS

No forecast was made in our last unaudited results announcement for the quarter ended 31 March 2005.

10 COMMENTARY ON PROSPECTS

Barring any unforeseen circumstances, the Group expects positive contributions from all its concession interests at the current oil price level. While the Group expects oil prices to continue to be strong, there is no certainty that this will occur.

11 DIVIDEND

No dividend for the period ended 30 June 2005 is recommended.

12 INTERESTED PERSON TRANSACTION

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 6M 2005 S\$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) 6M 2005 S\$
Nil	Nil	Nil

13 RESTATEMENT OF RESULTS FOR PERIOD ENDED 30 JUNE 2004

As announced on 28 Feb 2005, the Group's 70% interest in Tanjung Miring Timur ("TMT") TAC in South Sumatra, Indonesia has been reorganized on a farm in-farm out basis. Previously, the Group's interest in TMT TAC was held through a wholly owned subsidiary, PT Central Infinity Utama ("CIU") which owned 70% of PT Retco Prima Energi ("Retco"), which in turn owned 100% of the interest in TMT TAC. Thus, 100% of TMT TAC financial statements was fully consolidated into the Group's financial statements.

After the reorganization, the Group now owns 70% of the interest in TMT TAC through a wholly owned subsidiary, Goldwater TMT Pte. Ltd. ("GTMT"), a Singapore incorporated company. Retco owns the remaining 30% of the interest in TMT TAC; CIU and Retco are no longer subsidiaries of Group. As a result, TMT TAC financial statements are now proportionately consolidated into the Group's financial statements whereby only 70% of the assets, liabilities, revenue and expenses of TMT TAC is being consolidated. This change has no impact on the Group's profit attributable to shareholders.

The effect of the change in consolidation method on the Group's financial statements for the period ended 30 June 2004 which were announced previously is set out below.

Group Profit and Loss Account	2Q 2004		2Q 2004		6M 2004		6M 2004	
	Previously Reported	Restatement Adjustments	(Restated)		Previously Reported	Restatement Adjustments	(Restated)	
	S\$'000		S\$'000		S\$'000		S\$'000	
Revenue	3,565	(750)	2,815		4,656	(750)	3,906	
Cost of production	(2,796)	605	(2,191)		(3,449)	605	(2,844)	
Gross profit	769	(145)	624		1,207	(145)	1,062	
Operating income	317	(9)	308		555	(9)	546	
Administrative expenses	(772)	83	(689)		(1,142)	83	(1,059)	
Depreciation and amortization	(206)	-	(206)		(458)	-	(458)	
Other operating expenses	-	-	-		(38)	-	(38)	
Profit from operations	108	(71)	37		124	(71)	53	
Finance costs	-	-	-		-	-	-	
Profit before tax	108	(71)	37		124	(71)	53	
Taxation	(97)	-	(97)		(179)	-	(179)	
Net profit/(loss) after tax	11	(71)	(60)		(55)	(71)	(126)	
Minority interests	(71)	71	-		(71)	71	-	
(Loss) attributable to shareholders	(60)	-	(60)		(126)	-	(126)	

13 **RESTATEMENT OF RESULTS FOR PERIOD ENDED 30 JUNE 2004**

Group Consolidated Balance Sheet	30-Jun-04 Previously Reported S\$'000	Restatement Adjustments	30-Jun-04 (Restated) S\$'000
Non-Current Assets			
Property, plant & equipment	1,799	(135)	1,664
Exploration, evaluation and development cost	24,469	(1,788)	22,681
Intangibles	10,059	-	10,059
Goodwill on consolidation	6,547	(4,109)	2,438
Participation rights	-	4,109	4,109
	<u>42,874</u>	<u>(1,923)</u>	<u>40,952</u>
Current Assets			
Inventories	1,794	(119)	1,675
Trade receivables	1,886	(288)	1,598
Deposit, other receivables and prepayment	451	(49)	402
Cash and bank balances	11,016	(363)	10,653
	<u>15,147</u>	<u>(819)</u>	<u>14,328</u>
Current Liabilities			
Trade payables	(1,295)	200	(1,095)
Amount due to related parties (trade)	(1,615)	-	(1,615)
Other payables and accruals	(2,033)	209	(1,824)
Provision for tax	(1,609)	-	(1,609)
	<u>(6,552)</u>	<u>409</u>	<u>(6,144)</u>
Net Current Assets	<u>8,595</u>	<u>(410)</u>	<u>8,184</u>
Non-Current Liabilities			
Loan from shareholders	(5,114)	-	(5,114)
Loan from related party (non-trade)	(2,406)	-	(2,406)
Loan from shareholders of Retco	(1,311)	1,311	-
Deferred income	(9,425)	-	(9,425)
	<u>(18,256)</u>	<u>1,311</u>	<u>(16,945)</u>
Net Assets	<u>33,213</u>	<u>(1,022)</u>	<u>32,191</u>
Shareholders' equity and minority interests			
Share capital	48,132	-	48,132
Reserves	(15,916)	(25)	(15,941)
Shareholders' equity	<u>32,216</u>	<u>(25)</u>	<u>32,191</u>
Minority interests	997	(997)	-
	<u>33,213</u>	<u>(1,022)</u>	<u>32,191</u>

14 ABBREVIATIONS

2Q 2005	means	Second calendar quarter of year 2004
2Q 2004	means	Second calendar quarter of year 2005
6M 2005	means	First six months of year 2005
6M 2004	means	First six months of year 2004
BOPD	means	Barrels of Oil Per Day
FRS	means	Financial Reporting Standards
FY 2005	means	Full year ended 31 December 2005
FY 2004	means	Full year ended 31 December 2004
Geopetrol	means	Geopetrol Singu Inc.
Goldpetrol	means	Goldpetrol Joint Operating Company Inc.
Goldwater	means	Goldwater Company Limited
Group	means	Interra Resources Limited, its subsidiary companies and joint ventures
GTMT	means	Goldwater TMT Pte. Ltd.
Interra	means	Interra Resources Limited
IPR	means	Improved Petroleum Recovery
k	means	thousand
mil	means	million
MOGE	means	Myanma Oil and Gas Enterprise
Multi-Co	means	Multi-Corporation (S) Pte Ltd
NA	means	Not applicable
NM	means	Not meaningful
ONWJ	means	Offshore North West Java
Orchard	means	Orchard Energy Holding Java & Sumatra B.V.
Pertamina	means	Perusahaan Pertambangan Minyak Dan Gas Bumi Negara
PSC	means	Production Sharing Contract
Retco	means	PT Retco Prima Energi
SES	means	South East Sumatra
TAC	means	Technical Assistance Contract
TMT	means	Tanjung Miring Timur

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, oil price, foreign exchange rates, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.