



10 August 2006

Dear Shareholders

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2006

Main events in 2Q 2006

- Net profit of S\$0.8 million due to higher oil prices and higher shareable production
- Additional allowance for doubtful debts in this quarter but lower than last quarter
- Proposal to sell share in Orchard Energy Holding Java & Sumatra
- Warrants converted into new shares and Secured Bonds 7% due 2010 redeemed

The Board of Directors of Interra Resources Limited (the "Company") wishes to announce that for the second quarter of 2006, the Group recorded a net profit of S\$0.8 million compared to S\$0.3 million in 2Q 2005 on the back of a 30% increase in revenue to S\$5.6 million from S\$4.3 million previously. On a year on year basis, the net profit after tax increased by 26% to \$1.4 million in 6M 2006 from S\$1.1 million in 6M 2005.

The rise in revenue was primarily attributable to both higher oil prices and an increase in shareable production from the Tanjung Miring Timur ("TMT") and Myanmar fields, which increased by 5,096 barrels (8%) in comparison with the same quarter last year. On a year on year basis, shareable production increased by 8,822 barrels (7%). The weighted average oil price transacted during 2Q 2006 was US\$68.28 per barrel whereas during 2Q 2005 it was US\$52.76 per barrel.

Correspondingly, gross profit grew 68% to S\$1.9 million in 2Q 2006 from S\$1.2 million in 2Q 2005. However, payments in respect of the Myanmar trade receivables continued to be irregular. Hence, the Board has prudently decided to make an allowance for doubtful debts of S\$0.6 million in 2Q 2006. There was no allowance for doubtful debts in 2Q 2005.

The Group's 2.5% working interest in Offshore Northwest Java PSC ("ONWJ") and South East Sumatra PSC ("SES"), which were not consolidated into the Group's top line revenue, contributed S\$1.4 million to the profit as compared with S\$0.5 million in 2Q 2005. The increase is mainly because in 2Q 2005 only 2 months of the results were incorporated as the assets were only acquired in late April 2005. Higher oil prices were also the main contributor to the additional profits.

On 2 June 2006, the Company announced its acceptance of an unsolicited offer to sell its working interests in ONWJ and SES. Please refer to the circular to shareholders dated 26 July 2006 for full details.

On 19 June 2006, all the outstanding warrants were exercised and converted into shares of the Company. Simultaneous to this, the warrant holder elected to surrender the Secured Bonds 7% due 2010 in lieu of a cash payment to acquire the shares. There are no further warrants outstanding and the Company has little remaining interest bearing debt.

Yours sincerely

The Board of Directors
Interra Resources Limited



**INTERRA RESOURCES LIMITED
UNAUDITED RESULTS FOR THE PERIOD
ENDED 30 JUNE 2006**

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1(a)(i) PROFIT AND LOSS STATEMENT

Group	Note	2Q 2006 S\$'000	2Q 2005 S\$'000	Change %	6M 2006 S\$'000	6M 2005 S\$'000	Change %
Revenue	A1	5,614	4,320	+ 30	10,643	8,005	+ 33
Cost of production	A2	(3,672)	(3,165)	- 16	(6,480)	(5,148)	- 26
Gross profit		1,942	1,155	+ 68	4,163	2,857	+ 46
Other income	A3	456	198	+ 130	981	453	+ 117
Administrative expenses		(948)	(803)	- 18	(1,820)	(1,498)	- 21
Allowance for doubtful debts		(638)	-	NM	(1,765)	-	NM
Other operating expenses	A4	(261)	(269)	+ 3	(527)	(543)	+ 3
Finance costs	A5	(594)	(394)	- 51	(1,261)	(394)	- 220
Share of profit after tax of associates		1,407	532	+ 164	2,531	532	+ 376
Loss from bond redemption	A6	(129)	-	NM	(129)	-	NM
Profit before tax		1,235	419	+ 195	2,173	1,407	+ 54
Taxation		(402)	(154)	- 161	(757)	(280)	- 170
Profit after tax		833	265	+ 214	1,416	1,127	+ 26

+ change in % means favourable change for the Group

- change in % means unfavourable change for the Group

NM = not meaningful

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

Group	2Q 2006 S\$'000	2Q 2005 S\$'000	6M 2006 S\$'000	6M 2005 S\$'000
A1 Revenue				
Sales of crude oil (See 8 (iii) for production profile)	<u>5,614</u>	<u>4,320</u>	<u>10,643</u>	<u>8,005</u>
A2 Cost of production				
Production expenses	2,980	2,544	5,095	4,015
Depreciation of property, plant and equipment of oil operations	170	193	343	327
Amortization of exploration, evaluation and development costs	519	428	1,036	806
Amortization of computer software	3	-	6	-
	<u>3,672</u>	<u>3,165</u>	<u>6,480</u>	<u>5,148</u>
A3 Operating income				
Interest income from deposits	60	77	122	101
Interest income from associates	93	-	178	-
Deferred income	169	177	343	351
Petroleum services fees	51	-	104	-
Other income	5	4	33	4
Foreign exchange gain/(loss), net	78	(60)	201	(3)
	<u>456</u>	<u>198</u>	<u>981</u>	<u>453</u>
A4 Depreciation and amortization				
Property, plant and equipment	13	10	24	29
Concession rights	12	12	24	24
Participation rights	67	70	136	139
Intangible benefits	169	177	343	351
	<u>261</u>	<u>269</u>	<u>527</u>	<u>543</u>
A5 Finance costs				
Interest expense amortisation for bonds issued	464	394	997	394
Interest expense from loan from a related party	36	-	73	-
Deemed interest expense from interest free loans	94	-	191	-
	<u>594</u>	<u>394</u>	<u>1,261</u>	<u>394</u>
A6 Loss from bond redemption	<u>129</u>	<u>-</u>	<u>129</u>	<u>-</u>
<p>Loss from bond redemption is a one-off accounting write off between the carrying value of the bond as at the date of redemption and the deemed proceeds arising from the warrant exercise. (See 1(d)(ii) for further details on the warrant exercise)</p>				

1(b)(i) BALANCE SHEET

	Note	Group		Company	
		30-Jun-06 S\$'000	31-Dec-05 S\$'000	30-Jun-06 S\$'000	31-Dec-05 S\$'000
Non-Current Assets					
Property, plant and equipment		1,301	1,685	10	14
Exploration, evaluation and development costs		21,759	23,759	-	-
Intangibles		7,877	8,580	10	10
Interest in subsidiary companies		-	-	40,496	40,155
Interest in associates	B1	23,661	21,415	18,253	18,538
Goodwill on reverse acquisition		2,438	2,438	-	-
Participating rights		2,816	3,077	-	-
Other investments		7	7	7	7
		59,859	60,961	58,776	58,724
Current Assets					
Inventories		1,480	1,567	-	-
Work in progress		89	156	-	-
Trade receivables	B2	5,621	5,143	-	-
Other receivables, deposits and prepayments		886	743	433	333
Cash at bank and in hand	B3	7,392	4,816	3,070	2,866
Restricted cash	B3	-	3,229	-	3,229
		15,468	15,654	3,503	6,428
Current Liabilities					
Trade payables		(736)	(897)	-	-
Amount due to related parties (trade)		(25)	(106)	-	-
Other payables and accruals		(2,789)	(3,537)	(465)	(1,448)
Loan from a related party (interest bearing)		(1,198)	(1,249)	-	-
Bond coupon payable		-	(278)	-	(278)
Interest payable		(24)	(13)	-	-
Provision for taxation		(3,623)	(2,998)	(8)	(6)
		(8,395)	(9,078)	(473)	(1,732)
Net Current Assets					
		7,073	6,576	3,030	4,696
Non-Current Liabilities					
Loan from a director	B4	(2,005)	(2,028)	-	-
Loan from a substantial shareholder	B4	(2,131)	(2,155)	-	-
Loan from a related party	B4	(2,131)	(2,155)	-	-
Secured Bond 7% due 2010	B5	-	(17,869)	-	(17,869)
Deferred income		(7,317)	(7,984)	-	-
		(13,584)	(32,191)	-	(17,869)
Net Assets					
		53,348	35,346	61,806	45,551
Representing:					
Share capital		66,604	48,132	66,604	48,132
Reserves		(13,256)	(12,786)	(4,798)	(2,581)
		53,348	35,346	61,806	45,551

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 2006 and 31 Dec 2005 were 1.5976 and 1.6658 respectively.

Explanatory Notes to Balance Sheet

B1 Interest in associates represents the Group's 50% interest in Orchard Energy Holding Java & Sumarta B.V. ("Orchard").

	Group	
	30-Jun-06	31-Dec-05
Unquoted equity shares at cost	11,583	11,583
Advances made to associates	6,670	6,955
Group's share of post acquisition reserves	5,408	2,878
	<u>23,661</u>	<u>21,416</u>

B2 Trade receivables position in Myanmar has deteriorated in 2Q 2006. In 2Q 2006, the Group received payment for only one outstanding invoice, however, a further payment was received shortly after the end of the quarter. Accordingly, the Company made an additional allowance amounting to S\$0.6 mil.

	Group	
	30-Jun-06	31-Dec-05
Trade receivables	7,940	5,733
Allowance for doubtful debts	(2,319)	(590)
	<u>5,621</u>	<u>5,143</u>

B3 Cash and cash equivalents as at 31 Dec 2005 include the cash and bank balances and restricted cash deposits (Secured Debt Service Reserve Account) of S\$3.2 mil which relate to the Secured Bond 7% due 2010 issued on 25 Apr 2005. (See 1(b)(ii) for further details)

	Group	
	30-Jun-06	31-Dec-05
Cash at bank and in hand	7,392	4,816
Restricted cash (Secured Debt Service Reserve Account)	-	3,229
Cash and cash equivalents	<u>7,392</u>	<u>8,045</u>

B4 These are interest free loans from a director, a substantial shareholder and a related party which are stated at amortised cost in accordance to FRS 39 ("Financial Instruments: Recognition and Measurement"). The difference between the loan amount and present value of the loan is amortised as deemed interest expense over 37 months from Apr 2005 to Apr 2008. These loans will only be due for repayment on 30 Apr 2008.

	Group	
	30-Jun-06	31-Dec-05
Loan from a director, a substantial shareholder and a related party	6,999	7,298
Less: Unamortised deemed interest expense	(732)	(960)
	<u>6,267</u>	<u>6,338</u>

B5 Details on the Secured Bond 7% due 2010 are as follows:-

	Group	
	30-Jun-06	31-Dec-05
Principal outstanding	-	18,324
Bond accretion account	-	(455)
	<u>-</u>	<u>17,869</u>

See 1(d)(ii) for further details.

1(b)(ii) BORROWINGS AND DEBT SECURITIES

Group	30-Jun-06		31-Dec-05	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	1,198	-	1,249
Amount repayable after one year	-	6,267	17,869	6,338

Details of Collateral

The secured borrowings of the Group were 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.; and
- an assignment of all rights in respect of the Secured Debt Service Reserve Account.

As a result of bond redemption arising from the warrant exercise (See 1(d)(ii)), the charge on the above collateral has been released.

1(c) CASH FLOW STATEMENT

Group	2Q 2006 S\$'000	2Q 2005 S\$'000	6M 2006 S\$'000	6M 2005 S\$'000
Cash Flows from Operating Activities				
Profit before taxation	1,235	419	2,173	1,407
Adjustments for non-cash items:				
Foreign currency translation	(201)	375	(504)	436
Share of profit after tax of associates	(1,407)	(532)	(2,531)	(532)
Depreciation of property, plant and equipment	183	203	367	356
Amortization of:	-	-	-	-
Exploration, evaluation and development costs	519	428	1,036	806
Concession rights	12	12	24	24
Intangible benefits	169	177	343	351
Computer software	3	-	6	-
Participating rights	67	70	136	139
Interest income	(153)	(77)	(300)	(101)
Interest expense	594	394	1,261	394
Deferred income	(169)	(177)	(343)	(351)
Exchange difference	(78)	60	(201)	3
Loss from bond redemption	129	-	129	-
Other income	-	(4)	-	(4)
Operating profit before working capital changes	903	1,348	1,596	2,928
Changes in working capital:				
Inventories	27	36	87	294
Trade and other receivables	168	(1,165)	(445)	(1,908)
Trade and other payables	10	(800)	(519)	(961)
Accrued operating expenses	178	727	215	797
Amount due to related parties (trade)	(16)	(299)	(77)	(1,277)
Work in progress	17	-	67	-
Tax paid	(3)	-	(3)	-
Net cash inflows/ (outflows) from operating activities	1,284	(153)	921	(127)
Cash Flows from Investing Activities				
Interest income received	62	14	126	38
Net proceeds from disposal of property, plant and equipment	-	7	-	7
Investment in associates	-	(15,672)	(571)	(16,559)
Additional investment in production phase properties:	-	-	-	-
Purchase of property, plant and equipment	(4)	(26)	(54)	(211)
Purchase of computer software	-	-	(13)	-
Well drillings and improvements	-	(181)	(51)	(952)
Geological and geophysical studies	-	(69)	-	(133)
Net cash inflows/ (outflows) from investing activities	58	(15,927)	(563)	(17,810)
Cash Flows from Financing Activities				
Interest paid	(975)	-	(1,011)	-
Net proceeds from issuance of bonds	-	18,129	-	18,129
Net cash (outflows)/ inflows from financing activities	(975)	18,129	(1,011)	18,129
Net increase/ (decrease) in cash and cash equivalents	367	2,049	(653)	192
Cash and cash equivalents at beginning of period	7,025	5,918	8,045	7,775
Cash and cash equivalents at end of period (See Note B3)	7,392	7,967	7,392	7,967

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

Group	Share Capital	Share Premium	Warrant Premium Reserves	Foreign Currency Translation Reserve	Special Reserves	Unappropriated Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 31 Mar 2005	48,132	109,277	-	(962)	(135,458)	10,445	31,434
Foreign currency translation differences	-	-	-	456	-	-	456
Net profit after tax for 2Q 2005	-	-	-	-	-	264	264
Arising from issuance of Warrants	-	-	900	-	-	-	900
Balance as at 30 Jun 2005	48,132	109,277	900	(506)	(135,458)	10,709	33,054
Balance as at 31 Mar 2006	157,409	-	900	(1,451)	(135,458)	13,867	35,267
Issue of new shares (See 1(d)(ii))	18,472	-	(900)	-	-	-	17,572
Foreign currency translation differences	-	-	-	(324)	-	-	(324)
Net profit after tax for 2Q 2006	-	-	-	-	-	833	833
Balance as at 30 Jun 2006	175,881	-	-	(1,775)	(135,458)	14,700	53,348

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 2005	48,132	174,175	-	(175,489)	46,818
Arising from issuance of Warrants	-	-	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
Balance as at 31 Mar 2006	222,307	-	900	(178,221)	44,986
Issue of new shares (See 1(d)(ii))	18,472	-	(900)	-	17,572
Net loss after tax for 2Q 2006	-	-	-	(752)	(752)
Balance as at 30 Jun 2006	240,779	-	-	(178,973)	61,806

1(d)(ii) SHARE CAPITAL

On 19 Jun 2006, the Company received an exercise notice from the warrant holder to exercise all outstanding warrants ("Warrants") and subscribe to 64,393,214 shares ("New Shares") in the capital of the Company. The Warrants had an aggregate nominal value of US\$11,000,000 (S\$18,030,100) and an exercise price of S\$0.28 per share. The New Shares were issued and allotted on 20 Jun 2006. In accordance to the terms and conditions of the Warrants, the warrant holder had elected to surrender all US\$11,000,000 Secured Bond 7% due 2010 ("Bonds") in lieu of a cash payment for the aggregate subscription price of US\$11,000,000 payable on the exercise of the Warrants.

As a result of the full exercise of the Warrants,

- the total number of issued shares in the capital of the Company increased from 192,527,024 shares to 256,920,238 shares.
- the issued share capital of the Company increased from S\$222,306,608 to S\$240,778,656.

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 2005.

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

See 4 above.

6 EARNINGS PER SHARE

Group	2Q 2006	2Q 2005	6M 2006	6M 2005
Basic earnings per share (cents)	+ 0.416	+ 0.138	+ 0.721	+ 0.585
Weighted average number of shares for the purpose of computing basic earnings per share	200,310,819	192,527,024	196,440,424	192,527,024
Fully diluted earnings per share (cents) ~	+ 0.374	+ 0.138	+ 0.685	+ 0.585
Weighted average number of shares for the purpose of computing fully diluted earnings per share	222,707,832	192,527,024	206,568,056	192,527,024

~ In accordance with FRS 33: Earnings per share ("EPS"), potential shares arising from the conversion of warrant instruments whose subscription price is higher than the average share price of the Company for the relevant period is considered to be anti-dilutive and should be disregarded from the computation of fully diluted earnings per share. As the warrant instrument was converted into shares on 19 Jun 2006, for the purpose of computing fully diluted earnings per share for 2Q 2006 and 6M 2006, the relevant period is from 1 Apr 2006 to 18 Jun 2006 and 1 Jan 2006 to 18 Jun 2006 respectively.

The average share price of the Company for the period 25 Apr 2005 (date of issue) to 30 Jun 2005 was S\$0.2501. The warrant subscription price during this period was S\$0.42 per share. As such, potential shares arising from the exercise of warrants were deemed to be anti-dilutive and were disregarded from the computation of fully diluted earnings per share for the period 2Q 2005 and 6M 2005. Therefore, there was no difference between Basic EPS and Fully diluted EPS for 2Q 2005 and 6M 2005.

7 NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-06	31-Dec-05	30-Jun-06	31-Dec-05
Net asset value per ordinary share based on issued share capital (cents)	20.764	18.359	24.056	23.659
Number of ordinary shares in issue	256,920,238	192,527,024	256,920,238	192,527,024

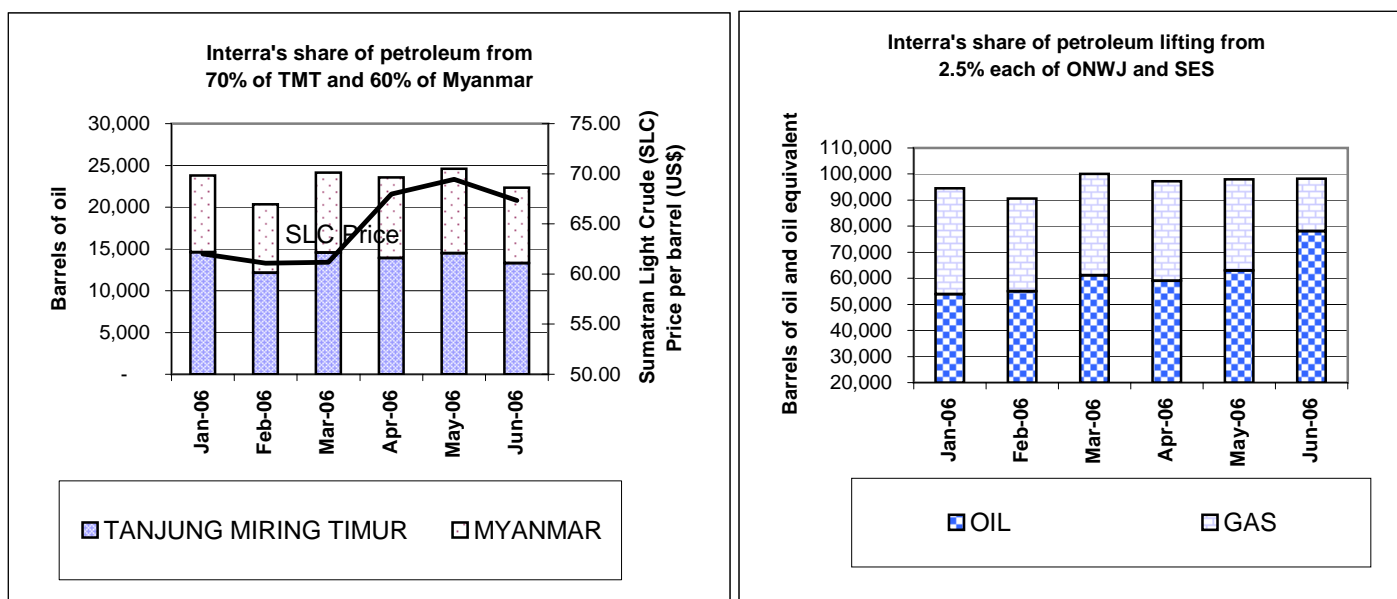
8(i) PERFORMANCE REVIEW

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

Production

The Group's share of shareable production from the Tanjung Miring Timur ("TMT") and Myanmar fields increased by approximately 5k barrels ("bbls") (8%) of oil from 65k bbls in 2Q 2005 to 70k bbls in 2Q 2006. The Group's share of production lifting from its 2.5% working interest in each Offshore Northwest Java PSC ("ONWJ") and South East Sumatra PSC ("SES") which were not consolidated into the Group's top line revenue, amounted to 200k bbls of oil and 99k bbls of oil equivalent ("boe").

Combining both consolidated and non-consolidated share of production, the Group's share of shareable production was 370k boe in 2Q 2006 or 4,000 boe per day. In 2Q 2005, the Group's share of shareable production was 223k boe or 2,448 boe per day. On a year on year basis, the Group's share of shareable production for 6M 2006 was 723k or 3,996 boe per day as compared with 287k boe or 1,588 boe per day in 6M 2005.



Revenue

Revenue increased by S\$1.3 mil (30%) from S\$4.3 mil in 2Q 2005 to S\$5.6 mil in 2Q 2006. This was due mainly to the increased oil prices. The weighted average transacted oil prices per bbls in 2Q 2006 and 2Q 2005 were approximately US\$68.2 and US\$52.7 respectively. The increase in consolidated shareable production in 2Q 2006 (70k bbls) compared with 2Q 2005 (65k bbls) also contributed to the increase in revenue.

Cost of production

In 2Q 2006, the cost of production was S\$3.7 mil compared with S\$3.2 mil in 2Q 2005. In general, the high oil prices have led to an upward pressure on operating costs which have increased across the board. The increase in cost of production was mainly due to higher depreciation and amortisation expenses, fuel and chemicals, routine operation expenses and drilling expenses.

8(i) **PERFORMANCE REVIEW (con'td)**

Significant factors affecting the turnover, costs and earnings of the Group (cont'd)

Net profit after tax

The Group posted a net profit after tax ("NPAT") of S\$0.8 mil in 2Q 2006 as compared with S\$0.3 mil in 2Q 2005. The increase in profit was due mainly to a 30% increase in revenue primarily from higher oil prices. However, this increase was offset by higher cost of production and an additional allowance for doubtful debts of S\$0.6mil. Higher tax provision was also made in 2Q 2006 (S\$0.4 mil) as compared with 2Q 2005 (S\$0.2 mil). This was due to higher revenue which also led to higher "profit oil" under the definition of the respective petroleum sharing contracts which the tax is based upon.

Group (2Q 2006)	Profit Before Tax S\$'000	Taxation S\$'000	Financing Cost S\$'000	Net Contribution to Group S\$'000	Net Contribution to Group %
TMT	1,048	(187)	-	861	58%
ONWJ & SES	3,207	(1,800)	(464)	943	64%
Myanmar	(71)	(215)	(36)	(322)	-22%
Profit from operations	4,184	(2,202)	(500)	1,482	100%
Head office expenses and income				(426)	
Deemed interest expense (FRS39)				(94)	
Loss from bond redemption				(129)	
Taxation				-	
Group's net profit after tax				833	

Group (6M 2006)	Profit Before Tax S\$'000	Taxation S\$'000	Financing Cost S\$'000	Net Contribution to Group S\$'000	Net Contribution to Group %
TMT	2,311	(358)	-	1,953	80%
ONWJ & SES	5,896	(3,366)	(997)	1,533	63%
Myanmar	(582)	(393)	(73)	(1,048)	-43%
Profit from operations	7,625	(4,117)	(1,070)	2,438	100%
Head office expenses and income				(697)	
Deemed interest expense (FRS39)				(190)	
Loss from bond redemption				(129)	
Taxation				(6)	
Group's net profit after tax				1,416	

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

- (1) The most material factor affecting the Group was the prevailing oil price which has continued to be strong.
- (2) The irregular payment of the Group's trade receivables has resulted in the Group providing an additional doubtful debt allowance of S\$0.6 mil, bringing the total allowance to S\$2.3 mil as at 30 Jun 2006.
- (3) The increase in the Group's net assets from S\$35.3 mil (as at 31 Dec 2005) to S\$53.3 mil (as at 30 Jun 2006) was due mainly to the conversion of the Warrants into shares. As the warrant holder had elected to redeem the Bonds, the Group's borrowings also reduced accordingly. (See 1(d)(ii) for details)

8(ii) SEGMENTED REVENUE AND RESULTS

Geographical Segment	Indonesia		Myanmar		Consolidated	
	2Q 2006	2Q 2005	2Q 2006	2Q 2005	2Q 2006	2Q 2005
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Results						
EBITDA	1,390	1,433	328	77	1,718	1,510
EBIT	1,017	1,050	(79)	(246)	938	804
Sales to external customers	3,366	2,633	2,249	1,687	5,615	4,320
Segment results	1,048	1,051	(79)	(246)	969	805
Finance costs					(594)	(394)
Share of profit after tax from associates					1,407	532
Unallocated corporate net operating results					(547)	(524)
Profit before tax					1,235	419
Taxation					(402)	(154)
Net profit after tax					833	265

Geographical Segment	Indonesia		Myanmar		Consolidated	
	6M 2006	6M 2005	6M 2006	6M 2005	6M 2006	6M 2005
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Results						
EBITDA	3,057	2,807	203	672	3,260	3,479
EBIT	2,290	2,114	(590)	51	1,700	2,165
Sales to external customers	6,446	4,954	4,197	3,051	10,643	8,005
Segment results	2,311	2,120	(590)	51	1,721	2,171
Finance costs					(1,261)	(394)
Share of profit after tax from associates					2,531	532
Unallocated corporate net operating results					(818)	(902)
Profit before tax					2,173	1,407
Taxation					(757)	(280)
Net profit after tax					1,416	1,127

Notes

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

EBITDA is the operating earnings before divestment gain, 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 2006	2Q 2005	6M 2006	6M 2005
		barrels	barrels	barrels	barrels
Average gross production per day		2,154	2,189	2,149	2,184
Gross production		196,035	199,241	389,032	395,231
Non-shareable production		(148,030)	(154,527)	(296,010)	(309,012)
Production shareable with Myanmar Oil and Gas Enterprise		48,005	44,714	93,022	86,219
Group's 60% share of production		28,803	26,828	55,813	51,731
Group's average shareable production per day		317	295	308	286
Myanmar Revenue		2Q 2006	2Q 2005	6M 2006	6M 2005
Weighted average oil price transacted		US\$ 68.29	52.72	64.97	49.73
Revenue shareable with MOGE		US\$'000 1,967	1,414	3,626	2,573
MOGE's share		US\$'000 (552)	(397)	(1,017)	(722)
Group's net share of revenue in US\$		US\$'000 1,415	1,017	2,609	1,851
Group's net share of revenue in S\$		S\$'000 2,249	1,687	4,197	3,051
Indonesia Production		2Q 2006	2Q 2005	6M 2006	6M 2005
		barrels	barrels	barrels	barrels
Average gross production per day		717	690	720	704
Gross production		65,278	62,786	130,349	127,450
Non-shareable production		(5,719)	(7,686)	(11,823)	(15,696)
Production shareable with Pertamina		59,559	55,100	118,526	111,754
Group's 70% share production		41,691	38,570	82,968	78,228
Group's average shareable production per day		458	424	458	432
Indonesia Revenue		2Q 2006	2Q 2005	6M 2006	6M 2005
Weighted average oil price transacted		US\$ 68.28	52.76	64.88	49.76
Revenue shareable with Pertamina		US\$'000 2,847	2,035	5,383	3,893
Pertamina's share		US\$'000 (729)	(446)	(1,379)	(888)
Group's net share of revenue in US\$		US\$'000 2,118	1,589	4,004	3,005
Group's net share of revenue in S\$		S\$'000 3,366	2,633	6,446	4,954
Group Production and Revenue		2Q 2006	2Q 2005	6M 2006	6M 2005
Group's share of shareable production		barrels 70,494	65,398	138,781	129,959
Group's average shareable production per day		barrels 775	719	767	718
Group's total revenue in S\$		S\$'000 5,614	4,320	10,643	8,005

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 period ended 31 Mar 2006.

10 COMMENTARY ON PROSPECTS

Barring any unforeseen circumstances, the Group expects positive contributions from its working interests in TMT, SES and ONWJ at the current oil price level. Please note that the proposed sale of SES and ONWJ is subject to shareholders' approval in an Extraordinary General Meeting on 18 August 2006. If approved, 18 August 2006 will be the last day that SES and ONWJ's results are incorporated into the Group's results. While the Group expects oil prices to continue to be strong, there is no certainty that this will occur.

Due to the spiralling oil prices, net oil importing countries including Myanmar have encountered financial strains. The Group continues to receive payment of outstanding invoices on an irregular basis. On going efforts are taken to ensure that payments are received in a more timely manner, however, little improvement has been achieved to date.

11 DIVIDEND

No dividend for the period ended 30 Jun 2006 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 pursuant to Rule 920) 2Q 2006 S\$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) 2Q 2006 S\$
Nil	Nil	Nil

13 ABBREVIATIONS

2Q 2006	means	Second calendar quarter of year 2006
2Q 2005	means	Second calendar quarter of year 2005
6M 2006	means	For the period ended 30 June 2006
6M 2005	means	For the period ended 30 June 2005
bbls	means	Barrels
boe	means	Barrels of oil equivalent
FRS	means	Financial Reporting Standards
FY 2006	means	Full year ended 31 December 2006
FY 2005	means	Full year ended 31 December 2005
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
NA	means	Not applicable
NM	means	Not meaningful
ONWJ	means	Offshore North West Java PSC
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 PSC
TAC	means	Technical Assistance Contract
TMT	means	Tanjung Mirinda 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.