

Independent Auditors' Report on review of interim condensed financial information

To the Board of Directors of
Great Eastern Energy Corporation Limited

Introduction

We have reviewed the accompanying interim condensed balance sheet of Great Eastern Energy Corporation Limited as of September 30, 2017 and the related interim condensed statement of income, changes in equity and cash flows for the six-month period then ended, and a summary of interim condensed significant accounting policies and other explanatory notes (collectively the "interim condensed financial statements"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board ('IASB'). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the recognition and measurement principles of International Accounting Standard 34, "Interim Financial Reporting".

For S.R.Batilboi & Co. LLP
Chartered Accountants
ICAI Firm Registration no.:301003E/E300005

per Naman Agarwal
Partner
Membership No.: 502405
30 October 2017
Gurugram

Great Eastern Energy Corporation Limited
Interim condensed financial statements
For the six months period ended
30 September 2017

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

Interim Condensed statement of financial position

| | Notes | As at | |
|---|-------|--------------------|--------------------|
| | | 30 September 2017 | 31 March 2017 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 131,554,238 | 134,369,653 |
| Capital work-in-progress | 9 | 45,406,468 | 45,699,877 |
| Intangible assets | 10 | 159,628 | 171,097 |
| Intangible under development | 11 | 803,138 | 809,579 |
| Prepayments | | 426,875 | 443,994 |
| Trade and other receivables | | 192,142 | 194,146 |
| Deferred tax asset (net) | | 2,499,203 | 1,878,127 |
| Tax assets (net) | | 94,188 | 205,426 |
| Total non-current assets | | 181,135,880 | 183,771,899 |
| Current assets | | | |
| Held for trading - financial assets | | 2,798,080 | - |
| Trade and other receivables | | 955,368 | 1,334,568 |
| Prepayments | | 164,759 | 121,793 |
| Restricted deposits with banks | | 1,047,533 | 1,066,674 |
| Cash and cash equivalents | | 508,650 | 432,572 |
| Total current assets | | 5,474,390 | 2,955,607 |
| Total assets | | 186,610,270 | 186,727,506 |
| Equity | | | |
| Share capital | | 13,306,007 | 13,306,007 |
| Securities premium | | 91,006,858 | 91,006,858 |
| Reserves | | (24,045,582) | (23,732,556) |
| Retained earnings | | (883,122) | 700,895 |
| Total equity attributable to owners of the Company | | 79,384,161 | 81,281,204 |
| Liabilities | | | |
| Interest bearing loans and borrowings | 13 | 85,050,257 | 87,701,066 |
| Employee benefit liabilities | | 361,435 | 378,617 |
| Trade and other payables | | - | 1,027,144 |
| Provisions | 15 | 261,140 | 263,234 |
| Total non-current liabilities | | 85,672,832 | 89,370,061 |
| Interest bearing loans and borrowings | 13 | 9,062,649 | 7,330,287 |
| Trade and other payables | | 11,638,516 | 7,580,731 |
| Employee benefit liabilities | | 774,729 | 762,744 |
| Income tax payable | | 77,383 | 402,479 |
| Total current liabilities | | 21,553,277 | 16,076,241 |
| Total liabilities | | 107,226,109 | 105,446,302 |
| Total equity and liabilities | | 186,610,270 | 186,727,506 |

The accompanying notes form an integral part of the interim condensed financial statements.

On behalf of Board of Directors

Yogendra Kr. Modi

Executive Chairman

Place: Gurugram

Date: October 30, 2017

Ashok Jha

Director

Place: Gurugram

Date: October 30, 2017

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

Interim Condensed income statement

| | | For the six months period ended | |
|--|-------------|--|---------------------|
| | | 30 September | |
| | Note | 2017 | 2016 |
| Revenue | | | |
| - Sale of gas | | 16,590,566 | 13,493,469 |
| - Other operating revenue | | 13,937 | - |
| Other income | | 23,049 | 4,606 |
| | | 16,627,552 | 13,498,075 |
| Employee benefit expenses | | (2,123,746) | (1,925,549) |
| Depletion, depreciation and amortisation | 8(a), 10 | (2,128,124) | (2,032,930) |
| Other operating expenses | | (5,717,893) | (5,710,907) |
| Change in fair value of derivative instruments | | - | 346,990 |
| Interest and other finance income | | 47,897 | 22,478 |
| Exchange fluctuation loss (net) | 19 | (1,910,406) | (9,532) |
| Finance expenses | | (6,726,664) | (6,001,208) |
| | | (18,558,936) | (15,310,658) |
| (Loss) / Profit before tax | | (1,931,384) | (1,812,583) |
| Tax (expense) / credit | 12 | 645,411 | 619,910 |
| (Loss) / Profit for the period | | (1,285,973) | (1,192,673) |
| (Loss) / Profit attributable to: | | | |
| Owners of the Company | | (1,285,973) | (1,192,673) |
| (Loss) / Earnings per share | | | |
| Basic | | (0.02) | (0.02) |
| Diluted | | (0.02) | (0.02) |

The accompanying notes form an integral part of the interim condensed financial statements.

On behalf of Board of Directors

Yogendra Kr. Modi

Executive Chairman

Ashok Jha

Director

Place: Gurugram

Date: October 30, 2017

Place: Gurugram

Date: October 30, 2017

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

Interim Condensed statement of profit or loss and other comprehensive income

| | For the six months period ended | |
|---|--|--------------------|
| | 30 September | |
| | 2017 | 2016 |
| (Loss) / Profit for the period | (1,285,973) | (1,192,673) |
| Other comprehensive income/ (loss) | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | |
| Foreign currency translation adjustment | (621,765) | (404,666) |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | |
| Remeasurements of the defined benefit liability | 15,978 | (24,773) |
| Tax on items that will never be reclassified to profit or loss | (5,283) | 8,191 |
| Total other comprehensive income/ (loss) for the period | (611,070) | (421,248) |
| Total comprehensive income/ (loss) for the period | (1,897,043) | (1,613,921) |
| Total comprehensive income attributable to: | | |
| Owners of the Company | (1,897,043) | (1,613,921) |

The accompanying notes form an integral part of the interim condensed financial statements.

On behalf of Board of Directors

Yogendra Kr. Modi
Executive Chairman

Ashok Jha
Director

Place: Gurugram
Date: October 30, 2017

Place: Gurugram
Date: October 30, 2017

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

Interim Condensed statement of changes in equity

For the six months period ended 30 September 2016

Attributable to owners of the Company

| | Share capital | Securities premium* | Retained Earnings | Foreign currency translation reserve # | Debenture redemption reserve** | Share based payment reserve | Total equity |
|---|----------------------|----------------------------|--------------------------|---|---------------------------------------|------------------------------------|---------------------|
| Balance as at 1 April 2016 | 13,306,007 | 91,006,858 | 1,539,613 | (27,512,242) | 2,339,317 | - | 80,679,553 |
| <i>Total comprehensive income/ (loss) for the period</i> | | | | | | | |
| Profit / (loss) for the period | - | - | (1,192,673) | - | - | - | (1,192,673) |
| Other comprehensive income / (loss) | - | - | (16,582) | (404,666) | - | - | (421,248) |
| Total comprehensive income / (loss) for the period | - | - | (1,209,255) | (404,666) | - | - | (1,613,921) |
| Transfer from debenture redemption reserve | - | - | 162,383 | - | (162,383) | - | - |
| Balance as at 30 September 2016 | 13,306,007 | 91,006,858 | 492,741 | (27,916,908) | 2,176,934 | - | 79,065,632 |

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Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

Interim Condensed statement of changes in equity

For the six months period ended 30 September 2017

Attributable to owners of the Company

| | Share capital | Securities premium* | Retained Earnings | Foreign currency translation reserve # | Debenture redemption reserve** | Total equity |
|---|-------------------|---------------------|--------------------|--|--------------------------------|--------------------|
| Balance as at 1 April 2017 | 13,306,007 | 91,006,858 | 700,895 | (25,700,256) | 1,967,700 | 81,281,204 |
| <i>Total comprehensive income/ (loss) for the period</i> | | | | | | |
| Profit / (loss) for the period | - | - | (1,285,973) | - | - | (1,285,973) |
| Other comprehensive income / (loss) | - | - | 10,695 | (621,765) | - | (611,070) |
| Total comprehensive income / (loss) for the period | - | - | (1,275,278) | (621,765) | - | (1,897,043) |
| Transfer to debenture redemption reserve | - | - | (308,739) | - | 308,739 | - |
| Balance as at 30 September 2017 | 13,306,007 | 91,006,858 | (883,122) | (26,322,021) | 2,276,439 | 79,384,161 |

*Securities premium represents the premium paid by the shareholders on issue of shares and is net of equity transaction costs. Under the Indian Companies Act, such a reserve has a restricted usage.

**Debenture redemption reserve represents the reserve created for the redemption of debentures issued during the financial year 2013-14. Under the Indian Companies Act, such a reserve has a restricted usage until the redemption of debentures.

The translation reserve comprises all foreign exchange differences arising from the translation of these interim condensed financial statements from Indian Rupee (functional currency) to US Dollars (presentation currency).

The accompanying notes form an integral part of the interim condensed financial statements

On behalf of Board of Directors

Yogendra Kr. Modi
Executive Chairman

Place: Gurugram
Date: October 30, 2017

Ashok Jha
Director

Place: Gurugram
Date: October 30, 2017

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

Interim Condensed statement of cash flows

| | For the six months period ended | |
|--|---------------------------------|--------------------|
| | 2017 | 2016 |
| A. Cash flow from operating activities | | |
| Profit / (Loss) before tax | (1,931,384) | (1,812,583) |
| Adjustments for:- | | |
| Net finance cost | 6,658,194 | 5,978,730 |
| Exchange difference | 1,910,406 | (548,254) |
| Loss on disposal of property, plant and equipment | 609 | 198 |
| Depreciation/amortisation/depletion | 2,128,124 | 2,032,930 |
| Changes in: | | |
| Trade and other receivables | 323,202 | 224,631 |
| Prepayments | 30,814 | 136,965 |
| Trade and other payables | 2,988,123 | 156,898 |
| Cash generated from operating activities | 12,108,088 | 6,169,515 |
| Income tax paid | (215,555) | (941,482) |
| Net cash from operating activities | 11,892,533 | 5,228,033 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment/ capital work in progress/ intangible assets | (258,280) | (53,201) |
| Proceeds from sale of property, plant and equipment | 5,049 | 500 |
| Purchase of Held for trading - financial assets | (7,553,208) | - |
| Proceeds from sale of Held for trading - financial assets | 4,732,667 | - |
| Fixed deposits made during the period | (936,904) | (2,503,046) |
| Fixed deposits matured during the period | 947,723 | 2,205,775 |
| Interest received | 37,785 | 22,050 |
| Net cash (used in) investing activities | (3,025,168) | (327,922) |
| C. Cash flow from financing activities | | |
| Proceeds from borrowings | 465,983 | 4,407,543 |
| Repayment of long term borrowings | (1,164,625) | (2,374,211) |
| Repayment of debentures | - | (2,879,761) |
| Proceeds from short term loans | 590,337 | 1,615,616 |
| Repayment of short term loans | (2,148,880) | (298,730) |
| Proceeds from Director's loan | 31,070 | - |
| Recovery of processing fees | - | 173,264 |
| Interest paid | (6,579,361) | (5,501,986) |
| Net cash (used in) financing activities | (8,805,476) | (4,858,265) |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | 61,889 | 41,846 |
| Opening Cash and cash equivalents | 432,572 | 132,411 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 14,189 | (473) |
| Closing Cash and cash equivalents | 508,650 | 173,784 |
| Components of Cash and cash equivalents | | |
| Cash on hand | 3,900 | 2,143 |
| Balances with banks in | | |
| - Current accounts | 504,750 | 171,641 |

The accompanying notes form an integral part of the interim condensed financial statements.

On behalf of Board of Directors

Yogendra Kr. Modi
Executive Chairman

Place: Gurugram
Date: October 30, 2017

Ashok Jha
Director

Place: Gurugram
Date: October 30, 2017

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

Notes to interim condensed financial statements

1 Organisation and nature of operations

Great Eastern Energy Corporation Limited ('GEECL' or 'the Company') is a Public Limited Company incorporated in India. Some of GEECL's shares are listed as Global Depository Receipts for trading on the London Stock Exchange Plc's Main Market.

The Company was incorporated in 1992 to explore, develop, distribute and market Coal Bed Methane gas or CBM gas in India. GEECL originally entered into a license agreement in December 1993 with Coal India Limited (CIL) for exploration and development of CBM over an area of approximately 210 Sq. km (approximately 52,000 acres) in the Raniganj District in the state of West Bengal (the block).

The Production Sharing Contract (PSC) for the said block was entered on 9 November 2001 as a result of the granting by Government of West Bengal of the Petroleum Exploration License on the same date and provides for a five year initial assessment and market development phase, followed by a five year development phase and then a twenty-five year production phase, extendable with the approval of the Government of India (GOI).

Besides this, the Company was awarded with Mannargudi block located in Tamil Nadu under CBM IV round for which the Production Sharing Contract was signed with the Government of India on 29 July 2010. In this regard, two Petroleum Exploration License (PEL) has been granted to the Company on 13 September 2011 and 4 November 2013. The Environmental Clearance for the block was granted by the Ministry of Environment & Forest, Government of India on 12 September 2012 and the Company has applied Tamil Nadu Pollution Control Board for the their sanction to start operations in the block which is awaited (also refer note 20).

The Company does not have any subsidiary and accordingly, does not require any consolidated financial statements. Since the Company does not have any investments in associates and joint ventures also, hence, these financial statements are individual financial statements.

These condensed interim financial statements have been prepared as at and for the six month period ended 30 September 2017.

The financial statements of the Company as at and for the year ended 31 March 2017 are available upon request from the Company's registered office at M-10, ADDA Industrial Area, Asansol-713305, West Bengal, India, or at www.geecl.com.

2 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. These interim condensed financial statements do not include all the information required for complete set of International Financial Reporting Standards (IFRSs) financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 March 2017. These interim condensed financial statements have been authorised for issue by the Board of Directors in its meeting held on 30 October 2017. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at the end and for the year ended 31 March 2017.

3 Summary of significant accounting policies

The accounting policies applied by the Company in these interim condensed financial statements are the same, in all material respects, as those applied by the Company in its last annual financial statements as at and for the year ended 31 March 2017 except for the adoption of new standards and interpretations effective as of 1 April, 2017. (also refer Note 21). However, during the current period, the Company has made investments in short term investments which have been categorised as Held for trading and have been recorded at their fair market value. All changes to fair value have been recorded in the statement of profit and loss.

4 Foreign currency translation

Items included in the interim condensed financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is Indian Rupees ("Rs." or "INR"). The financial statements are presented in US Dollar (US \$), which is the Company's presentation currency, which the Company considers most appropriate for its investors being an overseas listed Company.

The Company has converted Indian Rupees ('INR' or 'Rs.') balances to 'USD' equivalent balances on the following basis:

For conversion of all assets and liabilities, other than equity, as at the reporting dates, the exchange rates prevailing as at the reporting date have been used, which are as follows:

- as at 30 September 2017: USD 1 = INR 65.36

- as at 31 March 2017: USD 1 = INR 64.84

For conversion of all expenses and income on income statement and the cash flow statement, for the respective periods, periodic average exchange rates have been used that approximates the exchange rates at the date of transactions, which are as follows:

- For the six months period ended 30 September 2017: USD 1 = INR 64.37

- For the six months period ended 30 September 2016: USD 1 = INR 66.95

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

5 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 March 2017.

6 Financial instruments

Fair value estimation

The fair values of financial assets and liabilities, together with carrying amounts shown in the statement of financial position, are as follow:

| Particulars | As at 30 September 2017 | | As at 31 March 2017 | |
|--|-------------------------|-------------------|---------------------|--------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets carried at amortised cost | | | | |
| Trade and other receivables | 1,052,651 | 1,052,651 | 1,429,819 | 1,429,819 |
| Deposits with banks(including restricted deposits) | 1,047,533 | 1,047,533 | 1,066,674 | 1,066,674 |
| Cash and cash equivalents | 508,650 | 508,650 | 432,572 | 432,572 |
| | 2,608,834 | 2,608,834 | 2,929,065 | 2,929,065 |
| Financial assets carried at fair value | | | | |
| Held for trading - financial assets | 2,798,080 | 2,798,080 | - | - |
| | 2,798,080 | 2,798,080 | - | - |
| Financial liabilities carried at amortized cost | | | | |
| 14% non-convertible redeemable debentures | 12,506,789 | 11,268,111 | 12,557,272 | 11,101,400 |
| Indian currency loan | 54,176,430 | 52,582,847 | 55,220,119 | 54,150,467 |
| Inter corporate deposits | 828,980 | 828,980 | 1,883,065 | 1,883,065 |
| External Commercial Borrowing | 25,143,480 | 25,143,480 | 23,432,056 | 23,432,056 |
| Trades and other payables | 7,831,324 | 7,831,324 | 7,568,515 | 7,568,515 |
| Director Loan | 1,395,324 | 1,395,324 | 1,357,187 | 1,357,187 |
| Vehicle Loan | 61,903 | 51,779 | 67,721 | 67,721 |
| Bank overdraft | - | - | 513,933 | 513,933 |
| | 101,944,230 | 99,101,845 | 102,599,868 | 100,074,344 |

Fair value hierarchy

The hierarchy is based on the inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The different levels are defined as follows.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes mutual funds that have quoted price and are valued using closing NAV.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

| | Fair value measurement using | | |
|-------------------------------------|------------------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| As at 30 September 2017 | | | |
| <i>Financial Assets</i> | | | |
| Held for trading - financial assets | 2,798,080 | - | - |
| As at 31 March 2017 | | | |
| <i>Financial Assets</i> | | | |
| Held for trading - financial assets | - | - | - |

Fair value of trade and other receivables, bank deposits, cash and cash equivalents, trade and other payables has been taken as their carrying amounts due to their short term maturity. Fair value of borrowing is based on discounted cash flows, a level 3, valuation technique.

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

7 Segment reporting

Chief Operating Decision Maker (CODM) reviews the business as one operating segment being the extraction and sale of CBM/CNG gas. Hence, no separate segment information has been furnished herewith.

The entire sale has been made to external customers domiciled in the entity's country. Revenue of approximately USD 12,349,390 (30 September 2016: USD 10,332,656) is derived from 2 (30 September 2016: 1) customers which constitute more than 10% of the total sales. No other customer contribute to more than 10% of the Company's revenues.

All of the non-current assets other than financial instruments and deferred tax assets are located in India and amounted to USD 178,350,347 (31 March 2017: USD 181,494,200). There are no employment benefit assets and rights arising under insurance contracts.

8 a) Property, plant and equipment

During the six-month period ended 30 September 2017, the Company has acquired assets of USD 350,282 (30 September 2016: USD 47,155).

Movements in property, plant and equipment are as follows:

| | For the six months period ended 30 September | |
|---|---|--------------------|
| | 2017 | 2016 |
| Opening balance as at 1 April | 134,369,653 | 134,667,994 |
| Additions | 350,282 | 47,155 |
| Disposals/adjustments | (26,572) | (1,193) |
| Depreciation / amortisation for the period | (2,117,861) | (2,027,731) |
| Depreciation on retirement | 20,914 | (494) |
| Effect of movements in foreign exchange rates | (1,042,178) | (665,958) |
| Closing balance as at 30 September | 131,554,238 | 132,019,773 |

Note:

Freehold land included in Property, plant and equipment amounting to USD 274,964 (31 Mar 2017: USD 277,169) is yet to be transferred in the name of the Company.

Well capitalisation

During the six months period ended 30 September 2017, the Company has not capitalized any wells (30 September 2016: Nil). All costs involved in drilling, cementing, fracturing and drilling of exploratory core holes are initially considered as Capital work-in-progress till the time these are ready for commercial use when they are transferred to producing properties.

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

Depletion: Commercially producing wells are depleted using unit of production method, based on related proved developed reserves. Proved developed reserves of gas per well are technically re-assessed, 'in house', normally at the end of each reporting period, based on technical data available.

b) Capital commitments

| | As at | |
|---|-------------------|----------------|
| | 30 September 2017 | 31 March 2017 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for: | | |
| - For land | 45,087 | 45,449 |
| - For others | 357,793 | 562,690 |
| | 402,880 | 608,139 |

9 Capital work-in-progress

During the six-month period ended 30 September 2017, the Company has made additions to Capital work-in-progress of USD 70,176 (30 September 2016: USD 57,928).

Movement in Capital work-in-progress is as follows:

| | For the six months period ended 30 September | |
|--|---|-------------------|
| | 2017 | 2016 |
| Opening balance | 45,699,877 | 44,483,258 |
| Additions during the period | 70,176 | 57,928 |
| Effect of movement in foreign exchange rates | (363,585) | (219,963) |
| Closing balance | 45,406,468 | 44,321,223 |

10 Intangible assets

Intangible assets represent gas exploration right, computer software and other intangibles. During the six months period ended 30 September 2017, the Company has acquired intangible assets of USD Nil (30 September 2016: USD NIL).

| | For the six months period ended 30 September | |
|---|---|----------------|
| | 2017 | 2016 |
| Opening balance (on 1st April) | 171,097 | 191,103 |
| Amortisation for the period | (10,500) | (13,028) |
| Effect of movements in foreign exchange rates | (969) | (1,003) |
| Closing balance | 159,628 | 177,072 |

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

11 Intangible under development

| | For the six months period ended 30 September | |
|---|---|----------------|
| | 2017 | 2016 |
| Opening balance | 809,579 | 791,393 |
| Effect of movements in foreign exchange rates | (6,441) | (3,918) |
| Closing balance | 803,138 | 787,475 |

Refer note 20 of the financial statements.

12 Income tax

Income tax expense is recognised based on management's best estimate of the weightage average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

| | For the six months period ended 30 September | |
|-------------------------------|---|------------------|
| | 2017 | 2016 |
| Income tax expense | | |
| Current tax expense | - | - |
| Deferred tax charge/ (credit) | (645,411) | (619,910) |
| | (645,411) | (619,910) |

| | For the six months period ended 30 September | |
|----------------------------------|---|------------------|
| | 2017 | 2016 |
| Profit before tax: | (1,915,406) | (1,837,356) |
| Tax expense at domestic tax rate | (633,291) | (607,485) |
| Tax effects of: | | |
| - Non-deductible expenses | 13,187 | 14,052 |
| - Others | (25,307) | (26,477) |
| Tax charge | (645,411) | (619,910) |

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

13 Loans and borrowings

| | As at 30 September 2017 | As at 31 March 2017 |
|---|----------------------------|------------------------|
| Financial liabilities | | |
| Non-current | | |
| 14% non-convertible redeemable debentures | 9,309,115 | 12,514,089 |
| Indian rupee loan (refer Note 'c') | 51,232,905 | 52,657,306 |
| External commercial borrowing | 24,458,334 | 22,473,340 |
| Vehicle loan | 49,903 | 56,331 |
| Total non-current | 85,050,257 | 87,701,066 |
| Current | | |
| 14% non-convertible redeemable debentures | 3,197,674 | 43,183 |
| Indian rupee loan (refer Note 'c') | 2,943,525 | 2,562,813 |
| Loan from directors (refer Note 'a') | 1,395,324 | 1,357,187 |
| Bank Overdraft | - | 513,933 |
| Inter corporate deposits (refer Note 'b') | 828,980 | 1,883,065 |
| External commercial borrowing | 685,146 | 958,716 |
| Vehicle loan | 12,000 | 11,390 |
| Total current | 9,062,649 | 7,330,287 |

Notes

- a) Unsecured Indian Rupee loan taken during the current period from Directors of USD 31,070 is repayable on demand. The same carries interest rate of 18% p.a.
- b) Unsecured Indian Rupee Inter-corporate Deposits of USD 810,894 is repayable in one bullet payment after 180 days from date of disbursement. The same carries interest rate of 17% p.a.
- c) During the current period, the Company obtained an unsecured Indian Rupee loan equivalent to USD 464,351 which is repayable in 120 variable monthly instalments starting from 5 October 2017. The same is secured by First charge by way of mortgage of plot owned by YKM Holdings Private Limited and situated at Shivaji Marg, Rangpuri, New Delhi.

14 Retirement benefits

The state administered provident fund is a defined contribution plan. The Company's gratuity scheme is a defined benefit plan. Gratuity is paid as a lump sum amount to employees at retirement or termination of employment at an amount based on the respective employee's eligible salary and the years of employment with the Company. The Company has made provision for gratuity on the basis of actuarial valuation. Superannuation is a part of fixed amount to a category of employees/directors for each year of service.

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(all amounts in US Dollars unless otherwise stated)

15 Provisions

| | For the six months period ended 30 | |
|--|------------------------------------|----------------|
| | September | |
| | 2017 | 2016 |
| Opening balance | 263,234 | 170,888 |
| Effect of discounting | - | 27,143 |
| Effect of movement in foreign exchange rates | (2,094) | (727) |
| Closing balance | 261,140 | 197,304 |
| Less: Non current portion | 261,140 | 197,304 |
| Current portion | - | - |

Site restoration costs

A provision for restoring the land back to its originality is created by way of site restoration costs, on a well by well basis. Such expenses are provided when the wells have been drilled substantially. These are expected to be incurred when the Company has commercially exploited the proved reserves of the well or when a well which has been drilled, has been declared as dead.

16 Contingencies

There are no material changes to contingent liabilities from those disclosed in the financial statements as at and for the year ended 31 March 2017 except for the following:

- i) The Company entered into an Exploration and Production Contract with Government of India (GOI), Ministry of Petroleum & Natural Gas in the year 2001, pursuant to which, a Production Sharing Contract (PSC) was signed between GOI and the Company to carry out CBM operations in the contract area. In terms of the said contract, the Company was required to pay a signature bonus of US \$ 0.3 Million to GOI on signing of the PSC in 2001, and also the amount of USD 152,999 (Rs. 10,000,000) already paid by it to Coal India Limited in 1994, was to be adjusted against such amount. After signing of the PSC, Ministry of Petroleum & Natural Gas on the basis of the exchange rate applicable on the date of the contract, had worked out the signature bonus as USD 215,728 (Rs. 14,100,000) and claimed the balance amount of USD 62,729 (Rs. 4,100,000) after adjusting the amount of USD 152,999 (Rs. 10,000,000), which had been opposed by the Company. In the opinion of the management, no further amount is payable in this regard as the prevailing rate on the date of payment of such amount, USD 152,999 (Rs. 10,000,000) was applicable and not the rate prevailing on the date of the contract.

On July 25, 2017 the Division Bench of the Hon'ble High Court upheld GOI's claim. The Company filed Special Leave Petition (SLP) before the Hon'ble Supreme Court against the aforesaid order. On September 4, 2017 SLP was dismissed by the Hon'ble Supreme Court. The Company on September 5, 2017 paid an amount of USD 185,480 (Rs. 12,122,970) which includes interest of USD 122,751 (Rs. 8,022,970) to the Ministry of Petroleum and Natural Gas towards the full and final payment of the aforesaid claim and has charged off the same to the income statement.

- ii) Jai Balaji Industries Ltd. ('Jai Balaji') executed Gas Sale Purchase Agreement (GSPA) with the Company on April 6, 2012 for supply of CBM Gas to its manufacturing unit at Rajbandh, Durgapur. Once the Agreement was executed, the Company took steps to lay the gas pipe lines and installed equipment for supply of CBM gas to Jai Balaji. The Company had incurred substantial expenses for laying such pipe lines and installing equipment and also invested substantially on manpower and other administrative costs and made appropriate arrangements to supply adequate quantities of CBM gas to the Jai Balaji's manufacturing unit. However, Jai Balaji did not provide the Bank Guarantee and the Company was constrained to retrieve its equipment from the premises of Jai Balaji.

With the above background, the Company initiated arbitration proceedings and filed a claim against Jai Balaji for an amount of USD 18,963,889 (Rs. 1,239,479,745) along with interest towards cost of laying and retrieving of equipments and other installations and towards loss for supply of gas and Jai Balaji filed its counter claim for an amount of USD 19,394,859 (Rs. 1,267,647,956) along with interest. The Company is of the view that the Company would be able to recover their claim towards Minimum Guarantee Offtake (MGO), other charges and expenses under the Gas Sale and Purchase Agreement and no liability would evolve upon the Company.

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(all amounts in US Dollars unless otherwise stated)

17 Related party disclosures

a) Relationship with the related parties

Related parties where control exists:

The Company is controlled by Mr. Yogendra Kr. Modi & Prashant Modi who are also the Company's ultimate controlling parties.

Other related parties with whom transactions have taken place during the period and the nature of related party relationship:

Key managerial personnel (KMP)

- Mr. Yogendra Kr. Modi - Executive Chairman
- Mr. Prashant Modi - Managing Director and Chief Executive Officer
- Mr. Ashok Jha - Independent Director
- Mr. G.S Talwar - Independent Director
- Mr. S. Sundareshan - Independent Director
- Mr. Sushil Kumar Roongta - Independent Director (w.e.f. 15 March 2017)
- Mr. Paul Sebastian Zuckerman - Independent Director (till 12 June 2016)

Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual or close family member of such individual referred above.

YKM Holdings Private Limited

b) Related party transactions

The following tables provide the total amount of transactions which have been entered into with related parties during the period ended 30 September 2017 and 30 September 2016.

| Related Party | Nature of transaction | For six months period ended 30 September | |
|------------------------------|---------------------------|--|---------|
| | | 2017 | 2016 |
| YKM Holdings Private Limited | Lease rentals paid | 78,478 | 70,832 |
| | Reimbursement of expenses | 6,862 | - |
| Yogendra Kr. Modi | Loan taken | 31,070 | 840,084 |
| | Interest on loan taken | 97,524 | 66,161 |
| Prashant Modi | Loan taken | - | 157,516 |
| | Interest on loan taken | 28,214 | 8,360 |

c) Compensation paid / accrued to key management personnel and their relatives

| | For six months period ended 30 September | |
|------------------------------|--|----------------|
| | 2017 | 2016 |
| Short term employee benefits | 559,430 | 599,662 |
| Provision for gratuity | 12,360 | 27,225 |
| Compensated absences | 15,372 | 41,909 |
| Defined contribution plan | 39,332 | 37,816 |
| Commission | 46,605 | 58,383 |
| | 673,099 | 764,995 |

In addition to above payments, the Company during the six months period ended 30 September 2017, paid USD 7,146 (30 September 2016: USD 9,440) as sitting fees to the non-executive directors for attending various meetings and the same are included in 'other operative expenses' in the income statement.

Great Eastern Energy Corporation Limited

(all amounts in US Dollars unless otherwise stated)

d) The following tables provide the total amount outstanding with related parties as at the period end.

| | As at 30 September 2017 | | As at 31 March 2017 | |
|-------------------------------|-------------------------|------------------|---------------------|------------------|
| | Receivable | Payable | Receivable | Payable |
| YKM Holdings Private Limited* | 60,174 | - | 60,658 | - |
| Mr. Yogendra Kr. Modi | - | 1,120,555 | - | 1,293,188 |
| Mr. Prashant Modi | - | 336,448 | - | 588,827 |
| Independent Directors | - | 46,605 | - | 58,383 |
| | 60,174 | 1,503,608 | 60,658 | 1,940,398 |

*Amounts recoverable from YKM Holdings Private Limited consist of USD 30,087 (31 March 2017: USD 30,329) on account of security deposits paid for property taken on lease, recoverable on expiry of lease agreement and USD 30,087 (31 March 2017: USD 30,329) on account of advance rent paid, adjustable against future occupation of property taken on lease.

f) Terms and conditions of transactions with related parties

Outstanding balances at the period-end are unsecured, interest free (except USD 1,376,989 (30 September 2016: USD 1,072,445) on account of loan taken from directors at interest rate of 18 % p.a.) and settlement occurs in cash. For the period ended 30 September 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (30 September 2016: Nil). This assessment is undertaken at each reporting period end through examining the financial position of the related party and the market in which the related party operates.

18 Leases and arrangements containing lease

The Company enters into equipment lease and other arrangements with various contractors for development of its wells, whereby the specific assets leased by the contractors are used only at the Company's well development site and such arrangements convey the right to use the assets.

These arrangements include non-lease elements also and are being treated as well development costs along with other costs. The segregation of the lease and non-lease elements under the arrangements is not possible. The details of total expenses in this regard are as follows:

| Nature | For the six months period ended 30 September | |
|------------------------------|---|---------|
| | 2017 | 2016 |
| Logging and wireline charges | - | 67,725 |
| Work over expenses | 293,799 | 359,001 |

- a) The Company's leasing arrangements are in respect of operating leases for premises and equipments. This leasing arrangement ranges from 12 months to 3 years and are renewable on mutual consent of parties as per mutually agreeable terms. All the lease agreements are cancellable in nature.

Lease rentals accrued during the period for the premises, equipment and site office/store yard amounting to USD 81,220 (30 September 2016: USD 74,165) have been charged to the income statement.

- b) The Company has taken different pieces of land on lease on which the wells are being developed. The lease period for these pieces of land generally ranges from 25 to 99 years. The Company is required to pay the entire amount of consideration as lease premium upfront upon entering into agreement for acquisition of these pieces of land and no further periodic lease rentals are payable for use of these pieces of land. The leasehold land have been classified as finance lease (60 years or above) or operating lease (upto 59 years) on the basis of principles given in IAS 17.

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19 The Company uses derivative instruments to mitigate its risks associated with foreign currency fluctuation relating to underlying transactions, firm commitments, highly probable forecast transactions and certain other permissible derivative instruments.

The Company had carried out fair value of derivative instruments and recognised derivative instruments (gain)/ loss amounting to USD (346,990) primarily due to fluctuation in exchange rate during the six months period ended 30 September 2016. The Company foreclosed the derivative contracts during the financial year ended 31 March, 2017, hence there are non outstanding derivative as at 30 September, 2017. Further, the Company has also recognised foreign exchange loss amounting to USD 1,910,406 [30 September 2016: USD 9,532] arising due to exchange fluctuations in foreign currency denominated borrowings and other monetary items.

20 Mining Lease

The Company has entered into a Production Sharing Contract (PSC) with the Government of India (GOI) on 29 July 2010, for carrying out CBM activities in the land situated in Mannurgud, Tamil Nadu. The said contract has a validity for a period of 35 years after award of license by GOI. The Governor of Tamil Nadu ("State Government") in accordance with the Petroleum and Natural Gas Rules, 1959 made under Oil Field (Regulation and Development) Act, 1948 awarded a Petroleum Exploration License (PEL) to the Company, on 13 September 2011 for a term of 4 years (since expired), to prospect for Petroleum and Natural Gas for carrying out CBM activities. However, upon consideration of environmental and social effects of exploration, the government of Tamil Nadu decided not to grant permission for further CBM activities in the specified region and has made a recommendation on these lines to GoI without any compensation to the Company. The Company has challenged the order of the state government before the Hon'ble High Court at Madras, which is pending disposal, stating that the order of the state government is arbitrary and contrary to the provisions of natural justice as the Company was not afforded an opportunity to defend itself. The Company has further prayed that the 4 year period of PEL be kept in abeyance pending disposal of the appeal. The Company has received favorable legal opinions in support of both its petitions and is committed to carry out exploration activities in the said block and therefore believes that there exist no indicators for impairment. The carrying value of the said block is USD 803,138 (previous year USD 809,579).

21 New standards and interpretations adopted

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in financial year 2017-18, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment are described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Company is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 March 2018.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Company applied the amendments retrospectively. However, their application has no effect on the Company's financial position and performance as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

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22 The categorization of wells as exploratory, development, and producing; estimation of proved/proved developed reserves and basis thereof are technical in nature particularly considering the nature of unconventional CBM industry and hence the management has performed such evaluation using external experts. The estimate of gas reserves based on such assessments, are given below.

(Quantity in SCM)

| Particulars | Proved reserves | | Proved developed reserves* | |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the period ended 30-Sep-17 | For the year ended 31-Mar-17 | For the period ended 30-Sep-17 | For the year ended 31-Mar-17 |
| Opening reserves | 48,876,759,764 | 49,046,355,564 | 14,030,088,400 | 14,159,566,973 |
| Additions/ change in estimate during the period** | - | - | - | 40,117,227 |
| Production during the period | (100,991,697) | (169,595,800) | (100,991,697) | (169,595,800) |
| Closing reserves | 48,775,768,067 | 48,876,759,764 | 13,929,096,703 | 14,030,088,400 |

*Proved developed reserves pertains to producing properties and wells in progress.

** Addition has been made on account of increase in recovery factor on the well.

The accompanying notes form an integral part of the interim condensed financial statements.

On behalf of Board of Directors

Yogendra Kr. Modi
Executive Chairman

Ashok Jha
Director

Place: Gurugram
Date: October 30, 2017

Place: Gurugram
Date: October 30, 2017