



**GEO ENERGY GROUP**

**GEO ENERGY RESOURCES LIMITED**

(Incorporated in the Republic of Singapore on 24 May 2010)  
(Company Registration Number 201011034Z)

**Unaudited First Quarter Financial Statements Announcement**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2016**

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a)(i) Consolidated statement of profit or loss

	Group		Change +/(–) %
	3 months ended 31.03.2016 US\$ (Unaudited)	3 months ended 31.03.2015 US\$ (Unaudited)	
<b>Revenue</b>	12,808,569	2,893,028	343
Cost of sales	(12,961,423)	(3,802,020)	241
<b>Gross loss</b>	(152,854)	(908,992)	(83)
Other income	1,047,146	1,576,657	(34)
General and administrative expenses	(1,463,930)	(1,989,643)	(26)
Other expenses	(244,069)	(247,795)	(2)
Finance costs	(1,847,261)	(2,002,190)	(8)
<b>Loss before income tax</b>	(2,660,968)	(3,571,963)	(26)
Income tax	63,250	866,069	(93)
<b>Loss after income tax</b>	(2,597,718)	(2,705,894)	(4)
Loss attributable to:			
Owners of the Company	(2,585,708)	(2,680,833)	(4)
Non-controlling interests	(12,010)	(25,061)	(52)
	(2,597,718)	(2,705,894)	(4)

**1(a)(ii) Consolidated statement of profit or loss and other comprehensive income**

	Group		Change +/( <sup>-</sup> ) %
	3 months ended 31.03.2016 US\$ (Unaudited)	3 months ended 31.03.2015 US\$ (Unaudited)	
<b>Loss after income tax</b>	(2,597,718)	(2,705,894)	(4)
Other comprehensive income, net of tax:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
- Exchange differences on translation	(2,139,179)	(2,310,434)	(7)
<b>Total comprehensive income</b>	<u>(4,736,897)</u>	<u>(5,016,328)</u>	(6)
Total comprehensive income attributable to:			
Owners of the Company	(4,725,345)	(4,962,007)	(5)
Non-controlling interests	(11,552)	(54,321)	(79)
	<u>(4,736,897)</u>	<u>(5,016,328)</u>	(6)

**1(a) (iii) Profit before income tax is arrived at after charging/(crediting) the following:**

	Group		Change +/( <sup>-</sup> ) %
	3 months ended 31.03.2016 US\$ (Unaudited)	3 months ended 31.03.2015 US\$ (Unaudited)	
Interest income	(547,146)	(165,776)	230
(Gain) loss on disposal of property, plant and equipment - net	(21,025)	247,638	(108)
Foreign exchange loss (gain) - net	191,712	(1,358,943)	(114)
Interest expense	1,847,262	2,002,190	(8)
Depreciation of property, plant and equipment	2,027,690	1,244,325	63
Amortisation of deferred stripping costs	201,847	-	N.M.

N.M. not meaningful

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

	<b>Group</b>		<b>Company</b>	
	<b>31.03.2016</b>	<b>31.12.2015</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	7,818,825	12,415,628	4,326,215	8,700,645
Trade and other receivables	35,540,954	32,709,751	30,464,006	58,422,001
Deposits and prepayments	19,172,147	18,506,479	67,386	23,509
Asset held for sale	2,961,866	-	2,961,866	-
Inventories	5,735,494	5,417,048	-	-
<b>Total current assets</b>	<b>71,229,286</b>	<b>69,048,906</b>	<b>37,819,473</b>	<b>67,146,155</b>
<b>Non-current assets</b>				
Deposits and prepayments	5,733,247	5,704,123	108,628	103,699
Investment in subsidiaries	-	-	126,817,024	97,554,117
Deferred stripping costs	4,169,039	1,446,472	-	-
Property, plant and equipment	130,822,627	131,869,944	198,424	236,999
Investment properties	528,774	3,336,335	-	2,827,455
Other non-current asset	153,277	123,843	153,277	123,843
Deferred tax assets	3,850,233	3,621,698	275,154	175,768
<b>Total non-current assets</b>	<b>145,257,197</b>	<b>146,102,415</b>	<b>127,552,507</b>	<b>101,021,881</b>
<b>Total assets</b>	<b>216,486,483</b>	<b>215,151,321</b>	<b>165,371,980</b>	<b>168,168,036</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade and other payables	39,093,750	39,639,092	16,702,823	22,113,841
Current portion of finance leases	6,261,084	6,559,195	15,244	14,396
Income tax payable	43,717	27,257	-	-
<b>Total current liabilities</b>	<b>45,398,551</b>	<b>46,225,544</b>	<b>16,718,067</b>	<b>22,128,237</b>

	<b>Group</b>		<b>Company</b>	
	<b>31.03.2016</b>	<b>31.12.2015</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Non-current liabilities</b>				
Finance leases	2,435,709	2,848,503	58,828	59,856
Notes payable	72,809,436	69,249,789	72,809,436	69,249,789
Provisions	1,084,247	990,475	93,542	88,225
Deferred tax liabilities	1,945,015	1,780,023	-	-
Other non-current liabilities	79,397	85,962	-	-
<b>Total non-current liabilities</b>	<b>78,353,804</b>	<b>74,954,752</b>	<b>72,961,806</b>	<b>69,397,870</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	89,670,842	86,170,842	89,670,842	86,170,842
Other reserve	14,105	14,105	-	-
Revaluation reserve	776,632	776,632	776,632	776,632
Translation reserve	(25,086,451)	(22,946,814)	(6,663,183)	(4,324,438)
Retained earnings (Accumulated losses)	27,133,210	29,718,918	(8,092,184)	(5,981,107)
Equity attributable to owners of the Company	92,508,338	93,733,683	75,692,107	76,641,929
Non-controlling interests	225,790	237,342	-	-
<b>Total equity</b>	<b>92,734,128</b>	<b>93,971,025</b>	<b>75,692,107</b>	<b>76,641,929</b>
<b>Total liabilities and equity</b>	<b>216,486,483</b>	<b>215,151,321</b>	<b>165,371,980</b>	<b>168,168,036</b>

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

	<b>Group</b>			
	<b>31.03.2016</b>		<b>31.12.2015</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand	6,261,084	1,036,653	6,559,195	2,250,344
Amount repayable after one year	2,435,709	72,809,436	2,848,503	69,249,789
<b>Total</b>	<b>8,696,793</b>	<b>73,846,089</b>	<b>9,407,698</b>	<b>71,500,133</b>

Details of any collateral and security:

As at 31 March 2016, the Group's finance lease liabilities are secured by the leased assets.

In July 2014, the Group issued Medium Term Notes of S\$100 million. The Notes will mature in January 2018 and bear interest at a fixed rate of 7% per annum payable semi-annually in arrear. Separately, our Group has pledged a deposit of S\$3.5 million for the purpose of securing our coupon payment obligations.

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

	<b>Group</b>	
	<b>3 months ended 31.03.2016 US\$ (Unaudited)</b>	<b>3 months ended 31.03.2015 US\$ (Unaudited)</b>
<b>Operating activities</b>		
Loss before income tax	(2,660,968)	(3,571,963)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	2,027,690	1,244,325
Amortisation of deferred stripping costs	201,847	-
(Gain) loss on disposal of property, plant and equipment	(21,025)	247,638
Interest expense	1,847,262	2,002,190
Interest income	(547,146)	(165,776)
Retirement benefit obligations	56,231	103,573
Net foreign exchange losses (gains)	154,855	(1,805,284)
Operating cash flows before movements in working capital	1,058,746	(1,945,297)
Trade and other receivables	(2,149,093)	1,154,394
Deposits and prepayments	(694,792)	721,139
Inventories	(404,864)	343,562
Trade and other payables	4,168,349	3,515,663
Cash generated from operations	1,978,346	3,789,461
Income tax paid	(5,059)	(433,574)
Retirement benefit obligation paid	(482)	-
Net cash from operating activities	1,972,805	3,355,887
<b>Investing activities</b>		
Interest received	7,799	730
Addition to deferred stripping costs	(2,924,414)	-
Advance payments for purchase of property, plant and equipment	-	(149,104)
Purchase of property, plant and equipment	(131,805)	(65,849)
Proceeds on disposal of property, plant and equipment	50,757	924,599
Purchase of other non-current asset	(22,780)	-
Net cash (used in) from investing activities	(3,020,443)	710,376
<b>Financing activities</b>		
Interest paid	(2,853,042)	(2,941,892)
Repayment of bank borrowing	-	(63,047)
Repayment of obligations under finance leases	(941,407)	(2,066,598)
Net cash used in financing activities	(3,794,449)	(5,071,537)

	<b>Group</b>	
	<b>3 months ended 31.03.2016 US\$ (Unaudited)</b>	<b>3 months ended 31.03.2015 US\$ (Unaudited)</b>
Net decrease in cash and cash equivalents	(4,842,087)	(1,005,274)
Cash and cash equivalents at beginning of the period	7,421,269	10,666,464
Effect of exchange rate changes on cash balances held in foreign currencies	126,708	(403,561)
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>2,705,890</b>	<b>9,257,629</b>

**Notes to consolidated cash flow statement:**

Note A:

Cash and bank balances	2,705,890	173,987
Deposits	5,112,935	11,647,969
Total	7,818,825	11,821,956
Less: Deposit pledged	(5,112,935)	(2,564,327)
Cash and cash equivalents as per cash flow statement	2,705,890	9,257,629

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group – financial period ended 31.03.2016

	<u>Share capital</u> US\$	<u>Other reserve</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Retained earnings</u> US\$	<u>Equity attributable to owners of the Company</u> US\$	<u>Non-controlling interests</u> US\$	<u>Total</u> US\$
<b>Balance at 1 January 2016</b>	86,170,842	14,105	776,632	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
Issue of share capital	3,500,000	-	-	-	-	3,500,000	-	3,500,000
Loss for the period	-	-	-	-	(2,585,708)	(2,585,708)	(12,010)	(2,597,718)
Other comprehensive income for the period	-	-	-	(2,139,637)	-	(2,139,637)	458	(2,139,179)
<b>Balance at 31 March 2016</b>	<b>89,670,842</b>	<b>14,105</b>	<b>776,632</b>	<b>(25,086,451)</b>	<b>27,133,210</b>	<b>92,508,338</b>	<b>225,790</b>	<b>92,734,128</b>

Group – financial period ended 31.03.2015

	<u>Share capital</u> US\$	<u>Other reserve</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Retained earnings</u> US\$	<u>Equity attributable to owners of the Company</u> US\$	<u>Non-controlling interests</u> US\$	<u>Total</u> US\$
<b>Balance at 1 January 2015</b>	82,518,674	14,349	776,632	(21,528,139)	45,870,836	107,652,352	393,340	108,045,692
Loss for the period	-	-	-	-	(2,680,833)	(2,680,833)	(25,061)	(2,705,894)
Other comprehensive income for the period	-	-	-	(2,281,174)	-	(2,281,174)	(29,260)	(2,310,434)
<b>Balance at 31 March 2015</b>	<b>82,518,674</b>	<b>14,349</b>	<b>776,632</b>	<b>(23,809,313)</b>	<b>43,190,003</b>	<b>102,690,345</b>	<b>339,019</b>	<b>103,029,364</b>

Company – financial period ended 31.03.2016

	<u>Share capital</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
<b>Balance at 1 January 2016</b>	86,170,842	776,632	(4,324,438)	(5,981,107)	76,641,929
Issue of share capital	3,500,000	-	-	-	3,500,000
Loss for the period	-	-	-	(2,111,077)	(2,111,077)
Other comprehensive income for the period	-	-	(2,338,745)	-	(2,338,745)
<b>Balance at 31 March 2016</b>	<u>89,670,842</u>	<u>776,632</u>	<u>(6,663,183)</u>	<u>(8,092,184)</u>	<u>75,692,107</u>

Company – financial period ended 31.03.2015

	<u>Share capital</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
<b>Balance at 1 January 2015</b>	82,518,674	776,632	(4,186,712)	(1,475,278)	77,633,316
Loss for the period	-	-	-	(106,010)	(106,010)
Other comprehensive income for the period	-	-	(204,842)	-	(204,842)
<b>Balance at 31 March 2015</b>	<u>82,518,674</u>	<u>776,632</u>	<u>(4,391,554)</u>	<u>(1,581,288)</u>	<u>77,322,464</u>



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

On 22 March 2016, the Company issued 27,222,222 new ordinary shares being the consideration shares for the acquisition of the remaining 34% shareholding interest in Borneo International Resources Pte. Ltd. Please refer to the relevant announcements for further information.

As at 31 March 2016, the Company's share capital comprised 1,212,273,113 shares (31 December 2015: 1,185,050,891). There were no outstanding convertibles or treasury shares as at 31 March 2016 and 31 March 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 March 2016	31 December 2015
Total number of issued shares (excluding treasury shares)	1,212,273,113	1,185,050,891

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. Our Company did not hold any treasury shares.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited nor reviewed by our Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

Except as disclosed in Paragraph 5 below, our Group has consistently applied the same accounting policies and methods of computation in our Group's financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2015.

- 5. If there are any changes in 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**

Our Group has adopted the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016. The adoption of these new/revised FRSs INT FRSs and amendments to FRSs has no material impact on the financial performance or position of the Group.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	3 months ended 31.03.2016 (Unaudited)	3 months ended 31.03.2015 (Unaudited)
<b>Earnings per share ("EPS")</b>		
Earnings for computing EPS (US\$)	(2,585,708)	(2,680,833)
Weighted average number of ordinary shares <sup>(1)</sup>	1,188,042,344	1,157,050,891
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) <sup>(2)</sup>	(0.22)	(0.23)

(1) The calculation for the basic and diluted EPS is based on the weighted average number of ordinary shares in issue during the respective financial periods.

(2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31.03.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Unaudited)	31.12.2015 (Unaudited)
<b>Net assets value ("NAV") per share</b>				
NAV (US\$)	92,508,338	93,733,683	75,692,107	76,641,929
Number of issued shares	1,212,273,113	1,185,050,891	1,212,273,113	1,185,050,891
Net asset value per ordinary share (US cents)	7.63	7.90	6.24	6.46

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

**Financial performance (1Q2016 vs. 1Q2015)**

Revenue increased by US\$9.9 million from US\$2.9 million in 1Q2015 to US\$12.8 million in 1Q2016 mainly due to higher revenue contribution from coal sales following the commencement of SDJ mine operation production in December 2015, offset by lower revenue from mining services.

We incurred a gross loss in 1Q2016 as we continue to experience soft coal prices and our profitability is further affected by non-cash depreciation and amortisation of deferred stripping costs amounting to US\$1.8 million and US\$0.2 million, respectively. Excluding these non-cash costs, our cash gross profit stands at US\$1.9 million, out of which US\$1.5 million is attributable to SDJ mine operation.

Other income decreased by US\$0.6 million, from US\$1.6 million in 1Q2015 to US\$1.0 million in 1Q2016, mainly due to reduction in forex gain by US\$1.4 million, offset by increase in interest income of US\$0.4 million and forfeited a deposit from a customer of US\$0.3 million.

General and administrative expenses decreased by US\$0.5 million, from US\$2.0 million in 1Q2015 to US\$1.5 million in 1Q2016, mainly due to cost cutting measures.

Other expenses remained at US\$0.2 million.

Finance costs decreased by US\$0.2 million, from US\$2.0 million in 1Q2015 to US\$1.8 million in 1Q2016, mainly due to lower amortised borrowing costs pertaining to the notes payable.

Depreciation increased by US\$0.8 million, from US\$1.2 million in 1Q2015 to US\$2.0 million in 1Q2016, mainly due to depreciation of SDJ mining property, which commenced operation only in December 2015.

Income tax credit decreased by US\$0.8 million, from US\$0.9 million in 1Q2015 to US\$0.1 million in 1Q2016, mainly as a result of decreased tax benefits recognised in 1Q2016 as compared to 1Q2015, in tandem with decreased tax losses and increased non-tax deductible expenses from the Group, mainly attributing to the amortisation of acquisition cost of SDJ during the current financial period.

Overall, the Group's net loss decreased by US\$0.1 million, from US\$2.7 million in 1Q2015 to US\$2.6 million in 1Q2016.

**Cash Flow (1Q2016 vs. 1Q2015)**

The Group recorded a net decrease in cash and cash equivalents of US\$4.8 million in 1Q2016 compared to a decrease of US\$1.0 million in 1Q2015, which was mainly due to interest and finance lease payments, and an increase in deferred stripping costs.

Net cash from operating activities in 1Q2016 was US\$2.0 million. Operating cash flows before movements in working capital was an inflow of US\$1.1 million, with further cash inflows of US\$0.9 million from our working capital movements.

Net cash used in investing activities in 1Q2016 of US\$3.0 million was mainly due to increase in deferred stripping costs of US\$2.9 million and purchase of property, plant and equipment of US\$0.1 million.

Net cash used in financing activities in 1Q2016 of US\$3.8 million was due to interest payment of US\$2.9 million, and repayment of finance leases of US\$0.9 million.

### **Financial Position - Group**

Current assets increased by US\$2.2 million, from US\$69.0 million as at 31 December 2015 to US\$71.2 million as at 31 March 2016, mainly due to increases in (i) asset held for sale of US\$3.0 million, being reclassification from investment properties after the exercise of Option to Purchase (“OTP”) with a third party purchaser; (ii) trade and other receivables of US\$2.8 million, due mainly to timing difference on letter of credits payment from customers on coal sales at the end of the quarter; (iii) deposits and prepayments of US\$0.7 million; and (iv) inventory of US\$0.3 million. These were offset by the decrease in cash and bank balances by US\$4.6 million.

Non-current assets decreased by US\$0.8 million, from US\$146.1 million as at 31 December 2015 to US\$145.3 million as at 31 March 2016, mainly due to the aforementioned decreases in investment properties by US\$2.8 million; and property, plant and equipment of US\$1.0 million. These were offset by increases in deferred stripping costs of US\$2.7 million and deferred tax assets of US\$0.2 million.

Current liabilities decreased from US\$46.2 million as at 31 December 2015 to US\$45.4 million as at 31 March 2016, mainly due to reduction in unpaid purchase consideration for the acquisition of SDJ mining concession in FY2015, by way of issuance of new shares in the Company of US\$3.5 million; and repayment of finance leases of US\$0.3 million. These were partially offset by increase in trade and other payables, other than the aforementioned purchase consideration, of US\$3.0 million.

Non-current liabilities increased by US\$3.4 million, from US\$75.0 million as at 31 December 2015 to US\$78.4 million as at 31 March 2016, mainly due to increases in notes payable resulting from stronger SGD against USD, deferred tax liabilities and provisions; partially offset by a reduction of finance leases during the period.

### **Financial Position - Company**

Current assets decreased by US\$29.3 million, from US\$67.1 million as at 31 December 2015 to US\$37.8 million as at 31 March 2016, mainly due to decrease in cash and bank balances of US\$4.4 million and reclassification of intercompany receivables, amounting to approximately US\$29.7 million, as deemed investment in subsidiaries. The overall decrease is partially offset by increases in (i) asset held for sale of US\$3.0 million, being reclassification from investment properties after the exercise of OTP by purchaser; and (ii) trade and other receivables of US\$1.8 million.

Non-current assets increased by US\$26.6 million, from US\$101.0 million as at 31 December 2015 to US\$127.6 million as at 31 March 2016, mainly due to the abovementioned reclassification of intercompany receivables as deemed investment in subsidiaries and increases in deferred tax assets of US\$0.1 million. The overall increase is partially offset by decrease in investment properties of US\$2.8 million as a result of reclassification to asset held for sale after the exercise of OTP.

Current liabilities decreased by US\$5.4 million, from US\$22.1 million as at 31 December 2015 to US\$16.7 million as at 31 March 2016, mainly due to lower non-trade intercompany payables and reduction in unpaid purchase consideration for the acquisition of SDJ mining concession in FY2015, by way of issuance of share capital to its former owner.

Non-current liabilities increased by US\$3.6 million, from US\$69.4 million as at 31 December 2015 to US\$73.0 million as at 31 March 2016, mainly due to increase in notes payable denominated in SGD, resulting from stronger SGD against USD.

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

There is no material deviation in the actual results for the first quarter ended 31 March 2016 from what was previously discussed under paragraph 10 of the Company’s financial statements for the fourth quarter ended 31 December 2015.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Indonesian coal mining industry continues to face pressure from an expansionary supply situation and weak demand, resulting in a general expectation of coal prices to remain relatively soft in the near future. The Indonesian Coal Reference Price (HBA) has decreased during the last three months from US\$53.51 in December 2015 to US\$51.62 in March 2016<sup>(1)</sup>.

On 29 February 2016 and 4 March 2016, the Group entered into separate conditional sale and purchase agreements with (i) Sunrise Wealth Success Limited for the acquisition of 100% shareholding interest in Borneo Bara Resources Pte Ltd, and (ii) Alliance Joy Ltd for the acquisition of 100% shareholding interest in Blessing Capital Pte Ltd. These acquisitions will allow the Group to access and exercise control over the mining concession and the coal deposits located in the mining permit area. This in turn would increase the Group's reserves of high-calorific-value coal available for production. Please refer to the relevant announcements for further information.

SDJ has commenced commercial production of its coal mine asset in December 2015 and the first shipment of 55,000 tonnes was delivered in January 2016. The Group is targeting to produce more than 6 million tonnes of coal a year. As at 31 March 2016, SDJ has delivered 485,000 tonnes in total to customers in the region.

<sup>(1)</sup> Source: Coalspot.com - Indonesian Coal Reference Price (HBA)

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared**

None.

**(b)(i) Amount per share**

Not applicable.

**(b)(ii) Previous corresponding period**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 31 March 2016.

**13. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

No IPT mandate has been obtained from shareholders. In addition, there was no IPT which value exceeded S\$100,000 during the first quarter ended 31 March 2016.

**14. Negative confirmation pursuant to Rule 705(5)**

We, Charles Antony Melati and Tung Kum Hon, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company (the “**Board**”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

**15. Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors

Charles Antony Melati  
Executive Chairman

Tung Kum Hon  
Chief Executive Officer

12 May 2016