GOLDEN ENERGY AND RESOURCES LIMITED

(formerly known as United Fiber System Limited)
(Incorporated in the Republic of Singapore)
(Registration no. 199508589E)

Unaudited Financial Statements for the Period Ended 31 March 2016

Introduction

On 20 April 2015, the Company (formerly known as United Fiber System Limited) completed the reverse acquisition ("RTO" or the "Acquisition") of PT Golden Energy Mines Tbk ("GEMS") and its subsidiaries (the "GEMS Group") as set out in the circular to Shareholders dated 30 January 2015 ("Circular").

Following the completion of the RTO and the disposal of Poh Lian Construction (Pte.) Ltd. (In Liquidation) on 20 April 2015, the core business of the Company and its subsidiaries is that of the GEMS Group, which is in the business of coal mining and coal trading. The Group's principal activities are principally engaged in coal mining, coal trading and forestry.

Basis of preparation of the financial statements

At Group Level

Accounting for the Reverse Acquisition

The acquisition of the GEMS Group was accounted for as a reverse acquisition in accordance with FRS 103 Business Combinations. Accordingly, GEMS Group was identified to be the accounting acquirer and the Company was deemed to be the accounting acquiree. Accordingly, the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheets, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows of the Group (comprising the Company and GEMS Group) for the financial period ended 31 March 2016 has been presented as a continuation of GEMS Group's financial statements.

Since such consolidated financial statements represent a continuation of the financial statements of GEMS Group

(a) the assets and liabilities of the GEMS Group were recognised and measured in the consolidated balance sheets at their carrying amounts prior to the Reverse Acquisition;

(b) the assets and liabilities of the Company and its subsidiaries were recognised and measured in the consolidated balance sheets at their fair values on Completion date;

(c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of GEMS Group prior to the Reverse Acquisition;

(d) the amount recognised as issued equity interest in the consolidated financial statements were determined by adding the issued equity interest of GEMS, outstanding immediately before the Reverse Acquisition to the fair value of the GEAR Group at the Completion Date. However, the equity structure appearing in the balance sheets (i.e the number and type of equity interests issued) shall reflect the equity structure of GEAR, including the equity interests issued to DSS to effect the Acquisition. Accordingly, the equity structure of GEMS Group is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of GEAR issued in the Reverse Acquisition;

(e) the non-controlling interest's proportionate share of GEMS Group pre-acquisition carrying amount of retained earnings and other equity interests; and

(f) the comparative figures presented in consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity are that of GEMS Group.

(g) the comparative figures presented in consolidated balance sheet comprising the Company and GEMS Group.

At Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. At the Company's level, for accounting purposes, the investments in the legal subsidiaries are accounted for at cost.

Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF YEAR AND FULL YEAR RESULTS

(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.

	Notes	Group		
		3 Months Ended		
		31.03.2016	31.03.2015	+/(-) %
		US$'000		
Revenue	1	**96,840**	77,983	24.2
Cost of sales		**(71,305)**	(46,949)	51.9
Gross profit		**25,535**	31,034	(17.7)
Other income	2	**4,786**	1,129	323.9
Selling and distribution expenses		**(13,371)**	(15,988)	(16.4)
Administrative expenses		**(7,040)**	(8,318)	(15.4)
Other operating expenses		**(438)**	(2,582)	(83.0)
Finance costs	3	**(4,348)**	(977)	345.0
Profit before tax	4	**5,124**	4,298	19.2
Income tax expense	5	**(2,742)**	(1,562)	75.5
Profit for the period		**2,382**	2,736	(12.9)
Other comprehensive income to be reclassified to profit or loss :				
Foreign currency translation		**(990)**	183	(641.0)
Total comprehensive income for the period		**1,392**	2,919	(52.3)
Profit attributable to:				
Owners of the Company		**1,874**	2,624	(28.6)
Non-controlling interests		**508**	112	353.6
		2,382	2,736	(12.9)
Total comprehensive income attributable to:				
Owners of the Company		**955**	2,824	(66.2)
Non-controlling interests		**437**	95	360.0
		1,392	2,919	(52.3)

n.m. : denotes not meaningful

Notes to the Statement of Comprehensive Income

		Group		
		3 Months Ended		
		31.03.2016	31.03.2015	+/(-) %
		US$'000		
1	**Revenue**			
	Coal Mining	**63,758**	69,421	(8.2)
	Coal Trading	**30,407**	8,562	255.1
	Forestry	**2,141**	-	n.m.
	Others	**534**	-	n.m.
		96,840	77,983	24.2
2	**Other Income**			
	Foreign exchange gain, net	**1,784**	-	n.m.
	Interest income	**1,129**	1,004	12.5
	Port income	**-**	113	(100.0)
	Reversal of prior year withholding tax provision	**1,864**	-	n.m.
	Miscellaneous income	**9**	12	(25.0)
		4,786	1,129	323.9
3	**Finance costs**			
	Interest expenses	**3,392**	43	7,788.4
	Trade financing charges	**826**	812	1.7
	Others	**130**	122	6.6
		4,348	977	345.0
4	**Profit before tax is arrived after charging the following:**			
	Freight and stockpile	**15,759**	17,052	(7.6)
	Royalty fees	**6,617**	6,157	7.5
	Mining services and overheads	**29,210**	27,516	6.2
	Depreciation of property, plant and equipment	**1,232**	1,265	(2.6)
	Amortisation expenses	**5,045**	3,220	56.7
	Foreign exchange (gain)/loss, net	**(1,784)**	2,266	(178.7)
	Reversal of inventories written down	**(648)**	-	n.m.
	Inventories recognised as an expenses in cost of sales	**29,726**	10,108	194.1
5	**Income tax expenses can be analysed as follows:**			
	Current Income Tax	**1,392**	2,103	(33.8)
	Deferred Income Tax/(Benefit)	**1,482**	(541)	(373.9)
		2,874	1,562	84.0
	Over provision in respect of previous years			
	Deferred Income Tax	**(132)**	-	n.m.
		2,742	1,562	75.5

n.m. : denotes 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.

	Group		Company	
	As at **31.03.2016**	As at **31.12.2015**	As at **31.03.2016**	As at **31.12.2015**
	US$'000		US$'000	
Non-Current Assets				
Forestry concession	**3,852**	3,766	**-**	-
Property, plant and equipment	**58,911**	59,727	**6**	5
Mining properties	**60,507**	63,524	**-**	-
Goodwill on consolidation (i)	**109,881**	109,879	**-**	-
Investment in subsidiaries	**-**	-	**1,287,073**	1,228,755
Other investments	**14**	14	**-**	-
Deferred tax assets	**7,261**	8,538	**-**	-
Trade and other receivables	**747**	710	**-**	-
Restricted funds	**200**	299	**-**	-
Other non-current assets	**47,180**	47,369	**-**	-
	288,553	293,826	**1,287,079**	1,228,760
Current Assets				
Inventories	**11,820**	16,543	**-**	-
Amounts due from subsidiaries	**-**	-	**369**	239
Trade and other receivables	**99,540**	90,550	**12**	158
Other current assets	**50,908**	46,696	**30**	39
Cash and cash equivalents	**43,611**	44,487	**224**	183
	205,879	198,276	**635**	619
Current Liabilities				
Trade and other payables	**86,870**	87,437	**11,195**	10,722
Amounts due to subsidiaries	**-**	-	**1,805**	1,787
Provision for taxation	**956**	589	**-**	-
Loans and borrowings	**20,352**	20,737	**16,660**	16,368
	108,178	108,763	**29,660**	28,877
Net Current Assets/(Liabilities)	**97,701**	89,513	**(29,025)**	(28,258)
Non-Current Liabilities				
Trade and other payables	**112**	109	**-**	-
Loans and borrowings	**106,565**	105,116	**58,465**	56,778
Deferred tax liabilities	**1,020**	1,153	**-**	-
Post-employment benefits	**2,101**	1,907	**-**	-
Provision for mine closure	**1,406**	1,396	**-**	-
	111,204	109,681	**58,465**	56,778
Net Assets	**275,050**	273,658	**1,199,589**	1,143,724
Represented by:				
Equity attributable to equity holders of the Company				
Share capital	**232,076**	232,076	**1,546,171**	1,546,171
Reserves	**(39,541)**	(40,496)	**(346,582)**	(402,447)
	192,535	191,580	**1,199,589**	1,143,724
Non-controlling interests	**82,515**	82,078	**-**	-
Total Equity	**275,050**	273,658	**1,199,589**	1,143,724

Note (i)

Goodwill arising from consolidating GEMS Group	**696**
Provisional goodwill arising from completion of acquisition (Refer to 1(e)(i))	**109,185**
Total	**109,881**

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand [1]				**Amount repayable after one year [2]**			
As at 31.03.2016		**As at 31.12.2015**		**As at 31.03.2016**		**As at 31.12.2015**	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
US$'000		US$'000		US$'000		US$'000	
14,819	**5,533**	15,330	5,407	**106,565**	**-**	105,116	-

[1] These represent aggregate balances of short term loans and borrowings.

[2] These represent aggregate balances of long term loans and borrowings.

Details of any collateral

The following sets out the details of the collateral for the Group's borrowings :

(a) Charge on the woodchip mill of a subsidiary; and
(b) Pledge on the entire issued and paid-up share capital of certain subsidiaries; and
(c) Pledge on the trade receivables and/or inventories for a minimum amount and a fixed margin deposit of a subsidiary; and
(d) The collaterals include certain property and equipment, and pledge of shares and corporate guarantee from certain subsidiaries.

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

	Group	
	3 Months Ended	
	31.03.2016	31.03.2015
	US$'000	
Cash flows from operating activities:		
Profit before tax	**5,124**	4,298
Adjustments for:		
Provision for mine closure	**10**	13
Depreciation of property, plant and equipment	**1,232**	1,265
Loss on disposal of property, plant and equipment	**-**	22
Defined post-employment benefit expense	**122**	131
Amortisation of mining properties	**4,528**	2,721
Amortisation of software	**64**	110
Amortisation of land exploitation	**453**	389
Interest and other financial charges	**4,218**	855
Interest income	**(1,129)**	(1,004)
Reversal of inventories written down	**(648)**	-
Net exchange differences	**(2,005)**	1,953
Operating cash inflows before changes in working capital	**11,969**	10,753
Decrease in inventories	**5,513**	3,466
(Increase)/Decrease in trade and other receivables	**(11,664)**	16,732
Decrease in trade and other payables	**(2,345)**	(18,728)
Cash flows generated from operations	**3,473**	12,223
Interest and other financial charges paid	**(2,098)**	(869)
Interest income received	**713**	1,102
Income taxes paid	**(879)**	(986)
Income taxes refunded	**-**	-
Net cash flows generated from operating activities	**1,209**	11,470
Cash flows from investing activities		
Additions to forestry assets	**(228)**	-
Purchase of property, plant and equipment	**(385)**	(747)
Additions to mining properties	**(1,311)**	(4,943)
Payments for loan to third parties	**(27)**	-
Increase in other non-current assets	**(585)**	(5,902)
Changes in restricted funds	**103**	-
Net cash flows used in investing activities	**(2,433)**	(11,592)
Cash flows from financing activities		
Proceeds from loans and borrowings	**2,574**	2,396
Repayment of loans and borrowings	**(3,619)**	(5,000)
Net cash flows used in financing activities	**(1,045)**	(2,604)
Net decrease in cash and cash equivalents	**(2,269)**	(2,726)
Effect of exchange rate changes on cash and cash equivalents	**1,393**	(1,613)
Cash and cash equivalents at beginning of the year	**44,487**	63,218
Cash and cash equivalents at end of the period	**43,611**	58,879

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.

(i) Statement of Comprehensive Income for the 3 months ended 31 March 2016 and 31 March 2015

	Group		Company	
	3 Months Ended		3 Months Ended	
	31.03.2016	31.03.2015	**31.03.2016**	31.03.2015
	US$'000		US$'000	
Profit/(Loss) for the period	**2,382**	2,736	**1,522**	(5,226)
Other comprehensive income/(loss) to be reclassified to profit & loss:				
Foreign currency translation	**(990)**	183	**54,343**	3,492
Total comprehensive income/(loss) for the period	**1,392**	2,919	**55,865**	(1,734)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	**955**	2,824	**55,865**	(1,734)
Non-controlling interests	**437**	95	**-**	-
	1,392	2,919	**55,865**	(1,734)

(ii) Consolidated statement of changes in equity for the 3 months ended 31 March 2016 and 31 March 2015

	<---------- Attributable to owners of the Company ---------->						
	Share Capital	Foreign Currency Translation	Other Reserves	Retained Earnings	Total Reserves	Non-controlling Interests	Total Equity
GROUP	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Balance as at 1 January 2016	**232,076**	**(50,048)**	**1,271**	**8,281**	**(40,496)**	**82,078**	**273,658**
Profit for the period	**-**	**-**	**-**	**1,874**	**1,874**	**508**	**2,382**
Other comprehensive income							
Foreign currency translation	**-**	**(919)**	**-**	**-**	**(919)**	**(71)**	**(990)**
Total comprehensive (loss)/income for the period	**-**	**(919)**	**-**	**1,874**	**955**	**437**	**1,392**
Balance as at 31 March 2016	**232,076**	**(50,967)**	**1,271**	**10,155**	**(39,541)**	**82,515**	**275,050**
Balance as at 1 January 2015	294,085	(75,826)	1,927	27,156	(46,743)	716	248,058
Profit for the period	**-**	-	-	2,624	2,624	112	2,736
Other comprehensive income							
Foreign currency translation	**-**	200	**-**	**-**	200	(17)	183
Total comprehensive income for the period	-	200	-	2,624	2,824	95	2,919
Balance as at 31 March 2015	294,085	(75,626)	1,927	29,780	(43,919)	811	250,977

(iii) Statement of changes in equity of the Company for the 3 months ended 31 March 2016 and 31 March 2015

	<---------- Attributable to owners of the Company ---------->						
	Share Capital	Foreign Currency Translation	Other Reserves	Share Based Reserves	Accumulated Losses	Total Reserves	Total Equity
COMPANY	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Balance as at 1 January 2016	**1,546,171**	**(8,029)**	**5,826**	**1,003**	**(401,247)**	**(402,447)**	**1,143,724**
Profit for the period	**-**	**-**	**-**	**-**	**1,522**	**1,522**	**1,522**
Other comprehensive income							
Foreign currency translation	**-**	**54,343**	**-**	**-**	**-**	**54,343**	**54,343**
Total comprehensive income for the period	**-**	**54,343**	**-**	**-**	**1,522**	**55,865**	**55,865**
Balance as at 31 March 2016	**1,546,171**	**46,314**	**5,826**	**1,003**	**(399,725)**	**(346,582)**	**1,199,589**
Balance as at 1 January 2015	257,956	46,631	5,826	-	(398,611)	(346,154)	(88,198)
Loss for the period	-	-	-	-	(5,226)	(5,226)	(5,226)
Other comprehensive income							
Foreign currency translation	-	3,492	-	-	-	3,492	3,492
Total comprehensive income/(loss) for the period	-	3,492	-	-	(5,226)	(1,734)	(1,734)
Balance as at 31 March 2015	257,956	50,123	5,826	-	(403,837)	(347,888)	(89,932)

(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.

Nil.

(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.

	As at 31.03.2016 (after share consolidation)	As at 31.12.2015 (after share consolidation)
Total number of issued shares	2,170,120,082	2,170,120,082

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

Not applicable.

1 (e) Goodwill on consolidation upon completion of DSS transactions

Background
On 20 April 2015, the Company (formerly known as United Fiber System Ltd) completed the reverse acquisition ("RTO") of PT Golden Energy Mines Tbk and its subsidiaries ("GEMS" Group) as set out in the circular to the shareholders dated 30 January 2015 ("Circular").

Upon completion of the RTO, the Group recognised a positive goodwill amounting to US$109.18 million in the financial statements based on the estimated fair value of the assets and liabilities on the completion date and accounted for in accordance with the accounting policies of the Group. The goodwill represents an excess on the cost of the reverse-take-over over the fair value of the net identifiable assets of the Group.

At the balance sheet date, the Group has yet to finalise the purchase price allocation ("PPA") including the provisional goodwill. On 18 April 2016, the PPA has been finalised with a positive goodwill of US$97.87 million.

1 (e)(i) The fair value of the identifiable assets and liabilities of GEAR as at acquisition date were:

	Golden Energy and Resources Limited	
	Provision as at 20 April 2015	**PPA report dated on 18 April 2016**
	US$'000	**US$'000**
Forestry concession	6,241	6,241
Intangible assets - forest concession license	-	13,046
Property, plant and equipment	7,009	7,010
Deferred tax assets	179	179
Inventories	722	722
Trade receivables and other receivables	3,805	3,805
Cash and cash equivalents	1,451	1,451
Trade and other payables	(20,912)	(20,912)
Amount due to holding company	(852)	(852)
Short term loans	(71,057)	(70,460)
Deferred tax liabilities	(649)	(2,968)
Post-employment benefits	(90)	(90)
Total identifiable net liabilities at fair value	(74,153)	(62,828)
Non-controlling interest of acquiree	7	-
Fair value of consideration transferred *	(35,039)	(35,039)
Goodwill	(109,185)	(97,867)

*** Fair value of consideration transferred**
Equity instruments issued (242,882,384 of PT GEMS shares @IDR1,860)

2 Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited nor reviewed by the Company's auditor.

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

Not applicable.

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

The accounting policies and methods of computation are consistent with those applied by the Group and the Company and as adopted in the financial statements for the year ended 31 December 2015.

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.

Nil.

6 Earnings per ordinary share of the group for the current financial 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	31.03.2015
Loss net of tax for the year attributable to owners of the Company used in the computation of basic and diluted loss per share:			
(i)	Basic (loss) earnings per share (US cents) :-	**0.04**	0.09
	- Weighted average number of ordinary shares ('000)	**5,143,806**	3,050,971
(ii)	Diluted (loss) earnings per share (US cents) :-	**0.04**	0.09
	- Adjusted weighted average number of ordinary shares ('000)	**5,143,806**	3,050,971

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 financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	31.03.2016	31.12.2015	**31.03.2016**	31.12.2015
Net assets value per share (US cents)	**8.87**	8.83	**55.28**	52.70
Number of shares ('000)	**2,170,120**	2,170,120	**2,170,120**	2,170,120

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 the following:

(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

Introduction

As set out on page 1 of this announcement, the Acquisition is being accounted for as a reverse acquisition under the FRS 103 (equivalent to IFRS 3) where GEMS (the legal subsidiary) is deemed as the acquirer for accounting purposes.

Accordingly, the Group's consolidated financial statements for the financial year ended 31 March 2016 were prepared as a continuation of the GEMS Group's financial statements and that the GEMS is deemed to have acquired the Company and its subsidiaries with effect from 20 April 2015.

Revenue

The Group's revenue comprises revenue generated from Coal Mining, Coal Trading and Forestry Divisions.

Revenue from the Group increased by US$18.86 million to US$96.84 million in 1Q16 from US$77.98 million in the corresponding reporting period. The increase was mainly due to increase in sales volume offset by the reduction in average sales realisation price as a result of continuous pressure in coal prices in Coal Mining and Coal Trading Divisions.

Coal Mining Division

The Group's Coal Mining Division reported a decrease in revenue of US$5.66 million from US$69.42 million in 1Q15 to US$63.76 million in 1Q16. The decrease was attributable to the decrease in average sales realisation price as a result of continuous pressure in coal price offset by the increase in sales volume.

Coal Trading Division

Revenue generated by the Group's Coal Trading Division increased by US$21.85 million from US$8.56 million in 1Q15 to US$30.41 million in 1Q16 mainly due to increase in sales volume offset by lower average sales realisation price as a result of continuous pressure in coal price during the period under review.

Forestry Division

The Group's Forestry Division reported revenue of US$2.14 million in 1Q16 from US$Nil in 1Q15, due to the completion of the Acquisition in April 2015.

Cost of Sales

The Group reported a higher cost of sales from US$46.95 million in 1Q15 to US$71.30 million in 1Q16. The increase was in line with higher activities from the Group's Coal Mining and Coal Trading Division.

Gross margin

The Group's gross profit decreased from US$31.03 million in 1Q15 to US$25.53 million in 1Q16. The reduction in gross profit margin is attributed to the continuous pressure in coal price.

Other income

The Group's other income increased from US$1.13 million in 1Q15 to US$4.79 million in 1Q16 mainly due to (1) foreign exchange gain reported of US$1.78

million as a result of stronger IDR against SGD and USD and SGD against USD; (2) reversal of overprovision of withholding tax expenses of US$1.86 million.

Expenses

Selling and distribution expenses

The Group's selling and distribution expenses decreased from US$15.99 million in 1Q15 to US$13.37 million in 1Q16, mainly due to decrease in freight and stockpile expenses as a result of more sales under FOB barge term offset by higher export volume at Coal Trading Division.

Administrative expenses

The Group's administrative expenses decreased from US$8.32 million in 1Q15 to US$7.04 million in 1Q16, mainly due to lower professional fees incurred during the period under review.

Other operating expenses

The Group's other operating expenses decreased from US$2.58 million in 1Q15 to US$438,000 in 1Q16 mainly due to absence of foreign exchange loss of US$2.27 million.

Finance costs

The Group's finance costs increased from US$977,000 in 1Q15 to US$4.35 million in 1Q16, mainly due to (1) drawdown of term loan facility in second and third quarter of last financial year; and (2) finance costs payable to the Company's secured and unsecured lenders since the completion of the Acquisition.

Income tax expenses

Income tax expenses increased by US$1.18 million from US$1.56 million in 1Q15 to US$2.74 million in 1Q16, a result of higher taxable profits during the reporting period.

Profit after tax

Due to the factors above, the Group reported a net profit of US$2.38 million in 1Q16 as compared to a net profit of US$2.74 million in 1Q15.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Statement of Financial Position

Assets and liabilities

Total assets increased by US$2.33 million from US$492.10 million at 31 December 2015 to US$494.43 million at 31 March 2016. The increase in total assets were mainly due to the following factors:

Non-current assets

- The decrease in mining properties of US$3.02 million was mainly due to amortisation during the period under review.

- The decrease in deferred tax assets of US$1.28 million was due to the utilisation of prior years' deferred tax benefits.

Current assets

- The increase in trade and other receivables and other current assets of US$13.20 million was mainly due to (1) higher domestic sales; (2) payment of coal advances of US$4.50 million during the period under review.

- The decrease in inventories of US$4.72 million was mainly due to lower coal inventory volume.

Total liabilities increased by US$938,000 from US$218.44 million at 31 December 2015 to US$219.38 million at 31 March 2016. The increase in total liabilities was mainly due to the following factors:

Non-current liabilities

- Deferred tax liabilities decreased by US$133,000 mainly due to overprovision of tax liabilities for forestry concession.

- Loans and borrowings increased by US$1.45 million mainly due to accrued interest expenses of US$1.69 million from loan granted by the Group's unsecured lender.

Current liabilities

- Provision for taxation increased by US$367,000 mainly due to tax expenses for offset by repayment of taxes during the period under review.

As at 31 March 2016, the Group has net current assets of US$97.70 million and the Company has net current liabilities of US$29.02 million. The Group has loans and borrowings totalling US$126.92 million out of which US$20.35 million are due within the next 12 months.

Review of Statement of Cash Flows

For 1Q16, the Group had net cash outflows of US$2.27 million mainly due to the following:

Net cash generated from operating activities of US$1.21 million which comprised operating cash inflow before working capital changes of US$11.97 million, net working capital outflow of US$8.50 million and income tax paid and interest and other financial charges paid of US$879,000 and US$2.10 million respectively and offset by interest income received of US$713,000.

The net working capital outflow of US$8.50 million was mainly due to:

a) an increase in trade and other receivables of US$11.66 million mainly due to higher mining activities in 1Q16 and payment of advance to suppliers of US$4.50 million during the period under review.

b) a decrease in trade and other payables of US$2.35 million mainly due to (1) payment to CIMB Berhad Bank on account of sales with recourse LC term of US$5.32 million; (2) reversal of provision for withholding tax of US$1.86 million and offset by higher trade payables as a result of higher mining activities.

and offset by

a) a decrease in inventories of US$5.51 million mainly due to lower inventory level as of 31 March 2016.

Net cash flows used in investing activities of US$2.43 million was mainly due to (1) additions to property, plant and equipment of US$385,000; (2) additions to mining properties of US$1.31 million; and (3) increase in other non-current assets of US$585,000.

Net cash flows used in financing activities of US$1.04 million was due to proceeds of bank loans of US$2.57 million , offset with payment of bank loans of US$3.62 million during the period under review.

Statutory compliance placement to comply with the shareholding spread and distribution requirements under the Listing Rules of SGX-ST

On 4 March 2015 extraordinary general meeting, the Shareholders of the Company approved the allotment and issuance of up to 226,500,000 new placement shares.

On 14 May 2015, the Company announced that it has lodged the Offer Information Statement with the Monetary Authority of Singapore. On the same day, the Company further announced that it and RHB Securities Singapore Pte Ltd ("RHB" or "Placement Agent") had entered into a placement agreement dated 14 May 2015, pursuant to which the Company has agreed to allot and issue up to 226,500,000 new placement shares at an issue price to be determined but in any event not less than S$0.50 per placement share, and RHB has agreed to place, on a commercially reasonable efforts basis, to subscribe the placement share at the placement price, subject to the terms and conditions of the placement agreement.

As further disclosed, the Company intends to utilise the proceeds for, *inter alia* , repayment of loans and obligations owing to certain creditors of the Company.

On 22 May 2015, the Company applied to the SGX-ST for an extension of the placement period for another month to 22 June 2015 as the Company requires more time to complete the book building process in order to comply with the shareholding spread and distribution requirements under the Listing Rules of SGX-ST.

On 23 June 2015, the Company announced that due to challenging market condition, the Company has applied to the SGX-ST for a further extension of the placement period till 24 August 2015 as the Company requires more time to complete the book building process.

On 27 August 2015, the Company announced that due to market condition, the Company has applied to SGX-ST for a further extension of the placement period as the Company requires more time to complete the book building process.

On 4 May 2016, the Company announced that it has received a notification from SGX-ST that it has no objection to the Company's request for a further extension of the Placement Period till 30 June 2016 ("Extension"), subject to the Company making an announcement:

(a) updating investors on the status of the Post-Completion Placement (including steps taken by the relevant parties);

(b) announcing the period of extension granted; and

(c) the reasons for seeking the extension of time and the conditions as required under Listing Rule 107.

The Company has approached potential investors during the past few months regarding their participation in the Post-Completion Placement. Since then, the Company has identified and is in advanced discussions with certain potential investors. The Extension would allow the Company more time to continue the discussions with certain potential investors on the commercial terms of the investment. Barring unforeseen circumstances which are beyond the control of the Company, the Company will continue to take steps to expedite the process with a view to completing the Post-Completion Placement as soon as possible.

The Company will update the Shareholders in relation to the Post-Completion Placement.

GEMS US$30.00 million loan to ACEV

Further to the Company's announcement of 29 February 2016, the Group, Asia Coal Energy Ventures Limited ("ACEV") and ASM Administration Limited had agreed to extend the US$30.00 million loan facility to 19 May 2016.

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

Not applicable.

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.

Coal Mining and Coal Trading Divisions

The coal price during 1Q 2016 was range bound. The ICI4 index was US$26.64 in March 2016 as against US$26.77 in December 2015, while the NEWC index improved marginally from US$50.49 as of end December 2015 to US$51.18 as of 31 March 2016.

The Indonesian Coal Mining Association (APBI) expects the coal price to remain stable at around US$50.00 per tonne during the remainder of 2016 considering the recently rising crude oil prices which encourage other commodity prices to rise accordingly. The Indonesia HBA was at US$53.51, US$53.20, US$50.92 , US$51.62 and US$52.32 during December 2015 to April 2016, respectively.

China's and India's coal imports declined during the period. China's import in 1Q 2016 was at 48.46 million tonnes, down 1.2% from the same period last year. However, the coal import in March 2016 was 19.69 million tonnes, up 15.6% on the year as power plants sought to replenish stocks ahead of the peak summer consumption period. India announced a 15% year-on-year decline in coal imports for the 12 months to March 2016.

Amidst the current challenging climate, GEMS will continue to pursue its programs which include amongst others, cost rationalisation, improving work processes and conserving cash whilst actively exploring new markets overseas whilst at the same time focusing on domestic market where the proposed 35,000 MW project envisioned by the government is triggering progressive formulation of policies keeping in mind the long-term sustainable interest of both the energy and coal players.

11 If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

***(b) (i)* Amount per share…… cents.**

None.

***(b) (ii)* Previous corresponding period …... cents**

None.

(c) Whether the dividend is before tax, net of tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 31 March 2016.

13 If the Group has obtained a general mandate from shareholders for IPTs, 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.

Rule 920(1)(a)(ii) - An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate (if any) for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705 within the time required for the announcement of such report. The disclosure must be in the form set out in Rule 907.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	3 Months Ended	3 Months Ended
	31.03.2016 US$'000	31.03.2016 US$'000
Sales :		
PT Indah Kiat Pulp & Paper Tbk	-	16,515
PT Lontar Papyrus Pulp and Paper Industry	-	6,590
PT Sinar Mas Agro Resources & Technology Tbk	-	724
PT Ekamas Fortuna	-	448
PT Pabrik Kertas Tjiwi Kimia Tbk	-	406
PT SOCI Mas	-	279
Hainan Jinhai Trading (Hong Kong) Co,. Ltd	3,870	-
PT Ivo Mas Tunggal	592	-
Interest income :		
PT Bank Sinarmas Tbk	-	23
Purchases :		
PT Berau Coal	14,668	-
PT Rolimex Kimia Nusamas	-	11
Rental expenses :		
PT Royal Oriental	-	251
Repair and maintenance :		
PT Wirakarya Sakti	-	242
Insurance expenses :		
PT Kalibesar Raya Utama	-	16
PT Asuransi Sinar Mas	-	155
Interest expenses :		
PT Dian Swastatika Sentosa Tbk	-	13
Asia Star Fund Ltd [@]	1,727	-

[@] US$35.00 million loan facility granted by Asia Star Fund Ltd on 12 January 2011 and utilised in FY2011.

14 Negative confirmation by the Board pursuant to Rule 705(5)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render for financial results for the period ended 31 March 2016 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD
Fuganto Widjaja
Executive Director, Chief Executive Officer
13 May 2016

RHB Securities Singapore Pte. Ltd. (formerly known as DMG & Partners Securities Pte Ltd) was the financial adviser to the Company for the acquisition of 66.9998% of the issued and paid-up share capital of PT Golden Energy Mines Tbk (the "Financial Adviser"). The Financial Adviser has not reviewed this announcement and assumes no responsibility for the contents of this announcement.