



SINO CONSTRUCTION LIMITED
(Incorporated in the Republic of Singapore)
(Registration No: 200613299H)

UNAUDITED FINANCIAL STATEMENT FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2014

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Unaudited			Unaudited		
	2 nd Quarter Ended		(+/-)	1 st Half Year Ended		(+/-)
	30/6/2014	30/6/2013		30/6/2014	30/6/2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Continuing operations						
Revenue	1,137	-	n.m	1,137	-	n.m
Cost of sales	(940)	-	n.m	(943)	-	n.m
Gross profit	197	-	n.m	194	-	n.m
Other items of income						
Other income	-	-	-	303	-	n.m
Other items of expense						
Administrative expenses	(223)	(123)	81.3	(438)	(434)	0.9
Finance costs	(4)	-	n.m	(5)	-	n.m
Other expenses	-	(4,113)	(100)	(3)	(4,167)	(99.9)
Profit (Loss) before tax	(30)	(4,236)	(99.3)	51	(4,601)	>100
Income tax	-	-	-	-	-	-
Profit (loss) from continuing operations	(30)	(4,236)	(99.3)	51	(4,601)	>100
Discontinued operations						
Profit (loss) from discontinued operations	-	(2,035)	(100)	-	(1,547)	(100)
Profit (loss) for the period	(30)	(6,271)	(99.5)	51	(6,148)	>100
Other comprehensive income:						
Foreign currency translation	4	3,312	(99.9)	814	3,416	(76.2)
Total comprehensive income for the period	(26)	(2,959)	(99.1)	865	(2,732)	>100
Profit(loss) for the period attributable to:						
Owner of the Company	(86)	(6,271)	(98.6)	14	(6,148)	>100
Non-controlling interests	56	-	n.m	37	-	n.m
	(30)	(6,271)	(99.5)	51	(6,148)	>100
Total comprehensive income for the period attributable to :						
Owner of the Company	(82)	(2,959)	(97.2)	828	(2,732)	>100
Non-controlling interests	56	-	n.m	37	-	n.m
	(26)	(2,959)	(99.1)	865	(2,732)	>100

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

(Loss) Profit before tax is arrived at after charging and (crediting) the following items:

	Unaudited		Unaudited	
	2 nd Quarter Ended		1 st Half Year Ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
		(Restated)		(Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant & equipment	19	-	35	-

1(a)(iii) Other income

	Unaudited		Unaudited	
	2 nd Quarter Ended		1 st Half Year Ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
		(Restated)		(Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Unrealised exchange gain, net	-	-	2	-
Gain on disposal of group	-	-	301	-
	-	-	303	-

1(a)(iv) Other expenses

	Unaudited		Unaudited	
	2 nd Quarter Ended		1 st Half Year Ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
		(Restated)		(Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Unrealised exchange loss, net	-	50	-	104
Loss from settlement of loan owing to controlling shareholder by issuance of new ordinary shares	-	4,063	-	4,063
Realised exchange loss	-	-	3	-
	-	4,113	3	4,167

1(a)(v) Dispose of the heating services business

On 27 March 2014, the Company had disposed of its 100% of the equity interests in Daqing Xinyuan Construction Installation Co., Ltd ("Xinyuan Construction") to Calcourt Limited for a purchase consideration of S\$10.0 million. Xinyuan Construction is the holding company of Daqing Sunshine Reli Thermal Co., Ltd ("Reli Thermal"), which operates the heating services business of the Group ("Heating Services Business").

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	
	Unaudited 30/6/2014	Audited 31/12/2013 (Restated)	Unaudited 30/6/2014	Audited 31/12/2013 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Investment in subsidiaries	-	-	163	163
Investment in equity (unquoted)	40,580	-	40,580	-
Property, plant and equipment	844	-	-	-
	<u>41,424</u>	<u>-</u>	<u>40,743</u>	<u>163</u>
Current assets				
Trade and other receivables	4,312	5,000	3,331	5,000
Gross amount due from customers for contract work-in-progress	133	-	-	-
Prepaid operating expenses	74	-	-	-
Cash and bank balances	113	212	10	212
	<u>4,632</u>	<u>5,212</u>	<u>3,341</u>	<u>5,212</u>
Assets of disposal group classified as held for sale	-	52,332	-	-
	<u>4,632</u>	<u>57,544</u>	<u>3,341</u>	<u>5,212</u>
Total assets	<u>46,056</u>	<u>57,544</u>	<u>44,084</u>	<u>5,375</u>
Current liabilities				
Trade and other payables	35,172	5,000	34,412	5,163
Other liabilities	11	266	-	267
Gross amount due to customers for work-in-progress	-	-	-	-
Loans and borrowings	78	-	-	-
Income tax payable	11	-	-	-
	<u>35,272</u>	<u>5,266</u>	<u>34,412</u>	<u>5,430</u>
Liabilities directly associated with disposal group classified as held for sale	-	42,332	-	-
	<u>35,272</u>	<u>47,598</u>	<u>34,412</u>	<u>5,430</u>
Net current assets (liabilities)	<u>(30,640)</u>	<u>9,946</u>	<u>(31,071)</u>	<u>(218)</u>
Non-Current liabilities				
Loans and borrowings	636	-	-	-
	<u>636</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>35,908</u>	<u>47,598</u>	<u>34,412</u>	<u>5,430</u>
Net assets (liabilities)	<u>10,148</u>	<u>9,946</u>	<u>9,672</u>	<u>(55)</u>
Equity attributable to owners of the Company				
Share capital	95,482	95,482	95,482	95,482
Reserve funds	367	-	-	-
Translation reserve	4,578	3,764	-	-
Accumulated losses	(90,392)	(89,300)	(85,810)	(95,537)
	<u>10,035</u>	<u>9,946</u>	<u>9,672</u>	<u>(55)</u>
Non-controlling interest	113	-	-	-
	<u>10,148</u>	<u>9,946</u>	<u>9,672</u>	<u>(55)</u>

- 1(b)(ii) In relation to the aggregate amount of group's borrowings and debt 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

	As at 31/06/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Obligation under finance lease	51 ⁽¹⁾	-	-	-
Borrowings	27 ⁽²⁾	-	-	-
	<u>78</u>	<u>-</u>	<u>-</u>	<u>-</u>

Amount repayable after one year

	As at 31/06/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Obligation under finance lease	45 ⁽¹⁾	-	-	-
Borrowings	591 ⁽²⁾	-	-	-
	<u>636</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of any collateral

- (1) The finance lease of Elite Bay Sdn Bhd ("Elite Bay") was secured by the underlying assets under the finance lease with a net carrying amount of S\$30,193 (RM77,608).
- (2) In FY2014, the bank loan with a net carrying value of S\$618,000 is secured by Elite Bay's building in progress at Lot No. 446, Seksyen 3, Bandar Butterworth, Malaysia, and is guaranteed jointly and severally by the directors of Elite Bay.

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.

	Unaudited	
	1 st Half Year Ended	
	30/6/2014	30/6/2013
		(Restated)
	S\$'000	S\$'000
Operating activities		
Profit (Loss) before tax	51	(4,601)
Adjustments for:-		
Profit (loss) from discontinued operations before tax	-	(1,557)
Depreciation of property, plant and equipment	35	1,390
Amortisation of land use rights		142
Gain on disposal of subsidiary	(301)	-
Finance costs	5	467
Interest income	-	(3)
Loss on settlement of loan owing to controlling shareholder by issuance of new ordinary shares	-	4,063
Translation difference	(2)	378
Operating cash flows before changes in working capital	(212)	279
Changes in working capital:		
(Increase) Decrease in gross amount due from customers for contract work-in-progress	(133)	-
(Increase) Decrease in inventories	-	(436)
(Increase) Decrease in trade and other receivables	1,692	(4,522)
(Increase) Decrease in prepaid operating expenses	(73)	7,407
Increase (Decrease) in gross amount due to customers for customers for contract work-in-progress	(3)	-
Increase (Decrease) in trade and other payables	(901)	6,875
Increase (Decrease) in other liabilities	(258)	381
Cash flows from operations	112	9,984
Interest received	-	3
Interest paid	(5)	(472)
Net cash flows from operating activities	107	9,515
Investing activities		
Purchase of property, plant and equipment	(58)	(7)
Net cash out flow on acquisition of subsidiary	(114)	-
Net cash flows used in investing activities	(172)	(7)
Financing activities		
Repayment of loans and borrowings	(21)	(10,167)
Repayment of bank overdraft	(47)	-
Proceeds from issuance of new ordinary shares	-	884
Proceeds from loans and borrowing	34	-
Share issuance expenses	-	(50)
Net cash flows used in financing activities	(34)	(9,333)
Net Decrease (Increase) in cash and bank balances	(99)	175
Cash and bank balances at beginning of period	212	2,747
Cash and bank balances at end of period	113	2,922

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited 2014 – Group	Share Capital S\$'000	Reserve Funds S\$'000	Merger Reserve S\$'000	Translation Reserve S\$'000	Accumulated Losses S\$'000	Attributable to owners of the parent S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
At 1 January 2014	95,482	-	-	3,764	(89,300)	9,946	-	9,946
Profit/(loss) for the period	-	-	-	-	14	14	37	51
Other comprehensive income								
Foreign currency translation	-	-	-	814	-	814	-	814
Total comprehensive income for the period	-	-	-	814	14	828	37	865
Disposal of subsidiaries	-	-	-	-	(1,106)	(1,106)	-	(1,106)
Capital reserve arising on the acquisition of Elite Bay	-	367	-	-	-	367	-	367
Additional non-controlling interest arising on the acquisition of subsidiary	-	-	-	-	-	-	76	76
At 30 June 2014	95,482	367	-	4,578	(90,392)	10,035	113	10,148

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Unaudited 2013 – Group	Share Capital S\$'000	Reserve Funds S\$'000	Merger Reserve S\$'000	Translation Reserve S\$'000	Accumulated Losses S\$'000	Attributable to owners of the parent S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
At 1 January 2013	88,312	12,713	(18,156)	(1,994)	(51,467)	29,408	-	29,408
Loss for the period	-	-	-	-	(6,148)	(6,148)	-	(6,148)
Other comprehensive income								
Foreign currency translation	-	466	(666)	3,416	(1,959)	1,257	-	1,257
Total comprehensive income for the period	-	466	(666)	3,416	(8,107)	(4,891)	-	(4,891)
Issue of ordinary shares	7,170	-	-	-	-	7,170	-	7,170
At 31 June 2013	95,482	13,179	(18,822)	1,422	(59,574)	31,687	-	31,687

- 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 (cont'd).

Unaudited 2014 – Company	Share Capital S\$'000	Translation Reserve S\$'000	Accumulated Losses S\$'000	Attributable to owners of the parent S\$'000
At 1 January 2014	95,482	-	(95,537)	(55)
Profit for the period	-	-	9,727	9,727
Other comprehensive income				
Foreign currency translation	-	-	-	-
Total comprehensive income for the period	-	-	9,727	9,727
At 31 June 2014	95,482	-	(85,810)	9,672

Unaudited 2013 – Company	Share Capital S\$'000	Translation Reserve S\$'000	Accumulated Losses S\$'000	Attributable to owners of the parent S\$'000
At 1 January 2013	88,312	(171)	(93,516)	(5,375)
Loss for the period	-	-	(4,602)	(4,602)
Other comprehensive income				
Foreign currency translation	-	-	-	-
Total comprehensive income for the period	-	-	(4,602)	(4,602)
Issue of ordinary shares	7,170	-	-	7,170
At 30 June 2013	95,482	(171)	(98,118)	(2,807)

- 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.

Details of ordinary share capital movements are as shown below:

As at 30/6/2014		As at 31/12/2013	
No of shares	S\$	No of shares	S\$
1,316,763,799	95,481,587	1,316,763,799	95,481,587

- 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.**

Company	30/6/2014	31/12/2013
Total number of issued shares	<u>1,316,763,799</u>	<u>1,316,763,799</u>

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

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

Not applicable.

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

The figures have not been audited or reviewed by the 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 annual financial statements have been applied.**

The same accounting policies and methods of computation adopted in the most recent audited financial statements for the financial year ended 31 December 2013 have been applied in the preparation of the financial statements for period ended 30 June 2014 except that the Group has adopted the new and revised Financial Reporting Standards (FRS) and interpretations of FRS (INTFRS) which became effective for annual periods beginning on 1 January 2014 or otherwise stated.

- 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.**

The adoption of the new and revised FRS and INT FRS does not have any material financial impact on the Group's and Company's financial statements for the current period.

- 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. (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	1 st Half Year Ended	
	30/6/2014	30/6/2013
	S\$ (cents)	S\$ (cents)
Profit (Loss) per share		
- Basic	-*	(0.87)
- Diluted	-*	(0.87)

*Less than S\$0.01 (cents)

The basic and diluted EPS is computed using profit attributable to shareholders in the relevant periods over the weighted average number of shares as shown below:

	No. of shares	No. of shares
Basic	1,316,763,799	702,846,105
Diluted	1,316,763,799	702,846,105

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued 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	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	S\$	S\$	S\$	S\$
Net asset value per ordinary share	0.01	0.01	0.01	-*

*Less than S\$0.01

Net asset value per ordinary share of the Group was calculated based on the share capital of 1,316,763,799 (FY2013: 1,316,763,799) shares.

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

Statement of comprehensive income review

The Group reported a net profit of S\$51,000 for the first half year ended 30 June 2014. An analysis of the statement of comprehensive income is as follows:

Revenue

Revenue increased to S\$1,137,000 in 1H 2014 from nil in 1H 2013. The increase was attributable to the revenue from the group's subsidiary Elite Bay Sdn Bhd ("Elite Bay"). As announced by the Company on 3 March 2014, the Group was awarded the contract for the proposed mixed commercial development cum bus terminal in Kota Kinabalu, Sabah, Malaysia with a total contract sum of RM43.2 million. The project has since commenced construction and has accounted for a significant contribution to the revenue of Elite Bay amongst its other existing projects.

Cost of Sales

Cost of sales increased to S\$943,000 in 1H 2014 from nil in 1H FY2013, which was incurred in Elite Bay's construction operations.

Other Income

Other income comprises of mainly the gain from the disposal of the heating services business in 1H FY2014. Both Daqing Xinyuan Construction Installation Co., Ltd and Daqing Sunshine Reli Thermal Co., Ltd have ceased as subsidiaries of the Company accordingly.

Administrative Expenses

Administrative expenses mainly consist of administrative salaries, provision of 1H directors' fee and other office expenses. The increase in administrative expenses from S\$434,000 in 1H FY2013 to S\$438,000 in 1H FY2014 and from S\$123,000 in 2Q 2013 to S\$223,000 in 2Q 2014 is mainly due to administrative expenses amounting to S\$98,000 incurred by Elite Bay.

Other Expenses

The decrease in other expenses is mainly due to the loss of S\$4,063,000 for issuance of 451,458,200 new ordinary shares at S\$0.005 from settlement of loan of Rmb11.4 million owing to the controlling shareholder for advances made to the Company for the period from 1 January 2010 to 17 January 2013 to fund and pay its operating expenses and professional fees. The loss arises from the difference between the issued price of S\$0.005 per share and the market price of S\$0.014 per share at date of issuance i.e. 26 June 2013, but there is no such transaction in 1H FY2014.

Consolidated balance sheet review

Non-Current Assets

The non-current assets as at 30 June 2014 comprises of the long term investment and property, plant and equipment ("PPE").

The long term investment comprises of investment in Ardilaun Energy Limited ("Ardilaun") whose principal activities are those of oil and gas exploration and development in Irish territories and internationally, and also investment in Topkapi Mineral Sanayi ve Ticaret A.S. ("Topkapi"), a wholly-owned subsidiary of Renaissance Enterprise S.A. ("Renaissance"), whose principal activities are those of exploration, development, extraction, processing, production and trading of metals and minerals in Turkey.

The property, plant and equipment ("PPE") are mainly acquired through the subscription of 60% equity interests in Elite Bay Sdn Bhd ("Elite Bay").

Current Assets

Current assets as at 30 June 2014 amount to S\$4,632,000 (FY2013: S\$57,544,000). The decrease of S\$52,912,000 is mainly due to the decrease in assets of the disposal group classified as held for sale amounting to S\$52,332,000 whereby the disposal was completed on 27 March 2014.

Trade and other receivables decreased by S\$688,000 as at 30 June 2014 as compared to 31 December 2013. The decrease was mainly due to the transfer of deposit held in escrow (with the lawyer) from the consideration of the disposal of heating services business amounting to S\$5,000,000, as payment for acquisition of 19.9% equity interests in Ardilaun Energy Limited ("Ardilaun"). The decrease is offset by the prepayment amounting to S\$3,137,000 to Signet Coking Coal Limited ("Signet HK").

Current Liabilities

Current liabilities as at 30 June 2014 amount to S\$35,272,000 (FY2013: S\$47,598,000). The decrease of S\$12,326,000 in current liabilities is mainly due to the decrease in liabilities directly associated with disposal group classified as held for sale amounting S\$42,332,000 whereby the disposal was completed on 27 March 2014.

The decrease is offset by the increase of S\$30,172,000 in trade and other payables from S\$5,000,000 as at 31 December 2013 to S\$35,172,000 as at 30 June 2014. The increase was mainly due to other payable amounting to S\$28,580,000 for investment in Renaissance and balance amount of S\$2,000,000 for investment in Ardilaun.

Equity attributable to owners of the Company

Equity attributable to owners of the Company increased by S\$202,000 from S\$9,946,000 as at 31 December 2013 to S\$10,148,000 as at 30 June 2014 due to the total comprehensive income amounting to S\$865,000 recorded during 1H FY2014, capital reserve amounting to S\$367,000 and additional non-controlling interest amounting to S\$113,000 arising from the subscription of 60% equity interests in Elite Bay. The increase is offset by the decrease in other reserve due to transfer of translation reserve of S\$1,106,000 to accumulated losses as a result of the disposal of Daqing Xinyuan Construction Installation Co., Ltd and Daqing Sunshine Reli Thermal Co., Ltd.

Consolidated statement of cash flows review

The decrease in net cash and bank balances of S\$99,000 from S\$212,000 as at 31 December 2013 to S\$113,000 as at 30 June 2014 is mainly due to cash flow used in the purchase of property, plant and equipment amounting to S\$58,000, subscription of 60% equity interests in Elite Bay amounting to S\$114,000 and cash flow used in financing activity amounting to S\$34,000 1H FY2014. The increase is offset by cash inflows from operating activities of approximately S\$107,000.

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.

Barring any unforeseen circumstances, there are no significant changes in the trends and competitive conditions of the industry in which the Group operates and no major known factors or events that may adversely affect the Group in the next reporting period and the next twelve months.

Construction

The Group's effort to re-focus its core business of construction in the PRC and Asia-Pacific regions has started to reap positive results as the Group's subsidiary in Malaysia, Elite Bay, has contributed positively to the revenue of the Group. As announced by the Company on 3 March 2014, the Group was awarded the contract for the proposed mixed commercial development cum bus terminal in Kota Kinabalu, Sabah, Malaysia with a total contract sum of RM43.2 million. The project has since got underway and has accounted significantly to the revenue of the Group.

The Group's other subsidiary, Daqing Nafei Le Consulting Co. Ltd, has been actively seeking construction business opportunities in the PRC but so far its effort had been futile.

Recent Developments

As part of the Group's strategy to diversify and expand its business base, the Group has been actively exploring various investment and acquisition opportunities. The recent developments are as follows;

Completion of Acquisition of 19.9% of Renaissance Enterprises S.A. ("Renaissance")

- On 3 June 2014, the company had completed the acquisition of 19.9% of the entire issued share capital of Renaissance.

Proposed Acquisition of Signet Coking Coal International Limited ("Signet HK")

- On 6 June 2014, the company had entered into a sale and purchase agreement with Lighthouse Strategic Group Limited, for the acquisition of shares constituting 51% of the entire issued share capital of Signet HK for a purchase consideration of US\$21 million. The business of Signet HK is that of exploration for, mining of, and the processing and treatment, marketing and distribution and sale of coal in South Africa.

The acquisition is subjected to shareholders' approval at an EGM to be convened at a later date.

Proposed Acquisition of JEMS Exploration Pty Ltd ("JEMS")

- On 22 July 2014, the company entered into a conditional sale and purchase agreement with Bizcap Investments Ltd for the acquisition of shares constituting 52% of the entire issued share capital of JEMS for a purchase consideration of US\$20 million. The business of JEMS is the exploration for, and mining and production of coal in Queensland, Australia.

The acquisition is subjected to shareholders' approval at an EGM to be convened at a later date.

Non-Binding Terms with Guildford Coal Limited ("Guildford")

- On 31 July 2014, the company entered into non-binding terms with Guildford in respect of the proposed acquisition of Guildford's entire portfolio of coal assets in Australia for a purchase consideration of US\$25 million and a royalty fee of US\$0.35 per tonne of coal sold from the Sale Assets for a period of 5 years upon commencement of commercial production. The proposed acquisition is still in preliminary stage and is subjected to further negotiation, due diligence and final definitive sales and purchase agreement.

The Company will update the shareholders on the progress of the proposed acquisition when there are further developments.

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

(ii) Previous corresponding period

Not applicable.

(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 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.

(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 second quarter ended 30 June 2014.

- 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.**

The Group has not obtained a general mandate from its shareholders for IPTs.

- 14 Use of proceeds from placement**

The Company refers to the proceeds raised from placement to the controlling shareholder amounting to S\$900,000, which was completed on 26 June 2013.

As announced in the Q1 2014 Financial Results on 15 May 2014, the proceeds raised from the placement had been fully utilised as at 30 April 2014 and in accordance with the intended use as disclosed in the circular dated 11 June 2013.

- 15 Negative confirmation pursuant to Rule 705(5).**

We, Chee Tet Choy Andy and Lim Tiong Hian Kenneth, being Directors of the Company, do hereby confirm for and on behalf of the Board of Directors of the Company, that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 6 months ended 30 June 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Andy Chee / Kenneth Lim
Chairman / Executive Director
14 August 2014