

Unaudited Financial Statements for the Period Ended 30 June 2018

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			Group		
		3 Months Ended		+/(-) %	6 Months Ended		+/(-) %
		30.6.2018	30.6.2017		30.6.2018	30.6.2017	
US\$'000		US\$'000		US\$'000		US\$'000	
Revenue	1	208,636	139,640	49.4	481,635	282,826	70.3
Cost of sales		(130,769)	(74,403)	75.8	(286,750)	(145,455)	97.1
Gross profit		77,867	65,237	19.4	194,885	137,371	41.9
Other income	2	3,981	2,163	84.0	5,970	5,567	7.2
Selling and distribution expenses		(28,418)	(18,811)	51.1	(62,652)	(39,272)	59.5
Administrative expenses		(22,858)	(16,512)	38.4	(39,597)	(26,279)	50.7
Other operating expenses		1,845	(1,170)	(257.7)	(1,367)	(3,673)	(62.8)
Finance costs	3	(5,603)	(2,943)	90.4	(10,561)	(5,164)	104.5
Profit before tax	4	26,814	27,964	(4.1)	86,678	68,550	26.4
Income tax expense	5	(11,825)	(8,861)	33.4	(28,160)	(19,860)	41.8
Profit for the period		14,989	19,103	(21.5)	58,518	48,690	20.2
Other comprehensive income not to be reclassified to profit or loss :							
Net actuarial gain on post employment benefits		248	129	92.2	-	129	(100.0)
Other comprehensive income to be reclassified to profit or loss:							
Net fair value gain/(loss) on available for sale financial asset		9,704	-	n.m.	(1,818)	-	n.m.
Foreign currency translation		(5,759)	1,347	(527.5)	(3,568)	3,303	(208.0)
Total comprehensive income for the period		19,182	20,579	(6.8)	53,132	52,122	1.9
Profit for the period attributable to:							
Owners of the Company		8,047	11,763	(31.6)	34,831	30,803	13.1
Non-controlling interests		6,942	7,340	(5.4)	23,687	17,887	32.4
		14,989	19,103	(21.5)	58,518	48,690	20.2
Total comprehensive income for the period attributable to:							
Owners of the Company		12,228	13,044	(6.3)	29,397	33,937	(13.4)
Non-controlling interests		6,954	7,535	(7.7)	23,735	18,185	30.5
		19,182	20,579	(6.8)	53,132	52,122	1.9

n.m. : denotes not meaningful

Notes to the Statement of Comprehensive Income

	Group			Group		
	3 Months Ended			6 Months Ended		
	30.6.2018	30.6.2017	+ / (-) %	30.6.2018	30.6.2017	+ / (-) %
	US\$'000			US\$'000		
1 Revenue						
Coal Mining	188,803	124,397	51.8	426,091	253,765	67.9
Coal Trading	19,331	13,504	43.2	54,652	26,115	109.3
Non-coal Business	502	1,739	(71.1)	892	2,946	(69.7)
	208,636	139,640	49.4	481,635	282,826	70.3
2 Other Income						
Interest income	3,231	1,812	78.3	5,104	3,234	57.8
Compensation income	-	91	(100.0)	-	280	(100.0)
Miscellaneous income	750	260	188.5	866	2,053	(57.8)
	3,981	2,163	84.0	5,970	5,567	7.2
3 Finance costs						
Interest expenses	4,339	1,396	210.8	7,641	2,603	193.6
Trade financing charges	826	993	(16.8)	1,955	1,952	0.2
Amortisation of discounted loans and borrowings	112	-	n.m.	185	-	n.m.
Others	326	554	(41.2)	780	609	28.0
	5,603	2,943	90.4	10,561	5,164	104.5
4 Profit before tax is arrived after charging the following:						
Freight and stockpile	38,720	23,418	65.3	87,146	47,751	82.5
Royalty fees	21,147	13,338	58.5	47,535	25,325	87.7
Mining services and overheads	76,278	42,025	81.5	148,125	77,142	92.0
Depreciation of property, plant and equipment	1,726	1,056	63.4	3,292	2,509	31.2
Amortisation expenses	679	2,235	(69.6)	1,464	4,143	(64.7)
Foreign exchange (gain)/loss	(1,998)	497	(501.9)	418	2,082	(79.9)
Inventories written down/(write-back)	14	(67)	(120.9)	-	288	(100.0)
Inventories recognised as an expenses in cost of sales	18,406	9,122	101.8	57,751	23,583	144.9
5 Income tax expenses can be analysed as follows:						
Current Income Tax	8,173	8,260	(1.1)	24,716	18,882	30.9
Withholding Tax Expense	4,173	1,058	294.4	4,313	1,165	270.2
Deferred Income Tax Benefit	(521)	(458)	13.8	(869)	(267)	225.5
	11,825	8,860	33.5	28,160	19,780	42.4
Under provision in respect of previous years						
Income Tax	-	1	(100.0)	-	80	(100.0)
	11,825	8,861	33.4	28,160	19,860	41.8

n.m. : denotes not meaningful

(1)(b)(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.

i)

	Group		Company	
	As at 30.6.2018	As at 31.12.2017	As at 30.6.2018	As at 31.12.2017
	US\$'000		US\$'000	
Non-Current Assets				
Biological assets	316	316	-	-
Property, plant and equipment	66,178	64,435	170	196
Mining properties	85,913	85,848	-	-
Intangible assets	11,447	11,699	-	-
Goodwill on consolidation	103,679	103,679	-	-
Amounts due from subsidiaries	-	-	2,957	2,063
Investment in subsidiaries	-	-	1,307,299	1,337,613
Investment securities	48,958	23,340	48,928	23,310
Deferred tax assets	5,281	4,667	-	-
Other receivables	183	204	-	-
Restricted funds	10,819	4,664	6,750	1,310
Other non-current assets	30,465	23,139	4,247	-
	363,239	321,991	1,370,351	1,364,492
Current Assets				
Inventories	10,167	16,135	-	-
Amounts due from subsidiaries	-	-	952	1,038
Trade and other receivables	120,156	133,736	731	36,415
Advances to suppliers/vendors	154,813	89,801	-	-
Other current assets	24,854	1,690	22,518	128
Held for trading investment	-	1,023	-	1,023
Cash and cash equivalents	153,792	188,701	117,884	13,579
	463,782	431,086	142,085	52,183
Current Liabilities				
Trade and other payables	128,532	162,003	6,691	6,475
Amounts due to subsidiaries	-	-	1,041	1,041
Provision for taxation	14,976	35,348	262	6
Loans and borrowings	22,534	25,209	-	-
	166,042	222,560	7,994	7,522
Net Current Assets	297,740	208,526	134,091	44,661
Non-Current Liabilities				
Trade and other payables	115	123	-	-
Loans and borrowings	185,161	69,774	147,979	30,000
Deferred tax liabilities	12,952	13,007	100	103
Post-employment benefits	2,859	2,837	-	-
Provision for mine closure	1,933	1,721	-	-
	203,020	87,462	148,079	30,103
Net Assets	457,959	443,055	1,356,363	1,379,050
Represented by:				
Equity attributable to equity holders of the Company				
Share capital	305,528	305,528	1,230,107	1,230,107
Reserves	52,396	40,201	126,256	148,943
	357,924	345,729	1,356,363	1,379,050
Non-controlling interests	100,035	97,326	-	-
Total Equity	457,959	443,055	1,356,363	1,379,050

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 30.6.2018		As at 31.12.2017		As at 30.6.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
US\$'000		US\$'000		US\$'000		US\$'000	
22,534	-	25,209	-	185,161	-	69,774	-

⁽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) Pledge on the trade receivables and/or inventories for a minimum amount and a fixed margin deposit of a subsidiary; and
- (b) The collaterals include certain property, plant and equipment and pledge of shares of 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		Group	
	3 Months Ended		6 Months Ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	US\$'000		US\$'000	
Cash flows from operating activities:				
Profit before tax	26,814	27,964	86,678	68,550
<u>Adjustments for:</u>				
Provision for mine closure	11	11	211	22
Provision for overburden expense	1,939	-	1,939	-
Depreciation of property, plant and equipment	1,726	1,056	3,292	2,509
Loss on property, plant and equipment written off	2	-	2	-
Gain on disposal of short term investment	(13)	-	(13)	-
Defined post-employment benefit expense	137	121	182	155
Amortisation of mining properties	328	1,405	732	2,746
Amortisation of software	35	37	74	73
Amortisation of land exploitation	189	666	405	1,071
Amortisation of intangible assets	127	127	253	253
Amortisation of loans and borrowings	112	-	185	-
Inventories written down/(write-back)	14	(67)	-	288
Interest and other financial charges	5,165	1,160	9,794	2,171
Interest income	(3,231)	(1,812)	(5,104)	(3,234)
Net exchange differences	(4,682)	1,054	79	1,982
Operating cash inflows before changes in working capital	28,673	31,722	98,709	76,586
Decrease/(increase) in inventories	312	(1,528)	5,967	(513)
Increase in trade and other receivables, advances and other current assets	(67,694)	(19,794)	(74,581)	(51,712)
Increase/(decrease) in trade and other payables	5,848	(6,650)	(9,201)	5,933
Cash flows (used in)/generated from operations	(32,861)	3,750	20,894	30,294
Interest and other financial charges paid	(1,711)	(2,389)	(3,904)	(4,555)
Interest income received	3,197	1,875	5,069	3,802
Income taxes paid	(61,800)	(8,313)	(64,722)	(8,574)
Net cash flows (used in)/generated from operating activities	(93,175)	(5,077)	(42,663)	20,967
Cash flows from investing activities				
Net cash inflow from disposal of short term investment	1,032	-	1,032	-
Purchase of investment securities	-	-	(28,624)	-
Additions to biological assets	-	(378)	-	(378)
Additions to mining properties	(696)	(1,221)	(3,002)	(5,398)
Proceeds from disposal of property, plant and equipment	13	8	47	20
Purchase of property, plant and equipment	(2,714)	(1,112)	(5,056)	(2,812)
Payment for mines under construction	(56)	(21)	(56)	(21)
Increase in other non-current assets	(712)	(1,649)	(6,581)	(2,827)
Changes in restricted funds	1,365	-	(5,957)	(616)
Net cash flows used in investing activities	(1,768)	(4,373)	(48,197)	(12,032)
Cash flows from financing activities				
Payment of dividend	(17,202)	-	(17,202)	-
Payment of dividend to NCI of subsidiaries	(21,027)	(5,086)	(38,739)	(5,086)
Net proceeds from issuance of bonds	-	-	149,294	-
Proceeds from loans and borrowings	17,471	40,623	46,267	47,568
Repayment of loans and borrowings	(33,866)	(8,307)	(80,647)	(9,884)
Net cash flows (used in)/generated from financing activities	(54,624)	27,230	58,973	32,598
Net (decrease)/increase in cash and cash equivalents	(149,567)	17,780	(31,887)	41,533
Effect of exchange rate changes on cash and cash equivalents	(1,392)	517	(3,022)	1,490
Cash and cash equivalents at beginning of the period	304,751	103,802	188,701	79,076
Cash and cash equivalents at end of the period	153,792	122,099	153,792	122,099

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 6 months ended 30 June 2018 and 30 June 2017

	Group		Company	
	6 Months Ended		6 Months Ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	US\$'000		US\$'000	
Profit for the period	58,518	48,690	28,086	8,724
Other comprehensive income not to be reclassified to profit & loss:				
Net actuarial gain on post employment benefits	-	129	-	-
Other comprehensive income to be reclassified to profit & loss:				
Foreign currency translation	(3,568)	3,303	(31,753)	49,200
Net fair value loss on available for sale financial asset	(1,818)	-	(1,818)	-
Total comprehensive income for the period	53,132	52,122	(5,485)	57,924
Total comprehensive income attributable to:				
Owners of the Company	29,397	33,937	(5,485)	57,924
Non-controlling interests	23,735	18,185	-	-
	53,132	52,122	(5,485)	57,924

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2018 and 30 June 2017

	----- Attributable to owners of the Company -----						Total Equity
	Share Capital	Foreign Currency Translation	Other Reserves	Retained earnings	Total Reserves	Non-controlling Interests	
GROUP	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 1 January 2018	305,528	(45,958)	480	85,679	40,201	97,326	443,055
Profit for the period	-	-	-	34,831	34,831	23,687	58,518
<u>Other comprehensive income</u>							
Net fair value loss on available for sale assets	-	-	(1,818)	-	(1,818)	-	(1,818)
Net actuarial loss on post employment benefits	-	-	-	-	-	-	-
Foreign currency translation	-	(3,616)	-	-	(3,616)	48	(3,568)
Other comprehensive income for the period	-	(3,616)	(1,818)	-	(5,434)	48	(5,386)
Total comprehensive income for the period	-	(3,616)	(1,818)	34,831	29,397	23,735	53,132
<u>Contributions by and distributions to owners</u>							
Capital reduction	-	-	-	-	-	-	-
Dividends paid on ordinary shares	-	-	-	(17,202)	(17,202)	-	(17,202)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(21,026)	(21,026)
Total contributions by and distributions to owners	-	-	-	(17,202)	(17,202)	(21,026)	(38,228)
Balance as at 30 June 2018	305,528	(49,574)	(1,338)	103,308	52,396	100,035	457,959
Balance as at 1 January 2017	316,253	(50,256)	1,281	29,781	(19,194)	87,730	384,789
Profit for the period	-	-	-	30,803	30,803	17,887	48,690
<u>Other comprehensive income</u>							
Net actuarial gain on post employment benefits	-	-	87	-	87	42	129
Foreign currency translation	-	3,047	-	-	3,047	256	3,303
Other comprehensive income for the period	-	3,047	87	-	3,134	298	3,432
Total comprehensive income for the period	-	3,047	87	30,803	33,937	18,185	52,122
<u>Contributions by and distributions to owners</u>							
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(5,087)	(5,087)
Total contributions by and distributions to owners	-	-	-	-	-	(5,087)	(5,087)
Balance as at 30 June 2017	316,253	(47,209)	1,368	60,584	14,743	100,828	431,824

(iii) Statement of changes in equity of the Company for the 6 months ended 30 June 2018 and 30 June 2017

	<--- Attributable to owners of the Company --->					Total Equity
	Share Capital	Foreign Currency Translation	Other Reserves	Retained earnings	Total Reserves	
COMPANY	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 1 January 2018	1,230,107	67,194	4,988	76,761	148,943	1,379,050
Profit for the period	-	-	-	28,086	28,086	28,086
<u>Other comprehensive income</u>						
Net fair value loss on available for sale assets	-	-	(1,818)	-	(1,818)	(1,818)
Foreign currency translation	-	(31,753)	-	-	(31,753)	(31,753)
Total comprehensive income for the period	-	(31,753)	(1,818)	28,086	(5,485)	(5,485)
Dividends paid	-	-	-	(17,202)	(17,202)	(17,202)
Balance as at 30 June 2018	1,230,107	35,441	3,170	87,645	126,256	1,356,363
Balance as at 1 January 2017	1,631,352	(33,615)	5,826	(389,422)	(417,211)	1,214,141
Profit for the period	-	-	-	8,724	8,724	8,724
<u>Other comprehensive income</u>						
Foreign currency translation	-	49,200	-	-	49,200	49,200
Total comprehensive income for the period	-	49,200	-	8,724	57,924	57,924
Balance as at 30 June 2017	1,631,352	15,585	5,826	(380,698)	(359,287)	1,272,065

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 and the number of subsidiary holdings, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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

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.

Total number of issued shares	As at 30.6.2018 2,353,100,380	As at 31.12.2017 2,353,100,380
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1(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.

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 Singapore Accounting Standards Council has introduced a new Singapore Financial Reporting Framework that is equivalent to the International Financial Reporting Standards as issued by the International Accounting Standards Board. The new framework is referred to as the "Singapore Financial Reporting Standards (International)" ("SFRS(I)") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under the SFRS(I) for the financial period ended 30 June 2018.

The adoption of the new SFRS(I) does not result in significant change to the Group's and Company's accounting policies and did not have material impact on the amounts reported for the current financial period or prior financial years.

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.

Refer to paragraph 4 above.

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.

Profit net of tax for the period attributable to owners of the Company used in the computation of basic and diluted earnings per share:

(i) Basic earnings per share (US cents) :-

- Weighted average number of ordinary shares ('000) *

(ii) Diluted earnings per share (US cents) :-

- Adjusted weighted average number of ordinary shares ('000) *

Group	
3 Months Ended	
30.6.2018	30.6.2017
0.34	0.50
2,353,100	2,353,100
0.34	0.50
2,353,100	2,353,100

Group	
6 Months Ended	
30.6.2018	30.6.2017
1.48	1.31
2,353,100	2,353,100
1.48	1.31
2,353,100	2,353,100

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	
	30.6.2018	31.12.2017
Net asset value per share (US cents)	15.21	14.69
Number of shares ('000)	2,353,100	2,353,100

	Company	
	30.6.2018	31.12.2017
Net asset value per share (US cents)	57.64	58.61
Number of shares ('000)	2,353,100	2,353,100

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**

Revenue

The Group's revenue comprises revenue generated from Coal Mining and Coal Trading Divisions as well as Non-coal Businesses. Total revenue increased by US\$69.00 million or 49.4% from US\$139.64 million in 2Q17 to US\$208.64 million in 2Q18. The increase was mainly due to increase in revenue from the Coal Mining and Coal Trading Divisions, partially offset by a decrease in revenue from the Non-coal Businesses.

Coal Mining Division

The Group's Coal Mining Division reported an increase in revenue by US\$64.41 million or 51.8% from US\$124.40 million in 2Q17 to US\$188.80 million in 2Q18. The increase was mainly driven by higher sales volume as compared to the corresponding reporting period. Average selling price remained relatively stable at US\$42.17 per metric ton in 2Q18 as compared to US\$42.58 per metric ton in 2Q17. The average Indonesia Coal Index 4 ("ICI4") in 2Q18, a better proxy for the majority of the Group's coal quality, was US\$44.59 per metric ton.

Coal Trading Division

Revenue generated by the Group's Coal Trading Division increased by US\$5.83 million or 43.2% from US\$13.50 million in 2Q17 to US\$19.33 million in 2Q18. The increase was mainly due to higher sales volume and higher average selling price as compared to the corresponding reporting period.

Non-coal Businesses

Revenue in 2Q18 comprises plywood sales as well as management fee income. Revenue decreased by US\$1.24 million or 71.3% from US\$1.74 million in 2Q17 to US\$0.50 million in 2Q18 due to absence of log sales and decrease in management fee income which was partially offset by an increase in plywood sales.

Cost of Sales

The Group reported an increase in cost of sales by US\$56.37 million or 75.8% from US\$74.40 million in 2Q17 to US\$130.77 million in 2Q18. This was mainly due to increase in (i) mining services due to higher stripping ratios and overburden distance, coal freight, mining overheads, fuel costs, royalty expenses due to higher selling price as a result of higher coal production and sales activities from the Coal Mining Division; and (ii) coal purchases from the Coal Trading Division in line with the higher sales volume. The increase is partially offset by a decrease in amortisation expenses related to depletion of mine properties for stripping activity.

Gross Profit

The Group's gross profit increased by US\$12.63 million or 19.4% from US\$65.24 million in 2Q17 to US\$77.87 million in 2Q18. The increase was mainly due to the above factors.

Other income

The Group's other income increased by US\$1.82 million or 84.0% from US\$2.16 million in 2Q17 to US\$3.98 million in 2Q18, mainly due to increases in interest income of US\$1.42 million and miscellaneous income of US\$0.49 million respectively.

Expenses

Selling and distribution expenses

The Group's selling and distribution expenses increased by US\$9.61 million or 51.1% from US\$18.81 million in 2Q17 to US\$28.42 million in 2Q18 mainly due to increase in freight and stockpile expenses in line with the increase in coal sales volume from the Coal Mining and Coal Trading Divisions.

Administrative expenses

The Group's administrative expenses increased by US\$6.35 million or 38.4% from US\$16.51 million in 2Q17 to US\$22.86 million in 2Q18 mainly due to increases in (i) repair and maintenance expenses for road development in our coal concessions, (ii) salaries, benefits and employee welfare expenses, (iii) legal and professional fees incurred relating to corporate exercises; and (iv) corporate social responsibilities expenses, partially offset by a decrease in license and permits expenses.

Other operating expenses

The Group's other operating expenses decreased by US\$3.02 million from US\$1.17 million in 2Q17 to a credit of US\$1.85 million in 2Q18 mainly due to decrease in foreign exchange loss and other miscellaneous operating expenses.

Finance costs

The Group's finance costs increased by US\$2.66 million or 90.4% from US\$2.94 million in 2Q17 to US\$5.60 million in 2Q18 mainly due to an increase in interest expenses resulting from the issuance of the Company's bond in February 2018.

Income tax expenses

Income tax expenses increased by US\$2.96 million or 33.4% from US\$8.86 million in 2Q17 to US\$11.83 million in 2Q18 as a result of an increase in withholding tax expense due to higher dividend income from a subsidiary, partially offset by lower taxable profits in 2Q18.

Profit after tax

Due to the factors above, the Group's net profit decreased by US\$4.11 million or 21.5% to US\$14.99 million in 2Q18 as compared to US\$19.10 million in 2Q17, and profit attributable to owners of the Company decreased by US\$3.71 million or 31.6% to US\$8.05 million in 2Q18 as compared to US\$11.76 million in 2Q17.

8(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

Non-current assets

- Property, plant and equipment increased by US\$1.74 million to US\$66.18 million at 30 June 2018 as a result of additions to property, plant and equipment, partially offset by depreciation.
- The increase in investment securities of US\$25.62 million to US\$48.96 million at 30 June 2018 was due to the second and third tranche payments for investment in Westgold Resources Limited ("Westgold"). This increase was partially offset by a marked to market loss recognised on the Westgold shares.
- The increase in deferred tax assets of US\$0.61 million to US\$5.28 million at 30 June 2018 was due to higher tax losses in subsidiaries.
- Other receivables remain relatively stable.
- The increase in restricted fund of US\$6.16 million to US\$10.82 million at 30 June 2018 was mainly due to fund deposited in the interest reserve account relating to the Company's bond and an increase of reclamation guarantee money placed with banks, partially offset by a decrease in the interest reserve account relating to a loan which was repaid in February 2018.
- The increase in other non-current assets of US\$7.33 million to US\$30.47 million at 30 June 2018 was mainly due to the deferred expenses related to the bonds issuance during the period under review and an increase in prepaid expenses.

Current assets

- The decrease in inventories of US\$5.97 million to US\$10.17 million at 30 June 2018 was due to inventories sold during the period under review.
- The decrease in trade and other receivables of US\$13.58 million to US\$120.16 million at 30 June 2018 was mainly due to collections of trade receivables during the period under review, set off by higher sales revenue from the Coal Mining and Trading Divisions.
- The increase in advances to suppliers/vendors of US\$65.01 million to US\$154.81 million at 30 June 2018 was mainly due to increases in (i) advance payment of US\$46.77 million to coal suppliers; and (ii) advance payment of US\$15.37 million to the vendors for the proposed acquisition of PT Barasentosa Lestari ("BSL").
- The increase in other current assets of US\$23.16 million to US\$24.85 million at 30 June 2018 was mainly due to an advance down payment of US\$22.40 million to a coal supplier under a coal offtake agreement.
- The decrease in held for trading investment of US\$1.02 million was a result of disposal in the short-term investment.
- The decrease in cash and cash equivalents of US\$34.91 million to US\$153.79 million at 30 June 2018 was mainly due to the investment in Westgold; repayment of a loan facility, payment of income taxes, payment of advances to suppliers and vendors, payment of trade and other payables and dividend payments, partially offset by the proceeds from the Company's bond issuance and collections from trade and other receivables.

Current liabilities

- Trade and other payables decreased by US\$33.47 million to US\$128.53 million at 30 June 2018 mainly due to payments of (i) dividend which was declared in December 2017 by a subsidiary and (ii) suppliers, partially offset by the higher purchases during the period under review.
- Provision for taxation decreased by US\$20.37 million to US\$14.98 million at 30 June 2018 as a result of tax payment during the period under review offset by the corporate tax charged during the period under review.
- Loans and borrowings decreased by US\$2.68 million to US\$22.53 million at 30 June 2018 mainly due to the repayment of loans during the period under review.

Non-current liabilities

- Loans and borrowings increased by US\$115.39 million to US\$185.16 million at 30 June 2018 as a result of the issuance of the Company's bond partially offset by the repayment of certain loan facility.

As at 30 June 2018, the Group has net current assets of US\$297.74 million and the Company has net current assets of US\$134.09 million. The Group has loans and borrowings totalling US\$207.70 million of which US\$22.53 million is due within the next 12 months. The Group's cash and cash equivalents stood at US\$153.79 million as at 30 June 2018.

Review of Statement of Cash Flows

For 2Q18, the Group had net cash outflows of US\$149.57 million mainly due to the following:

Net cash used in operating activities of US\$93.18 million which comprised of operating cash inflow before working capital changes of US\$28.67 million, net working capital outflow of US\$61.53 million, income taxes paid of US\$61.80 million and interest and other financial charges paid of US\$1.71 million respectively. The Group also recorded interest income received of US\$3.20 million.

The net working capital outflow of US\$61.53 million was mainly due to an increase in trade and other receivables, advances and other current assets totalling US\$67.69 million, partially offset by an increase in trade and other payables of US\$5.85 million and decrease in inventories of US\$0.31 million.

Net cash flows used in investing activities of US\$1.77 million mainly due to (i) purchase of property, plant and equipment of US\$2.71 million; (ii) additions to mining properties of US\$0.70 million, (iii) increase in other non-current assets of US\$0.71 million; partially offset by (i) decrease in restricted fund of US\$1.37 million; (ii) proceed from disposal of short term investment of US\$1.03 million.

Net cash flows used in financing activities of US\$54.62 million was mainly due to payment of dividend by the Company of US\$17.20 million and payment of dividend of US\$21.03 million by a subsidiary to non-controlling shareholder of the Group and repayment of loans and borrowings of US\$33.87 million, partially offset by proceeds from loans and borrowings of US\$17.47 million.

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.

Demand for coal, which accounts for around half of the energy mix in Asia, will continue to be strong in the region. Coal plays a key role in Asia's energy security, and recent developments in the ASEAN region lend support to robust demand and pricing of the fossil fuel.

China's coal demand has remained high despite trade tensions between the US and China dampening investor confidence and the commodities sector.

Beyond China, countries in the ASEAN region are still relying on affordable energy and are expected to increase the share of coal in their energy mix as a result of increased industrialisation, growth and electrification. Domestically, coal consumption is expected to reach 114.51 million tonnes in 2018, up 6% from 2017.

In Indonesia, the Ministry of Energy and Mineral Resources has set its June coal reference price at USD96.61/t, an increase of 7.9% from May 2018 and an increase of 28% compared to June 2017. Spot prices for FOB Kalimantan 4200 thermal coal averaged US\$49/t in June, up 8.9% from US\$45/t a month ago.

GEAR remains optimistic on the current supply-demand outlook for coal and believes that demand for the fossil fuel over time will be strongly supported by the energy requirements of developing countries in Asia. The company will be well-positioned to focus on profitability at current prices and remains on track to achieve 20 million tonnes of production in 2018. GEAR looks forward to completing the acquisition of BSL in 2H2018, which would ramp up its total 2P coal reserves to more than 1 billion tonnes.

11 Dividend

(a) Current Financial Period Reported On

Any ordinary dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Period

Name of Dividend:	Interim
Dividend type:	Cash
Dividend Amount per Share:	0.8 Singapore cents per ordinary share
Tax rate:	Tax exempt

(c) Date payable.

Not applicable

(d) Book Closure Date

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 30 June 2018.

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)
	6 Months Ended	6 Months Ended
	30.6.2018 US\$'000	30.6.2018 US\$'000
Sales :		
PT Indah Kiat Pulp & Paper Tbk	-	47,796
PT Lontar Papyrus Pulp and Paper Industry	-	15,135
PT Sinar Mas Agro Resources & Technology Tbk	-	4,255
GMR Infrastructure (Singapore) Pte Ltd	3,489 ^{^^}	-
PT Pabrik Kertas Tjiwi Kimia Tbk	-	4,873
PT SOCI Mas	-	1,196
Hainan Jinhai Trading (Hong Kong) Co., Ltd	-	21,774
PT Ivo Mas Tunggal	-	1,281
PT Energi Sejahtera Mas	577*	2,583
PT Pindo Deli Pulp and Paper Mills	-	2,648
Gold HongYe Trading (Hong Kong) Company Limited	-	10,010
Interest income :		
PT Bank Sinarmas Tbk	-	4
Purchases :		
PT Karya Cemerlang Persada		199
PT Bungo Bara Utama		140
PT Rolimex Kimia Nusamas	-	9
Rental expenses :		
PT Royal Oriental	-	498
Repair and maintenance:		
PT Wirakarya Sakti	-	515
Telecommunication :		
PT Smart Telecom	-	20
Insurance expenses :		
PT Kalibesar Raya Utama	-	22
PT Asuransi Sinar Mas	-	2,238

Note:

* Coal sale contracts entered into with PT Energi Sejahtera Mas prior to 28 April 2017 and delivered during the Period under Review. On 28 April 2017, the Shareholders of the Company approved to include amongst others, PT Energi Sejahtera Mas under the Sinar Mas IPT Mandate. GEAR Audit Committee has reviewed the Coal Sale contracts in the relevant periods under review.

^{^^}Amendments to the Coal Sale Agreement of August 2011 with GMR Coal Resources Pte Ltd was approved by Shareholders on 21 August 2017.

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

The Board of Directors hereby confirm that, to their best of their knowledge, nothing has come to their attention which may render the financial results for the financial period ended 30 June 2018 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.

16 Use of placement proceeds

Referring to the placement of 181,000,000 new ordinary shares at S\$0.67 each in the issued and paid-up share capital of the Company on 9 December 2016, pursuant to which gross proceeds of S\$121,270,000 (or net proceeds of S\$120,093,000) was raised.

Following the announcements of 28 December 2016, 25 July 2017, 6 November 2017 and 9 March 2018 and as of today, the Company has further reallocated approximately S\$201,000 of the net proceeds from the Placement to general working capital, which was initially allocated for the repayment of RTO expenses ("Final Reallocation") as a result of discount obtained.

As at the date of this announcement, the Company has fully utilised the net proceeds as follows:

Use of Net Proceeds (S\$'000)	Amount reallocated as per announcement dated 25 July 2017	Amount utilised as at the date hereof	Amount allocated after the final Reallocation	Amount Remaining as at the date hereof
	S\$'000	S\$'000	S\$'000	S\$'000
Repayment of loans owing to creditors	92,535	92,535	92,535	-
Working Capital (including, inter alia, manpower expenses, office running expenses, payment to tax authorities, professional fees for compliance placement and various corporate exercises, internal and external audit fees, fees for tax agents; share registrar; and corporate secretarial service providers)	23,958	24,159	24,159	-
Repayment of RTO expenses (including, inter alia, professional fees paid to external auditors; financial advisers and legal counsels)	3,600	3,399	3,399	-
Total reallocated / utilised / balance	120,093	120,093	120,093	-

Taking into account the above utilisation of the Net Proceeds, the total amounts utilised to date for repayment of loans owing to creditors; working capital and repayment for RTO expenses amounted to S\$92.53 million; S\$24.16 million; and S\$3.40 million respectively, which represent approximately 77.05%; 20.12%; and 2.83% of the Net Proceeds.

BY ORDER OF THE BOARD

Fuganto Widjaja

Executive Director, Chief Executive Officer

14 August 2018

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.