

Unaudited Financial Statements for the Period Ended 30 September 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			9 Months Ended		
		30.9.2018	30.9.2017	+ / (-) %	30.9.2018	30.9.2017	+ / (-) %
		US\$'000			US\$'000		
Revenue	1	286,669	179,316	59.9	768,304	462,142	66.2
Cost of sales		(190,599)	(105,564)	80.6	(477,349)	(251,019)	90.2
Gross profit		96,070	73,752	30.3	290,955	211,123	37.8
Other income	2	3,322	6,513	(49.0)	9,292	12,080	(23.1)
Selling and distribution expenses		(39,473)	(24,202)	63.1	(102,125)	(63,474)	60.9
Administrative expenses		(17,488)	(13,830)	26.4	(57,085)	(40,109)	42.3
Other operating expenses		(1,446)	(3,025)	(52.2)	(2,813)	(6,698)	(58.0)
Finance costs	3	(6,117)	(2,584)	136.7	(16,678)	(7,748)	115.3
Profit before tax	4	34,868	36,624	(4.8)	121,546	105,174	15.6
Income tax expense	5	(10,084)	(17,866)	(43.6)	(38,244)	(37,726)	1.4
Profit for the period		24,784	18,758	32.1	83,302	67,448	23.5
Other comprehensive income not to be reclassified to profit or loss :							
Net actuarial gain on post employment benefits		-	-	n.m.	-	129	(100.0)
Other comprehensive income to be reclassified to profit or loss:							
Net fair value loss on available for sale financial asset		(15,995)	-	n.m.	(17,813)	-	n.m.
Foreign currency translation		657	683	(3.8)	(2,911)	3,986	(173.0)
Total comprehensive income for the period		9,446	19,441	(51.4)	62,578	71,563	(12.6)
Profit for the period attributable to:							
Owners of the Company		14,895	9,916	50.2	49,726	40,719	22.1
Non-controlling interests		9,889	8,842	11.8	33,576	26,729	25.6
		24,784	18,758	32.1	83,302	67,448	23.5
Total comprehensive income for the period attributable to:							
Owners of the Company		(545)	10,842	(105.0)	28,852	44,779	(35.6)
Non-controlling interests		9,991	8,599	16.2	33,726	26,784	25.9
		9,446	19,441	(51.4)	62,578	71,563	(12.6)

n.m. : denotes not meaningful

Notes to the Statement of Comprehensive Income

	Group			Group		
	3 Months Ended			9 Months Ended		
	30.9.2018	30.9.2017	+ /(-) %	30.9.2018	30.9.2017	+ /(-) %
US\$'000			US\$'000			
1 Revenue						
Coal Mining	248,899	154,828	60.8	674,990	408,593	65.2
Coal Trading	37,421	23,614	58.5	92,073	49,729	85.1
Non-coal Business	349	874	(60.1)	1,241	3,820	(67.5)
	286,669	179,316	59.9	768,304	462,142	66.2
2 Other Income						
Interest income	2,850	1,566	82.0	7,954	4,800	65.7
Compensation income	-	106	(100.0)	-	386	(100.0)
Miscellaneous income	472	4,841	(90.2)	1,338	6,894	(80.6)
	3,322	6,513	(49.0)	9,292	12,080	(23.1)
3 Finance costs						
Interest expenses	4,694	1,383	239.4	12,335	3,986	209.5
Trade financing charges	959	935	2.6	2,914	2,887	0.9
Amortisation of discounted loans and borrowings	110	-	n.m.	295	-	n.m.
Others	354	266	33.0	1,134	875	29.6
	6,117	2,584	136.7	16,678	7,748	115.3
4 Profit before tax is arrived after charging the following:						
Freight and stockpile	54,391	31,473	72.8	141,537	79,224	78.7
Royalty fees	28,726	16,703	72.0	76,261	42,028	81.5
Mining services and overheads	124,720	57,021	118.7	272,845	134,163	103.4
Depreciation of property, plant and equipment	1,744	1,318	32.3	5,036	3,827	31.6
Amortisation expenses	1,139	3,800	(70.0)	2,603	7,942	(67.2)
Foreign exchange loss	1,055	2,297	(54.1)	1,473	4,379	(66.4)
Inventories (write-back)/written down	-	(94)	(100.0)	-	194	(100.0)
Inventories recognised as an expenses in cost of sales	17,719	17,156	3.3	75,470	40,739	85.3
5 Income tax expenses can be analysed as follows:						
Current Income Tax	10,505	9,122	15.2	35,221	28,004	25.8
Withholding Tax Expense	124	8,882	(98.6)	4,437	10,047	(55.8)
Deferred Income Tax Benefit	(545)	(139)	292.1	(1,414)	(406)	248.3
	10,084	17,865	(43.6)	38,244	37,645	1.6
Under provision in respect of previous years						
Income Tax	-	1	(100.0)	-	81	(100.0)
	10,084	17,866	(43.6)	38,244	37,726	1.4

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

	Group		Company	
	As at	As at	As at	As at
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
	US\$'000		US\$'000	
Non-Current Assets				
Biological assets	316	316	-	-
Property, plant and equipment	73,650	64,435	160	196
Mining properties	235,985	85,848	-	-
Intangible assets	11,321	11,699	-	-
Goodwill	119,908	103,679	-	-
Amounts due from subsidiaries	-	-	3,458	2,063
Investment in subsidiaries	-	-	1,317,956	1,337,613
Investment in securities	33,015	23,340	32,985	23,310
Deferred tax assets	5,702	4,667	-	-
Other receivables	168	204	-	-
Restricted funds	12,018	4,664	6,822	1,310
Other non-current assets	44,944	23,139	4,015	-
	537,027	321,991	1,365,396	1,364,492
Current Assets				
Inventories	31,075	16,135	-	-
Amounts due from subsidiaries	-	-	597	1,038
Trade and other receivables	133,070	133,736	1,463	36,415
Advances to suppliers/vendors	122,433	89,801	-	-
Other current assets	26,509	1,690	24,078	128
Investment in securities	1,949	1,023	1,949	1,023
Cash and cash equivalents	168,063	188,701	96,250	13,579
	483,099	431,086	124,337	52,183
Current Liabilities				
Trade and other payables	244,890	162,003	2,732	6,475
Amounts due to subsidiaries	-	-	1,041	1,041
Provision for taxation	14,691	35,348	329	6
Loans and borrowings	33,298	25,209	-	-
	292,879	222,560	4,102	7,522
Net Current Assets	190,220	208,526	120,235	44,661
Non-Current Liabilities				
Trade and other payables	4,110	123	-	-
Loans and borrowings	221,839	69,774	148,088	30,000
Deferred tax liabilities	29,162	13,007	100	103
Post-employment benefits	3,162	2,837	-	-
Provision for mine closure	1,964	1,721	-	-
	260,237	87,462	148,188	30,103
Net Assets	467,010	443,055	1,337,443	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	51,843	40,201	107,336	148,943
	357,371	345,729	1,337,443	1,379,050
Non-controlling interests	109,639	97,326	-	-
Total Equity	467,010	443,055	1,337,443	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 30.9.2018		As at 31.12.2017		As at 30.9.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
US\$'000		US\$'000		US\$'000		US\$'000	
33,298	-	25,209	-	221,839	-	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		9 Months Ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	US\$'000		US\$'000	
Cash flows from operating activities:				
Profit before tax	34,868	36,624	121,546	105,174
Adjustments for:				
Provision for mine closure	32	12	243	34
Depreciation of property, plant and equipment	1,744	1,318	5,036	3,827
Loss on property, plant and equipment written off	1	-	3	-
Gain on disposal of short term investment	-	-	(13)	-
Fair value loss on other investment	48	-	48	-
Defined post-employment benefit expense	169	120	351	275
Amortisation of mining properties	408	2,564	1,140	5,310
Amortisation of software	194	37	268	110
Amortisation of land exploitation	411	1,072	816	2,143
Amortisation of intangible assets	126	127	379	379
Amortisation of loans and borrowings	110	-	295	-
Gain on disposal of other investment	-	(230)	-	(230)
Inventories (write-back)/written down	-	(94)	-	194
Interest and other financial charges	5,650	4,702	15,444	6,873
Interest income	(2,850)	(1,566)	(7,954)	(4,800)
Net exchange differences	(3,293)	1,289	(3,214)	3,271
Operating cash inflows before changes in working capital	37,618	45,975	134,388	122,560
Increase in inventories	(17,819)	(5,811)	(11,852)	(6,324)
Decrease/(increase) in trade and other receivables, advances and other current assets	5,345	(24,463)	(69,236)	(76,175)
Increase in trade and other payables	65,890	30,402	56,689	36,335
Cash flows generated from operations	91,034	46,103	109,989	76,396
Interest and other financial charges paid	(2,232)	(2,318)	(6,136)	(6,873)
Interest income received	4,809	1,638	9,878	5,440
Income taxes paid	(15,898)	(2,872)	(80,620)	(11,446)
Net cash flows generated from operating activities	77,713	42,551	33,111	63,517
Cash flows from investing activities				
Net cash outflows on acquisition of subsidiaries	(64,873)	-	(64,873)	-
Net cash inflow from disposal of short term investment	-	1,018	1,032	1,018
Purchase of asset available for sale	-	(1,002)	-	(1,002)
Purchase of investment securities	468	-	(28,156)	-
Additions to biological assets	-	(205)	-	(583)
Additions to mining properties	(6,862)	(579)	(7,925)	(5,977)
Additional of other investment	(2,059)	(22)	(2,059)	(22)
Advance payment for proposed acquisition of subsidiaries	-	(8,000)	-	(8,000)
Proceeds from disposal of property, plant and equipment	83	14	130	34
Purchase of property, plant and equipment	(3,980)	(3,410)	(9,036)	(6,222)
Payment for mines under construction	(114)	21	(170)	-
Increase in other non-current assets	(1,350)	(638)	(7,931)	(3,465)
Changes in restricted funds	(1,263)	(1,517)	(7,220)	(2,133)
Net cash flows used in investing activities	(79,950)	(14,320)	(126,208)	(26,352)
Cash flows from financing activities				
Payment of dividend	(8)	(13,852)	(17,210)	(13,852)
Payment of dividend to NCI of subsidiaries	(387)	(6,077)	(39,126)	(11,163)
Net proceeds from issuance of bonds	-	-	149,294	-
Proceeds from loans and borrowings	38,696	16,100	84,963	63,668
Repayment of loans and borrowings	(23,405)	(48,414)	(104,052)	(58,298)
Net cash flows generated from/(used in) financing activities	14,896	(52,243)	73,869	(19,645)
Net increase/(decrease) in cash and cash equivalents	12,659	(24,012)	(19,228)	17,520
Effect of exchange rate changes on cash and cash equivalents	1,612	2	(1,410)	1,493
Cash and cash equivalents at beginning of the period	153,792	122,099	188,701	79,076
Cash and cash equivalents at end of the period	168,063	98,089	168,063	98,089

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 9 months ended 30 September 2018 and 30 September 2017

	Group		Company	
	9 Months Ended		9 Months Ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	US\$'000		US\$'000	
Profit for the period	83,302	67,448	24,069	17,028
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:				
Net fair value loss on available for sale financial asset	(17,813)	-	(17,813)	-
Foreign currency translation	(2,911)	3,986	(30,653)	76,905
Total comprehensive income for the period	62,578	71,563	(24,397)	93,933
Total comprehensive income attributable to:				
Owners of the Company	28,852	44,779	(24,397)	93,933
Non-controlling interests	33,726	26,784	-	-
	62,578	71,563	(24,397)	93,933

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2018 and 30 September 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	-	-	-	49,726	49,726	33,576	83,302
<u>Other comprehensive income</u>							
Net fair value loss on available for sale assets	-	-	(17,813)	-	(17,813)	-	(17,813)
Net actuarial loss on post employment benefits	-	-	-	-	-	-	-
Foreign currency translation	-	(3,061)	-	-	(3,061)	150	(2,911)
Other comprehensive income for the period	-	(3,061)	(17,813)	-	(20,874)	150	(20,724)
Total comprehensive income for the period	-	(3,061)	(17,813)	49,726	28,852	33,726	62,578
<u>Contributions by and distributions to owners</u>							
Capital reduction	-	-	-	-	-	-	-
Dividends paid on ordinary shares	-	-	-	(17,210)	(17,210)	-	(17,210)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(21,413)	(21,413)
Total contributions by and distributions to owners	-	-	-	(17,210)	(17,210)	(21,413)	(38,623)
Balance as at 30 September 2018	305,528	(49,019)	(17,333)	118,195	51,843	109,639	467,010
Balance as at 1 January 2017, restated	316,253	(50,841)	1,281	29,781	(19,779)	87,730	384,204
Profit for the period	-	-	-	40,719	40,719	26,729	67,448
<u>Other comprehensive income</u>							
Net actuarial gain on post employment benefits	-	-	87	-	87	42	129
Foreign currency translation	-	3,973	-	-	3,973	13	3,986
Other comprehensive income for the period	-	3,973	87	-	4,060	55	4,115
Total comprehensive income for the period	-	3,973	87	40,719	44,779	26,784	71,563
<u>Contributions by and distributions to owners</u>							
Difference arising from additional investments in a subsidiary	-	-	789	-	789	-	789
Dividends paid on ordinary shares	-	-	-	(13,852)	(13,852)	-	(13,852)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(11,163)	(11,163)
Total contributions by and distributions to owners	-	-	789	(13,852)	(13,063)	(11,163)	(24,226)
Balance as at 30 September 2017	316,253	(46,868)	2,157	56,648	11,937	103,351	431,541

(iii) Statement of changes in equity of the Company for the 9 months ended 30 September 2018 and 30 September 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	-	-	-	24,069	24,069	24,069
<u>Other comprehensive income</u>						
Net fair value loss on available for sale assets	-	-	(17,813)	-	(17,813)	(17,813)
Foreign currency translation	-	(30,653)	-	-	(30,653)	(30,653)
Total comprehensive income for the period	-	(30,653)	(17,813)	24,069	(24,397)	(24,397)
Dividends paid	-	-	-	(17,210)	(17,210)	(17,210)
Balance as at 30 September 2018	1,230,107	36,541	(12,825)	83,620	107,336	1,337,443
Balance as at 1 January 2017	1,631,352	(33,615)	5,826	(389,422)	(417,211)	1,214,141
Profit for the period	-	-	-	17,028	17,028	17,028
<u>Other comprehensive income</u>						
Foreign currency translation	-	76,905	-	-	76,905	76,905
Total comprehensive income for the period	-	76,905	-	17,028	93,933	93,933
Dividends paid	-	-	-	(13,852)	(13,852)	(13,852)
Total transactions with owners in their capacity as owners	-	-	-	(13,852)	(13,852)	(13,852)
Balance as at 30 September 2017	1,631,352	43,290	5,826	(386,246)	(337,130)	1,294,222

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 30.9.2018 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 September 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	
30.9.2018	30.9.2017
0.63	0.42
2,353,100	2,353,100
0.63	0.42
2,353,100	2,353,100

Group	
9 Months Ended	
30.9.2018	30.9.2017
2.11	1.73
2,353,100	2,353,100
2.11	1.73
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.

Net asset value per share (US cents)
Number of shares ('000)

Group	
30.9.2018	31.12.2017
15.19	14.69
2,353,100	2,353,100

Company	
30.9.2018	31.12.2017
56.84	58.61
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\$107.35 million or 59.9% from US\$179.32 million in 3Q17 to US\$286.67 million in 3Q18. The increase was mainly due to increase in revenue from the Coal Mining and Coal Trading divisions.

Coal Mining Division

The Group's Coal Mining division reported an increase in revenue by US\$94.07 million or 60.8% from US\$154.83 million in 3Q17 to US\$248.90 million in 3Q18. The increase was mainly driven by higher sales volume as compared to the corresponding reporting period. Average selling price showed a marginal decline of 1.5% from US\$41.41 per metric ton in 3Q17 to US\$40.80 per metric ton in 3Q18. The average Indonesia Coal Index 4 ("ICI4") in 3Q18, a better proxy for the majority of the Group's coal quality, was US\$41.70 per metric ton.

Coal Trading Division

Revenue generated by the Group's Coal Trading division increased by US\$13.81 million or 58.50% from US\$23.61 million in 3Q17 to US\$37.42 million in 3Q18. 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 3Q18 comprises plywood sales. Revenue decreased by US\$0.53 million from US\$0.87 million in 3Q17 to US\$0.35 million in 3Q18 due to absence of log sales which was partially offset by an increase in plywood sales.

Cost of Sales

The Group reported an increase in cost of sales by US\$85.04 million or 80.6% from US\$105.56 million in 3Q17 to US\$190.60 million in 3Q18. This was mainly due to increase in (i) mining services due to higher stripping ratios, coal freight, mining overheads, fuel costs, royalty expenses 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 was 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\$22.32 million or 30.3% from US\$73.75 million in 3Q17 to US\$96.07 million in 3Q18. The increase was mainly due to the above factors.

Other income

The Group's other income decreased by US\$3.19 million or 49.0% from US\$6.51 million in 3Q17 to US\$3.32 million in 3Q18, mainly due to a decrease in miscellaneous income of US\$4.37 million as a result of the absence of reversal of prior year withholding tax provision partially offset by an increase in interest income of US\$1.28 million.

Expenses

Selling and distribution expenses

The Group's selling and distribution expenses increased by US\$15.27 million or 63.1% from US\$24.20 million in 3Q17 to US\$39.47 million in 3Q18 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\$3.66 million or 26.4% from US\$13.83 million in 3Q17 to US\$17.49 million in 3Q18 mainly due to increase in (i) repair and maintenance expenses for road development in our coal concessions, (ii) salaries, benefits and employee welfare expenses, and (iii) legal and professional fees incurred relating to corporate exercises.

Other operating expenses

The Group's other operating expenses decreased by US\$1.58 million from US\$3.03 million in 3Q17 to US\$1.45 million in 3Q18 mainly due to decrease in foreign exchange loss and other miscellaneous operating expenses.

Finance costs

The Group's finance costs increased by US\$3.53 million or 136.7% from US\$2.58 million in 3Q17 to US\$6.12 million in 3Q18 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 decreased by US\$7.78 million or 43.6% from US\$17.87 million in 3Q17 to US\$10.08 million in 3Q18 as a result of a decrease in withholding tax expense partially offset by an increase in income tax due to higher taxable profits in 3Q18.

Profit after tax

Due to the factors above, the Group's net profit increased by US\$6.03 million or 32.1% to US\$24.78 million in 3Q18 as compared to US\$18.76 million in 3Q17, and profit attributable to owners of the Company increased by US\$4.98 million or 50.2% to US\$14.90 million in 3Q18 as compared to US\$9.92 million in 3Q17.

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\$9.22 million to US\$73.65 million at 30 Sep 2018 due to additions to property, plant and equipment as a result of the acquisition of PT Barasentosa Lestari ("BSL"), partially offset by depreciation.
- Mining properties increased by US\$150.14 million to US\$235.99 million at 30 Sep 2018 primarily on account of additions to mining properties from the acquisition of BSL, offset by amortisation during the period under review.
- Goodwill on consolidation increased by US\$16.23 million to US\$119.91 million at 30 Sep 2018 as a result of additions arising from the acquisition of BSL, offset by amortisation during the period under review.
- The increase in investment in securities of US\$9.68 million to US\$33.02 million at 30 Sep 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\$1.04 million to US\$5.70 million at 30 Sep 2018 was due to higher tax losses in subsidiaries.
- The increase in restricted fund of US\$7.35 million to US\$12.02 million at 30 Sep 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\$21.81 million to US\$44.94 million at 30 Sep 2018 was mainly due to the acquisition of BSL, deferred expenses related to the bonds issuance during the period under review and an increase in prepaid expenses and guarantee deposit relating to road maintenance.

Current assets

- The increase in inventories of US\$14.94 million to US\$31.08 million at 30 Sep 2018 was due to an increase in coal production during the period under review and as a result of additions arising from the acquisition of BSL.
- Trade and other receivables remained relatively stable.
- The increase in advances to suppliers/vendors of US\$32.63 million to US\$122.43 million at 30 Sep 2018 was mainly due to increases in advance payment of US\$37.60 million to coal suppliers offset by a decrease in advance payment of US\$8.00 million to the vendors for the acquisition of BSL as a result of the completion of the acquisition.
- The increase in other current assets of US\$24.82 million to US\$26.51 million at 30 Sep 2018 was mainly due to advance down payment of US\$23.91 million to a coal supplier under a coal offtake agreement.
- The increase in investment in securities of US\$0.93 million was a result of an addition of a short-term investment partially offset by a disposal in the short-term investment.
- The decrease in cash and cash equivalents of US\$20.64 million to US\$168.06 million at 30 Sep 2018 was mainly due to payment made for the acquisition of BSL, 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 increased by US\$82.89 million to US\$244.89 million at 30 Sep 2018 mainly due to increases in (i) mining services and coal purchases in line with increased production and trading activity; (ii) other payables as a result of acquisition of BSL partially offset by payment of dividend which was declared in December 2017 by a subsidiary.
- Provision for taxation decreased by US\$20.66 million to US\$14.69 million at 30 Sep 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 increased by US\$8.09 million to US\$33.30 million at 30 Sep 2018 mainly due to the drawdown of working credit facility partially offset by the repayment of loans during the period under review.

Non-current liabilities

- Non-current trade and other payables increased by US\$3.99 million to US\$4.11 million at 30 Sep 2018 as a result of additional other payables arising from the acquisition of BSL.
- Loans and borrowings increased by US\$152.07 million to US\$221.84 million at 30 Sep 2018 as a result of the issuance of the Company's bond, additional loan arising from BSL acquisition and drawdown of working credit facility partially offset by the repayment of certain loan facility.
- Deferred tax liabilities increased by US\$16.16 million to US\$29.16 million at 30 Sep 2018 as a result of the additional deferred tax liabilities arising from BSL acquisition.
- Post-employment benefits increased by US\$0.33 million to US\$3.16 million at 30 Sep 2018 as a result of the additional employee benefits liabilities arising from BSL acquisition.
- Provision for mine closure increased by US\$0.24 million to US\$1.96 million at 30 Sep 2018 as a result of additional provision during the period under review.

As at 30 Sep 2018, the Group has net current assets of US\$190.22 million and the Company has net current assets of US\$120.24 million. The Group has loans and borrowings totalling US\$255.14 million of which US\$33.30 million is due within the next 12 months. The Group's cash and cash equivalents stood at US\$168.06 million as at 30 Sep 2018.

Review of Statement of Cash Flows

For 3Q18, the Group had net cash inflows of US\$12.66 million mainly due to the following:

Net cash generated from operating activities of US\$77.71 million which comprised of operating cash inflow before working capital changes of US\$37.62 million, net working capital inflow of US\$53.42 million, income taxes paid of US\$15.90 million and interest and other financial charges paid of US\$2.23 million respectively. The Group also recorded interest income received of US\$4.81 million.

The net working capital inflow of US\$53.42 million was mainly due to an increase in trade and other payables of US\$65.89 million and a decrease in trade and other receivables, advances and other current assets totalling US\$5.35 million, partially offset by an increase in inventories of US\$17.82 million.

Net cash flows used in investing activities of US\$79.95 million mainly due to (i) net cash outflows on acquisition of BSL of US\$64.87 million; (ii) addition of other investment of US\$2.06 million; (iii) purchase of property, plant and equipment of US\$3.98 million; (iv) additions to mining properties of US\$6.86 million; (v) increase in other non-current assets of US\$1.35 million; and (vi) increase in restricted fund of US\$1.26 million.

Net cash flows generated from financing activities of US\$14.90 million was mainly due to proceeds from loans and borrowings of US\$38.70 million partially offset by repayment of loans and borrowings of US\$23.41 million and payment of dividend of US\$0.39 million by a subsidiary to non-controlling shareholder of the Group.

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.

Indonesia's coal industry continued to be supported domestically, driven by government efforts to increase investment spending in the coal and minerals sector to US\$6.2 billion. In September, the Indonesian Energy Ministry raised the 2018 coal production target from 485 million metric tonnes ("MT") to 507 million MT, while domestic coal consumption is expected to reach 114.5 million MT in 2018, up 6% from 2017.

Indonesia thermal coal exports have been higher so far in 2018, from a year ago. Year-to-date exports were 173.57 million MT, 45 million MT higher than the year-ago period and the highest volume since 2014, according to latest customs data which covers the period from January to July 2018.

China remains key to the seaborne coal market, with imports of over 228 million MT in the first 9 months of this year, up 11% year-on-year. According to a report by Citi Research, the country might see a 140 million MT increase in raw coal demand should the current rate of growth in thermal power continue.

Export demand is expected to continue to be strong in the fourth quarter with the increase in export target announced, and with anticipated robust demand from China, the world's largest coal importer. The Group remains on track to achieve 20 million MT of production in 2018, and following the completion of acquisition of BSL, GEAR's total reserves stand at more than 1 billion tonnes.

11 Dividend

(a) Current Financial Period Reported On

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

Yes

Name of Dividend:	Interim
Dividend type:	Cash
Dividend Amount per Share:	1.39 Singapore cents per ordinary share
Tax rate:	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Period

Name of Dividend:	Interim
Dividend type:	Cash
Dividend Amount per Share:	0.21 Singapore cents per ordinary share
Tax rate:	Tax exempt

(c) Date payable.

28 November 2018

(d) Book Closure Date

21 November 2018

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

Not applicable

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)
	9 Months Ended	9 Months Ended
	30.9.2018 US\$'000	30.9.2018 US\$'000
Sales :		
PT Indah Kiat Pulp & Paper Tbk	-	70,603
PT Lontar Papyrus Pulp and Paper Industry	-	20,190
PT Sinar Mas Agro Resources & Technology Tbk	-	6,973
GMR Infrastructure (Singapore) Pte Ltd	3,489 [^]	-
PT Pabrik Kertas Tjiwi Kimia Tbk	-	7,528
PT SOCI Mas	-	1,196
Hainan Jinhai Trading (Hong Kong) Co., Ltd	-	51,354
PT Ivo Mas Tunggal	-	2,227
PT Energi Sejahtera Mas	577*	4,474
PT Pindo Deli Pulp and Paper Mills	-	3,328
Gold HongYe Trading (Hong Kong) Company Limited	-	10,010
Interest income :		
PT Bank Sinarmas Tbk	-	6
Purchases :		
PT Rolimex Kimia Nusamas	-	197
PT Barasentosa Lestari	118**	-
Rental expenses :		
PT Royal Oriental	-	706
Repair and maintenance:		
PT Wirakarya Sakti	-	780
Telecommunication :		
PT Smart Telecom	-	23
Insurance expenses :		
PT Asuransi Sinar Mas	-	3,589

Note:

* Coal sale contracts (include contracts pursuant to a coal sale agreement) entered into with PT Energi Sejahtera Mas on or before 28 April 2017 and delivered during the year 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.

**Coal purchase contract pursuant to 2 coal purchase agreements entered into with PT Barasentosa Lestari ("BSL") before 31 August 2018, and delivered during the period under review. Our Group completed the acquisition of BSL from GMR group of companies on 31 August 2018 and transactions relating to any new coal purchase agreement(s) entered into with BSL with our Group of companies on or after 31 August 2018 would not fall under the scope of interested person transactions.

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 September 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 S\$'000	Amount utilised as at the date hereof S\$'000	Amount allocated after the final Reallocation S\$'000	Amount Remaining as at the date hereof 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

13 November 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.