

Unaudited Financial Statements for the Year Ended 31 March 2019

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

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

	Notes	Group		+ / (-) %
		3 Months Ended		
		31.3.2019	31.3.2018	
		US\$'000		
Revenue	1	276,236	272,999	1.2
Cost of sales		(184,781)	(157,071)	17.6
Gross profit		91,455	115,928	(21.1)
Other income	2	6,152	3,079	99.8
Selling and distribution expenses		(45,401)	(34,234)	32.6
Administrative expenses		(18,341)	(16,739)	9.6
Other operating expenses	3	(2,532)	(3,212)	(21.2)
Finance costs	4	(7,023)	(4,958)	41.6
Profit before tax	5	24,310	59,864	(59.4)
Income tax expense	6	(9,647)	(16,335)	(40.9)
Profit for the year		14,663	43,529	(66.3)
Other comprehensive income not to be reclassified to profit or loss :				
Net gain/(loss) on equity instruments fair value through other comprehensive income		17,815	(11,522)	254.6
Net actuarial gain/(loss) on post employment benefits		18	(248)	107.3
Other comprehensive income to be reclassified to profit or loss:				
Foreign currency translation		1,559	2,191	(28.8)
Total comprehensive income for the year		34,055	33,950	0.3
Profit for the year attributable to:				
Owners of the Company		7,209	26,784	(73.1)
Non-controlling interests		7,454	16,745	(55.5)
		14,663	43,529	(66.3)
Total comprehensive income for the year attributable to:				
Owners of the Company		26,585	17,169	54.8
Non-controlling interests		7,470	16,781	(55.5)
		34,055	33,950	0.3

n.m. : denotes not meaningful

Notes to the Statement of Comprehensive Income

				Group		
				3 Months Ended		
				31.3.2019	31.3.2018	+ / (-) %
				US\$'000		
1	Revenue					
	Coal Mining		249,360	237,288		5.1
	Coal Trading		26,582	35,321		(24.7)
	Non-coal Business		294	390		(24.7)
			276,236	272,999		1.2
2	Other Income					
	Interest income		2,087	1,873		11.4
	Compensation income		-	1,090		(100.0)
	Miscellaneous income		4,065	116		3,404.3
			6,152	3,079		99.8
3	Other operating expenses					
	Provision for mine closure		12	200		(94.1)
	Depreciation and amortisation		578	320		80.8
	Exploration expenses		48	256		(81.4)
	Foreign exchange loss		1,714	2,416		(29.1)
	Others		180	20		778.1
			2,532	3,212		(21.2)
4	Finance costs					
	Interest expenses		5,788	3,302		75.3
	Trade financing charges		875	1,129		(22.5)
	Amortisation of discounted loans and borrowings		110	73		50.7
	Others		250	454		(45.0)
			7,023	4,958		41.6
5	Profit before tax is arrived after charging the following:					
	Freight and stockpile		64,231	48,426		32.6
	Royalty fees		35,236	26,388		33.5
	Mining services and overheads		94,598	71,847		31.7
	Depreciation of property, plant and equipment		1,836	1,566		17.2
	Depreciation of Right-of-Use Assets ("ROU")		269	-		n.m.
	Amortisation expenses		780	1,243		(37.2)
	Foreign exchange loss		1,714	2,416		(29.1)
	Inventories recognised as an expenses in cost of sales		22,439	39,345		(43.0)
6	Income tax expenses can be analysed as follows:					
	Current Income Tax		9,917	16,543		(40.1)
	Withholding Tax Expense		158	140		12.9
	Deferred Income Tax Benefit		(116)	(348)		(66.7)
			9,959	16,335		(39.0)
	(Over)/Under provision in respect of previous years					
	Income Tax		(312)	-		n.m.
			9,647	16,335		(40.9)

n.m. : denotes not meaningful

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

	Group		Company	
	As at	As at	As at	As at
	31.3.2019	31.12.2018	31.3.2019	31.12.2018
	US\$'000		US\$'000	
Non-Current Assets				
Biological assets	3,381	3,381	-	-
Property, plant and equipment	84,832	80,375	207	225
Right-of-use assets	1,786	-	172	-
Mining properties	230,035	227,658	-	-
Intangible assets	11,068	11,194	-	-
Goodwill on consolidation	113,739	113,739	-	-
Amounts due from subsidiaries	-	-	4,229	4,083
Investment in subsidiaries	-	-	1,373,035	1,319,404
Investment securities	85,146	57,703	32,158	57,673
Deferred tax assets	6,195	6,023	-	-
Other receivables	185	165	-	-
Restricted funds	15,091	14,800	8,496	6,827
Other non-current assets	47,949	46,274	4,414	3,784
	599,407	561,312	1,422,711	1,391,996
Current Assets				
Inventories	16,084	19,645	-	-
Amounts due from subsidiaries	-	-	388	397
Trade and other receivables	144,452	124,889	538	10,248
Advances to suppliers/vendors	99,525	104,803	-	-
Other current assets	41,952	35,072	36,596	34,032
Held for trading investment	2,000	2,000	2,000	2,000
Cash and cash equivalents	119,291	113,113	48,270	26,325
	423,304	399,522	87,792	73,002
Current Liabilities				
Trade and other payables	188,847	203,234	2,726	6,465
Amounts due to subsidiaries	-	-	986	1,041
Lease liabilities	1,809	-	173	-
Provision for taxation	3,929	1,747	34	315
Loans and borrowings	46,261	46,167	-	-
	240,846	251,148	3,919	7,821
Net Current Assets	182,458	148,374	83,873	65,181
Non-Current Liabilities				
Other payables	34,050	34,035	-	-
Loans and borrowings	260,739	222,860	183,758	148,199
Deferred tax liabilities	29,543	29,541	101	100
Post-employment benefits	3,195	2,979	-	-
Provision for mine closure	2,008	1,996	-	-
	329,535	291,411	183,859	148,299
Net Assets	452,330	418,275	1,322,725	1,308,878
Represented by:				
Equity attributable to equity holders of the Company				
Share capital	305,528	305,528	1,230,107	1,230,107
Reserves	34,312	7,727	92,618	78,771
	339,840	313,255	1,322,725	1,308,878
Non-controlling interests	112,490	105,020	-	-
Total Equity	452,330	418,275	1,322,725	1,308,878

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

Amount repayable in one year or less, or on demand ⁽¹⁾				Amount repayable after one year ⁽²⁾			
As at 31.3.2019		As at 31.12.2018		As at 31.3.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
US\$'000		US\$'000		US\$'000		US\$'000	
46,261	-	46,167	-	260,739	-	222,860	-

(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	
3 Months Ended	
31.3.2019	31.3.2018
US\$'000	
Cash flows from operating activities:	
Profit before tax	59,864
<u>Adjustments for:</u>	
Provision for mine closure	200
Depreciation of property, plant and equipment	1,566
Depreciation of Right-of-Use Assets ("ROU")	-
Defined post-employment benefit expense	45
Amortisation of mining properties	404
Amortisation of software	39
Amortisation of land exploitation	674
Amortisation of intangible assets	126
Amortisation of loans and borrowings	73
Reversal of inventories written down	(14)
Interest and other financial charges	4,629
Interest income	(1,873)
Net exchange differences	4,303
Operating cash inflows before changes in working capital	70,036
Decrease in inventories	5,655
Increase in trade and other receivables, advances and other current assets	(6,887)
Increase/(decrease) in trade and other payables	(15,049)
Cash flows generated from operations	53,755
Interest and other financial charges paid	(2,193)
Interest income received	1,872
Taxes paid	(2,922)
Net cash flows (used in)/generated from operating activities	50,512
Cash flows from investing activities	
Purchase of investment securities	(28,624)
Additions to mining properties	(2,306)
Proceeds from disposal of property, plant and equipment	34
Purchase of property, plant and equipment	(2,342)
Payment for mines under construction	-
Increase in other non-current assets	(5,869)
Changes in restricted funds	(7,322)
Net cash flows used in investing activities	(46,429)
Cash flows from financing activities	
Payment of dividend to NCI of subsidiaries	(17,712)
Net proceeds from issuance of bonds	149,294
Proceeds from loans and borrowings	28,796
Repayment of loans and borrowings	(46,781)
Principal elements of lease payments	-
Net cash flows generated from financing activities	113,597
Net increase in cash and cash equivalents	117,680
Effect of exchange rate changes on cash and cash equivalents	(1,630)
Cash and cash equivalents at beginning of period	188,701
Cash and cash equivalents at end of the period	304,751

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

(i) Statement of Comprehensive Income for the 3 months ended 31 March 2019 and 31 March 2018

	Group		Company	
	3 Months Ended		3 Months Ended	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
	US\$'000		US\$'000	
Profit/(loss) for the period	14,663	43,529	(3,814)	(4,180)
Other comprehensive income not to be reclassified to profit & loss:				
Net gain/(loss) on equity instruments fair value through other comprehensive income	17,815	(11,522)	8,074	26,464
Net actuarial gain/(loss) on post employment benefits	18	(248)	-	-
Other comprehensive income to be reclassified to profit & loss:				
Foreign currency translation	1,559	2,191	9,587	(11,522)
Total comprehensive income for the year	34,055	33,950	13,847	10,762
Total comprehensive income attributable to:				
Owners of the Company	26,585	17,169	13,847	10,762
Non-controlling interests	7,470	16,781	-	-
	34,055	33,950	13,847	10,762

(ii) Consolidated statement of changes in equity for the 3 months ended 31 March 2019 and 31 March 2018

	----- 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 2019	305,528	(48,429)	(27,135)	83,291	7,727	105,020	418,275
Profit for the period	-	-	-	7,209	7,209	7,454	14,663
Other comprehensive income							
Net gain on equity instruments fair value through other comprehensive income	-	-	17,815	-	17,815	-	17,815
Net actuarial gain on post employment benefits	-	-	12	-	12	6	18
Foreign currency translation	-	1,663	(114)	-	1,549	10	1,559
Other comprehensive income for the period	-	1,663	17,713	-	19,376	16	19,392
Total comprehensive income for the period	-	1,663	17,713	7,209	26,585	7,470	34,055
Balance as at 31 March 2019	305,528	(46,766)	(9,422)	90,500	34,312	112,490	452,330
Balance as at 1 January 2018	305,528	(45,958)	480	85,679	40,201	97,326	443,055
Profit for the period	-	-	-	26,784	26,784	16,745	43,529
Other comprehensive income							
Net loss on equity instruments fair value through other comprehensive income	-	-	(11,522)	-	(11,522)	-	(11,522)
Net actuarial loss on post employment benefits	-	-	(166)	-	(166)	(82)	(248)
Foreign currency translation	-	2,074	-	-	2,074	117	2,191
Other comprehensive income for the period	-	2,074	(11,688)	-	(9,614)	35	(9,579)
Total comprehensive income for the period	-	2,074	(11,688)	26,783	17,169	16,781	33,950
Balance as at 31 March 2018	305,528	(43,884)	(11,208)	112,462	57,370	114,107	477,005

	<-- Attributable to owners of the Company -->					
	Share Capital	Foreign Currency Translation	Other Reserves	Retained earnings	Total Reserves	Total Equity
COMPANY	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 1 January 2019	1,230,107	38,266	(22,736)	63,241	78,771	1,308,878
Loss for the period	-	-	-	(3,814)	(3,814)	(3,814)
Other comprehensive income						
Net gain on equity instruments fair value through other comprehensive income	-	-	8,074	-	8,074	8,074
Foreign currency translation	-	9,587	-	-	9,587	9,587
Total comprehensive income for the period	-	9,587	8,074	(3,814)	13,847	13,847
Transfer of fair value reserves of equity instruments at FVOCI upon transfer to a subsidiary	-	-	1,371	(1,371)	-	-
Balance as at 31 March 2019	1,230,107	47,853	(13,291)	58,056	92,618	1,322,725
Balance as at 1 January 2018	1,230,107	67,194	4,988	76,761	148,943	1,379,050
Loss for the period	-	-	-	(4,180)	(4,180)	(4,180)
Other comprehensive income						
Net loss on equity instruments fair value through other comprehensive income	-	-	(11,522)	-	(11,522)	(11,522)
Foreign currency translation	-	26,464	-	-	26,464	26,464
Total comprehensive income for the period	-	26,464	(11,522)	(4,180)	10,762	10,762
Balance as at 31 March 2018	1,230,107	93,658	(6,534)	72,581	159,705	1,389,812

(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

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

	As at 31.3.2019	As at 31.12.2018
Total number of issued shares	2,353,100,380	2,353,100,380

(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 Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statement as at 31 December 2018, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for its financial year beginning 1 January 2019.

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 Group adopted SFRS(I) 16 on 1 January 2019, using the modified retrospective approach, where comparative amounts for the year prior to first adoption will not be restated.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 January 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with SFRS(I) 16. Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and any accumulated impairment losses while the carrying amount of lease liabilities will take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in the Group recognising ROU assets, and lease liabilities of US\$1.79 million and US\$1.81 million respectively for its leases previously classified as operating leases as of 31 March 2019.

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

Group	
3 Months Ended	
31.3.2019	31.3.2018
0.31	1.14
2,353,100	2,353,100
0.31	1.14
2,353,100	2,353,100

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)

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	
31.3.2019	31.12.2018
14.44	13.31
2,353,100	2,353,100

Company	
31.3.2019	31.12.2018
56.21	55.62
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 of revenue generated from Coal Mining and Coal Trading divisions as well as Non-coal Businesses. Total revenue increased by US\$3.24 million or 1.2% from US\$273.00 million in 1Q18 to US\$276.24 million in 1Q19. The increase was mainly due to increase in revenue from the Group's Coal Mining division, partially offset by a decrease in revenue from Coal Trading division and Non-coal Businesses.

Coal Mining Division

The Group's Coal Mining division reported an increase in revenue by US\$12.07 million or 5.1% from US\$237.29 million in 1Q18 to US\$249.36 million in 1Q19. The increase was mainly driven by higher sales volume partially offset by lower average selling price as compared to the corresponding period. Average selling price showed a decline of 26.8% from US\$47.35 per metric tonne in 1Q18 to US\$34.68 per metric tonne in 1Q19. The average Indonesia Coal Index 4 ("ICI4") in 1Q19, a better proxy for the majority of the Group's coal quality, was US\$35.23 per metric tonne. The Group's coal production volume increased by 2.46 million tonnes or 52.9% from 4.66 million tonnes in 1Q18 to 7.12 million tonnes in 1Q19.

Coal Trading Division

Revenue generated by the Group's Coal Trading division decreased by US\$8.74 million or 24.7% from US\$35.32 million in 1Q18 to US\$26.58 million in 1Q19. The decrease was mainly due to lower sales volume and average selling price as compared to corresponding reporting period.

Non-coal Businesses

Revenue in 1Q19 comprises plywood sales. Revenue decreased by US\$0.10 million from US\$0.39 million in 1Q18 to US\$0.29 million in 1Q19 due to decrease in plywood sales as compared to corresponding reporting period.

Cost of Sales

The Group reported an increase in cost of sales by US\$27.71 million or 17.6% from US\$157.07 million in 1Q18 to US\$184.78 million in 1Q19. This was mainly due to increase in mining services costs, royalty expenses, mining overheads, coal freight, fuel costs and as a result of coal production ramp up and sales activities from the Coal Mining division. The increase was partially offset by lower coal purchases from Coal Trading Division and a decrease in equipment rental. Cash cost (excluding royalty) from Coal Mining division decreased from US\$25.56 per tonne in 1Q18 to US\$23.29 per tonne in 1Q19.

Gross Profit

Due to the factors above, the Group's gross profit decreased by US\$24.47 million or 21.1% from US\$115.93 million in 1Q18 to US\$91.46 million in 1Q19.

Other income

The Group's other income increased by US\$3.07 million or 99.8% from US\$3.08 million in 1Q18 to US\$6.15 million in 1Q19, mainly due to an increase in miscellaneous income of US\$3.95 million arising from transfer of coal sales quota under Domestic Market Obligation and an increase in interest income of US\$0.21 million derived from bank deposits and advances, partially offset by absence of compensation income.

Expenses

Selling and distribution expenses

The Group's selling and distribution expenses increased by US\$11.17 million or 32.6% from US\$34.23 million in 1Q18 to US\$45.40 million in 1Q19 mainly due to increase in freight and stockpile expenses as a result of the increase in coal sales volume from the Coal Mining division.

Administrative expenses

The Group's administrative expenses increased by US\$1.60 million or 9.6% from US\$16.74 million in 1Q18 to US\$18.34 million in 1Q19 mainly due to increase in (i) salaries, benefits and employee welfare expenses, (ii) taxes and stamp duty fee (iii) corporate social responsibilities expense and (iv) legal and professional fees relating to corporate exercises.

Other operating expenses

The Group's other operating expenses decreased by US\$0.68 million from US\$3.21 million in 1Q18 to US\$2.53 million in 1Q19 mainly due to a lower foreign exchange loss and exploration expenses partially offset by an increase in amortisation expenses.

Finance costs

The Group's finance costs increased by US\$2.07 million or 41.6% from US\$4.96 million in 1Q18 to US\$7.02 million in 1Q19 mainly due to an increase in interest expenses resulting from the issuance of the Company's bond in February 2018 and an increase in interest expenses from new loan facility for investment purposes.

Income tax expenses

Income tax expenses decreased by US\$6.69 million or 40.9% from US\$16.34 million in 1Q18 to US\$9.65 million in 1Q19 as a result of lower operating profit.

Profit after tax

Due to the factors above, the Group's net profit decreased by US\$28.87 million or 66.3% to US\$14.66 million in 1Q19 as compared to US\$43.53 million in 1Q18, and profit attributable to owners of the Company decreased by US\$19.58 million or 73.1% to US\$7.21 million in 1Q19 as compared to US\$26.78 million in 1Q18.

Other comprehensive income

The Group's other comprehensive income increased by US\$28.97 million from a loss of US\$9.58 million in 1Q18 to a gain of US\$19.39 million in 1Q19 mainly due to (i) Westgold share price recovery from AUD0.88 as at 31 December 2018 to AUD1.26 as at 31 March 2019, (ii) an increase in Stanmore share price from AUD1.00 as at 31 December 2018 to AUD1.16 as at 31 March 2019, and (iii) the effect of the strengthening Australia Dollar against United States Dollar.

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\$4.46 million to US\$84.83 million at 31 Mar 2019 as a result of additions to property, plant and equipment partially offset by depreciation.
- The increase in investment in securities of US\$27.44 million to US\$85.15 million at 31 Mar 2019 was due to US\$9.6 million related to 5.5% Stanmore Coal Limited's ("Stanmore") shares acquired in take-over offer and US\$17.8 million due to higher market value for Stanmore and Westgold shares.

Current assets

- The decrease in inventories of US\$3.56 million to US\$16.08 million at 31 Mar 2019 was due to inventories sold during the period under review.
- The increase in trade and other receivables of US\$19.56 million to US\$144.45 million at 31 Mar 2019 was mainly due to higher sales volume in 1Q19.
- The decrease in advances to suppliers/vendors of US\$5.28 million to US\$99.53 million at 31 Mar 2019 was mainly due to decrease in advance payment of US\$6.26 million to coal suppliers partially offset by the increase in advances to fuel vendors.
- The increase in other current assets of US\$6.88 million to US\$41.95 million at 31 Mar 2019 was mainly due to advance down payment of US\$3.00 million to a coal supplier under a coal offtake agreement and an increase in prepayment of royalty.

Current liabilities

- Trade and other payables decreased by US\$14.39 million to US\$188.85 million at 31 Mar 2019 mainly due to decrease in (i) coal purchases in line with decreased activity and (ii) other payables as a result of payment of accrued interest on loan.
- Provision for taxation increased by US\$2.18 million to US\$3.93 million at 31 Mar 2019 as a result of corporate tax charged during the period under review offset by tax payment.

Non-current liabilities

- Loans and borrowings increased by US\$37.88 million to US\$260.74 million at 31 Mar 2019 as a result of drawdown of a new loan facility for investment purposes.

As at 31 Mar 2019, the Group has net current assets of US\$182.46 million and the Company has net current assets of US\$83.87 million. The Group has loans and borrowings totalling US\$307.00 million of which US\$46.26 million is due within the next 12 months. The Group's cash and cash equivalents stood at US\$119.29 million as at 31 Mar 2019.

Review of Statement of Cash Flows

For 1Q19, the Group had net cash inflows of US\$5.26 million mainly due to the following:

Net cash used in operating activities of US\$11.13 million which comprised of operating cash inflow before working capital changes of US\$34.06 million, net working capital outflow of US\$31.87 million, various taxes paid of US\$12.41 million and interest and other financial charges paid of US\$2.99 million respectively. The Group also recorded interest income received of US\$2.09 million. The net working capital outflow of US\$31.87 million was mainly due to decrease in trade and other payables of US\$15.26 million and an increase in trade and other receivables, advances and other current assets totalling US\$20.18 million, partially offset by a decrease in inventories of US\$3.56 million.

Net cash flows used in investing activities of US\$21.21 million mainly due to (i) settlement of US\$9.63 million related to 5.5% Stanmore shares acquired in takeover offer; (ii) purchase of property, plant and equipment of US\$6.06 million; (iii) additions to mining properties of US\$2.69 million; and (iv) increase in other non-current assets of US\$2.48 million.

Net cash flows generated from financing activities of US\$37.60 million was mainly due to proceeds from loans and borrowings of US\$61.20 million, partially offset by repayment of loans and borrowings of US\$23.36 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.

GEAR continues to experience thermal coal demand from its key export markets, such as China, India and South Korea, where coal remains an important source of primary energy despite the ongoing efforts to promote the use of gas and renewable energy.

China's total coal imports surged in January 2019 as the tight import restrictions imposed in December last year were lifted. Supported by Chinese tenders seeking lower grade coal, the price of FOB Kalimantan 4,200 kcal/kg GAR coal gained 4% to date, reaching US\$38 per metric tonne in April 2019. Notwithstanding China's shift towards natural gas, coal consumption increased by 1% while the nation's coal-fired power generation increased by 5.3% in 2018.

Indonesian coal prices are expected to remain firm due to tightened supply as the government upped its stance on domestic market obligations ("DMO"). DMO sales for 2018 was estimated to reach only 21.7% of domestic production, indicating that several coal miners could not meet their DMO requirement of 25%. This could lead to sanctions on non-compliant companies, resulting in a reduction of their production quota in 2019. GEAR exceeded the DMO in FY2018 with domestic customers accounting for 32.4% of total sales.

For 2019, the Indonesian government has set a coal production target of 480 million metric tonnes, compared to a target of 485 million metric tonnes in 2018. The government also requires coal miners to allocate about 26% of the production for the domestic market in 2019. Indonesia's coal consumption is expected to be driven by the commencement of operations of newly constructed coal-fired power plants under the 35,000-megawatt program.

GEAR looks forward to expanding the processing capacity at its key mine BIB to support the continued production ramp-up to remain ahead of the competition while harnessing the economies of scale.

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

None

(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 final dividend has been declared or recommended for the financial period ended 31 March 2019.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	3 Months Ended	3 Months Ended
	31.3.2019 US\$'000	31.3.2019 US\$'000
Sales :		
PT Indah Kiat Pulp & Paper Tbk	-	20,776
PT Sinar Mas Agro Resources and Technology Tbk	-	1,952
PT SOCI Mas	-	488
Hainan Jinhai Trading (Hong Kong) Co., Ltd	-	14,707
PT Ivo Mas Tunggal	-	538
PT Energi Sejahtera Mas	-	166
PT DSSP Power Kendari	-	1,095
PT Lontar Papyrus Pulp and Paper	-	6,607
Interest income :		
PT Bank Sinarmas Tbk	-	1
Purchases :		
PT Rolimex Kimia Nusamas	-	28
Rental expenses :		
PT Royal Oriental	-	273
Freight & Demurrage :		
PT Wirakarya Sakti	-	265
Gold HongYe Trading (Hong Kong) Company Limited	-	24
Telecommunication :		
PT Smartfren Telecom Tbk	-	3
Insurance expenses :		
PT Asuransi Sinar Mas	-	1,381

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 31 March 2019 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Fuganto Widjaja

Executive Director, Chief Executive Officer

15 May 2019