

Unaudited Financial Statements for the Period Ended 30 June 2020

Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF 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		
		Half year		+ / (-) %
		30.6.2020	30.6.2019	
		US\$'000		
Revenue	1	593,537	500,377	18.6
Cost of sales		(376,559)	(327,627)	14.9
Gross profit		216,978	172,750	25.6
Other income	2	4,344	5,446	(20.2)
Selling and distribution expenses		(104,687)	(79,264)	32.1
Administrative expenses		(38,306)	(39,943)	(4.1)
Other operating expenses	3	(6,140)	(1,428)	330.0
Fair value gains		1,113	-	n.m.
Finance costs	4	(17,391)	(15,533)	12.0
Share of loss of a joint venture (net of tax)		(3,864)	-	n.m.
Profit before tax	5	52,047	42,028	23.8
Income tax expense	6	(17,022)	(17,091)	(0.4)
Profit for the period		35,025	24,937	40.5
Other comprehensive income that will not be reclassified to profit or loss :				
Net (loss)/gain on equity instruments fair value through other comprehensive income		(7,635)	44,678	(117.1)
Net actuarial loss on post employment benefits		-	(3)	(100.0)
		(7,635)	44,675	(117.1)
Other comprehensive income that may be reclassified to profit or loss:				
Foreign currency translation		13,708	(406)	n.m.
Other comprehensive income		6,073	44,269	(86.3)
Total comprehensive income for the period		41,098	69,206	(40.6)
Profit for the period attributable to:				
Owners of the Company		16,496	12,458	32.4
Non-controlling interests		18,529	12,479	48.5
		35,025	24,937	40.5
Total comprehensive income for the period attributable to:				
Owners of the Company		21,290	56,800	(62.5)
Non-controlling interests		19,808	12,406	59.7
		41,098	69,206	(40.6)

Notes to the Statement of Comprehensive Income

	Group		
	Half year		
	30.6.2020	30.6.2019	+ / (-) %
	US\$'000		
1 Revenue			
Coal Mining	574,171	452,747	26.8
Coal Trading	17,149	45,714	(62.5)
Non-coal Business	2,217	1,916	15.7
	593,537	500,377	18.6
2 Other income			
Interest income	3,967	4,358	(9.0)
Miscellaneous income	377	1,088	(65.3)
	4,344	5,446	(20.2)
3 Other operating expenses			
Provision for mine closure	(211)	(24)	779.2
Depreciation and amortisation	(857)	(1,172)	(26.9)
Exploration expenses	(92)	(91)	1.1
Foreign exchange (loss)/gain	(5,168)	467	n.m
Others	188	(608)	n.m
	(6,140)	(1,428)	330.0
4 Finance costs			
Interest expense on loans and borrowings	(14,116)	(12,828)	10.0
Trade financing charges	(1,642)	(1,726)	(4.9)
Amortisation of discounted loans and borrowings	(865)	(221)	291.4
Others	(768)	(758)	1.3
	(17,391)	(15,533)	12.0
5 Profit before tax is arrived after charging the following:			
Freight and stockpile	(143,539)	(112,515)	27.6
Royalty fees	(70,821)	(64,053)	10.6
Mining services and overheads	(236,603)	(172,072)	37.5
Depreciation of property, plant and equipment	(8,922)	(3,659)	143.8
Amortisation of Right-of-Use Assets ("ROU")	(1,043)	(537)	94.2
Amortisation expenses	(4,323)	(2,098)	106.1
Foreign exchange (loss)/gain	(5,168)	467	n.m
Changes in inventories	(3,487)	(38,430)	(90.9)
6 Income tax expenses can be analysed as follows:			
Current Income Tax	(17,014)	(15,128)	12.5
Withholding Tax Expense	(96)	(1,756)	(94.5)
Deferred Income Tax Benefit	88	317	(72.2)
	(17,022)	(16,567)	2.7
(Under)/over provision in respect of previous years			
- Income Tax	-	(524)	(100.0)
	(17,022)	(17,091)	(0.4)

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 preceding financial year.

	Group		Company	
	As at	As at	As at	As at
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	US\$'000		US\$'000	
Non-Current Assets				
Biological assets	6,059	6,059	-	-
Property, plant and equipment	132,565	92,114	116	153
Right-of-use assets	3,839	3,285	587	52
Mining properties	300,688	231,908	-	-
Intangible assets	12,343	10,689	-	-
Goodwill	174,562	106,751	-	-
Amounts due from subsidiaries	-	-	270	5,583
Investment in subsidiaries	-	-	1,386,546	1,382,271
Investment in a joint venture	27,350	-	-	-
Investment securities	20,042	115,109	15,330	57,757
Deferred tax assets	6,588	7,133	-	-
Other receivables	4,822	8,975	-	-
Restricted funds	19,262	18,585	10,280	8,599
Other non-current assets	61,647	56,599	3,838	3,465
	769,767	657,207	1,416,967	1,457,880
Current Assets				
Inventories	72,544	23,279	-	-
Amounts due from subsidiaries	-	-	44,147	10,272
Trade and other receivables	106,558	136,103	247	957
Other current assets	136,662	115,147	29,874	32,473
Investment securities	-	-	-	-
Cash and cash equivalents	220,011	177,757	42,450	40,194
	535,775	452,286	116,718	83,896
Current Liabilities				
Trade and other payables	228,409	237,629	7,098	6,286
Amounts due to subsidiaries	-	-	-	986
Lease liabilities	1,544	2,086	198	47
Provision for taxation	12,916	3,008	85	74
Provision for mining activities	2,700	-	-	-
Loans and borrowings	65,944	60,657	18,161	10,509
	311,513	303,380	25,542	17,902
Net Current Assets	224,262	148,906	91,176	65,994
Non-Current Liabilities				
Other payables	37,120	25,707	-	-
Amounts due to subsidiaries	-	-	9,510	-
Lease liabilities	1,994	1,267	373	5
Loans and borrowings	293,732	259,148	205,681	173,160
Deferred tax liabilities	39,402	31,354	98	102
Post-employment benefits	4,758	4,437	-	-
Provision for mining activities	24,914	5,079	-	-
	401,920	326,992	215,662	173,267
Net Assets	592,109	479,121	1,292,481	1,350,607
Represented by:				
Equity attributable to equity holders of the Company				
Share capital	305,528	305,528	1,230,107	1,230,107
Reserves	75,101	53,807	62,374	120,500
	380,629	359,335	1,292,481	1,350,607
Non-controlling interests	211,480	119,786	-	-
Total Equity	592,109	479,121	1,292,481	1,350,607

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 30.6.2020		As at 31.12.2019		As at 30.6.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
US\$'000		US\$'000		US\$'000		US\$'000	
65,944	-	60,657	-	293,732	-	259,148	-

⁽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 and corporate guarantee from the Company.

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	
	Half year	
	30.6.2020	30.6.2019
	US\$'000	
Cash flows from operating activities:		
Profit before tax	52,047	42,028
<u>Adjustments for:</u>		
Provision for mine closure	211	24
Depreciation of property, plant and equipment	8,922	3,659
Amortisation of Right-of-Use Assets ("ROU")	1,043	537
Gain on disposal of short term investment	(104)	-
Fair value gain on remeasurement of provisions	(1,089)	-
Fair value gain on other investment	(24)	-
Defined post-employment benefit expense	417	369
Amortisation of mining properties	3,433	1,486
Amortisation of software	104	36
Amortisation of land exploitation	478	323
Amortisation of intangible assets	308	253
Amortisation of loans and borrowings	221	221
Unwinding of discount of provisions	644	-
Interest and other financial charges	15,763	14,676
Dividend income from investment securities	(1,531)	(1,362)
Interest income	(3,967)	(4,358)
Equity-settled share-based payment transactions	5	-
Share of loss of a joint venture, net of tax	3,864	-
Net exchange differences	4,772	250
Operating cash inflows before changes in working capital	85,517	58,142
(Increase)/decrease in inventories	(11,082)	6,139
Decrease in trade and other receivables, advances and other current assets	33,875	14,889
Decrease in trade and other payables	(45,010)	(35,319)
Utilisation of provision	(676)	-
Cash flows generated from operations	62,624	43,851
Interest and other financial charges paid	(14,288)	(14,211)
Interest income received	3,942	4,358
Taxes paid	(11,640)	(28,785)
Net cash flows generated from operating activities	40,638	5,213
Cash flows from investing activities		
Net cash outflows on acquisition of subsidiaries	(53,795)	-
Cash inflow from disposal of investment securities	36,600	-
Purchase of investment securities	(1,000)	(13,628)
Additions to mining properties	(1,350)	(5,738)
Formation of a joint venture	(31,403)	-
Purchase of property, plant and equipment	(6,500)	(13,614)
Payment for mines under construction	-	(7)
Increase in other non-current assets	(1,199)	(3,338)
Changes in restricted funds	(675)	(884)
Net cash flows used in investing activities	(59,322)	(37,209)
Cash flows from financing activities		
Payment of dividend to NCI of subsidiaries	(1,470)	(5,302)
Capital contribution from non-controlling interest of a subsidiary	27,467	-
Proceeds from loans and borrowings	72,772	93,761
Repayment of loans and borrowings	(43,234)	(43,954)
Principal elements of lease payments	(700)	(498)
Net cash flows generated from financing activities	54,835	44,007
Net increase in cash and cash equivalents	36,151	12,011
Effect of exchange rate changes on cash and cash equivalents	6,103	(593)
Cash and cash equivalents at beginning of period	177,757	113,113
Cash and cash equivalents at the of the period	220,011	124,531

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 2020 and 30 June 2019

	Group	
	Half year	
	30.6.2020	30.6.2019
	US\$'000	
Profit for the period	35,025	24,937
Other comprehensive income not to be reclassified to profit & loss:		
Net (loss)/gain on equity instruments fair value through other comprehensive income	(7,635)	44,678
Loss on post employment benefits	-	(3)
Other comprehensive income to be reclassified to profit & loss:		
Foreign currency translation	13,708	(406)
Total comprehensive income for the period	41,098	69,206
Total comprehensive income attributable to:		
Owners of the Company	21,290	56,800
Non-controlling interests	19,808	12,406
	41,098	69,206

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2020 and 30 June 2019

	←----- Attributable to owners of the Company -----→						Total Equity
	Share Capital	Foreign Currency Translation Reserves	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 2020	305,528	(49,234)	14,805	88,236	53,807	119,786	479,121
Profit for the period	-	-	-	16,496	16,496	18,529	35,025
<u>Other comprehensive income</u>							
Net loss on equity instruments fair value through other comprehensive income	-	-	(7,635)	-	(7,635)	-	(7,635)
Foreign currency translation	-	12,429	-	-	12,429	1,279	13,708
Other comprehensive income for the period	-	12,429	(7,635)	-	4,794	1,279	6,073
Total comprehensive income for the period	-	12,429	(7,635)	16,496	21,290	19,808	41,098
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(2,507)	2,507	-	-	-
Capital contribution from non-controlling interest of a subsidiary	-	-	-	-	-	27,467	27,467
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	45,888	45,888
<u>Contributions by and distributions to owners</u>							
Share-based payment transactions	-	-	4	-	4	1	5
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(1,470)	(1,470)
Total contributions by and distributions to owners	-	-	4	-	4	(1,469)	(1,465)
Balance as at 30 June 2020	305,528	(36,805)	4,667	107,239	75,101	211,480	592,109
Balance as at 1 January 2019	305,528	(48,429)	(27,135)	83,291	7,727	105,020	418,275
Profit for the period	-	-	-	12,458	12,458	12,479	24,937
<u>Other comprehensive income</u>							
Net gain on equity instruments fair value through other comprehensive income	-	-	44,678	-	44,678	-	44,678
Net actuarial loss on post employment benefits	-	-	(2)	-	(2)	(1)	(3)
Foreign currency translation	-	(219)	(116)	-	(335)	(71)	(406)
Other comprehensive income for the period	-	(219)	44,560	-	44,341	(72)	44,269
Total comprehensive income for the period	-	(219)	44,560	12,458	56,799	12,407	69,206
<u>Contributions by and distributions to owners</u>							
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(7,942)	(7,942)
Total contributions by and distributions to owners	-	-	-	-	-	(7,942)	(7,942)
Balance as at 30 June 2019	305,528	(48,648)	17,425	95,749	64,526	109,485	479,539

	←--- Attributable to owners of the Company ---→					Total Equity
	Share Capital	Foreign Currency Translation Reserves	Other Reserves	Retained earnings	Total Reserves	
COMPANY	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 1 January 2020	1,230,107	55,975	12,313	52,212	120,500	1,350,607
Profit for the period	-	-	-	(9,616)	(9,616)	(9,616)
<u>Other comprehensive income</u>						
Net loss on equity instruments fair value through other comprehensive income	-	-	(5,934)	-	(5,934)	(5,934)
Foreign currency translation	-	(42,576)	-	-	(42,576)	(42,576)
Other comprehensive income for the period	-	(42,576)	(5,934)	-	(48,510)	(48,510)
Total comprehensive income for the period	-	(42,576)	(5,934)	(9,616)	(58,126)	(58,126)
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(1,896)	1,896	-	-
Balance as at 30 June 2020	1,230,107	13,399	4,483	44,492	62,374	1,292,481
Balance as at 1 January 2019	1,230,107	38,266	(22,736)	63,241	78,771	1,308,878
Loss for the period	-	-	-	4,682	4,682	4,682
<u>Other comprehensive income</u>						
Net gain on equity instruments fair value through other comprehensive income	-	-	23,361	-	23,361	23,361
Foreign currency translation	-	11,264	-	-	11,264	11,264
Other comprehensive income for the period	-	11,264	23,361	-	34,625	34,625
Total comprehensive income for the period	-	11,264	23,361	4,682	39,307	39,307
Transfer of fair value reserves of equity instruments at FVOCI upon transfer to a subsidiary	-	-	1,208	(1,208)	-	-
Balance as at 30 June 2019	1,230,107	49,530	1,833	66,715	118,078	1,348,185

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

(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 30.6.2020	As at 31.12.2019
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.

1(e) Acquisition of subsidiary

On 18 May 2020, the Group's 80% owned subsidiary company, Golden Investments (Australia) Pte. Ltd. ("GIA") acquired 75.33% share ownership in Stanmore Coal Limited ("Stanmore").

Upon completion of the acquisition, the Group has recognised a preliminary positive goodwill amounting to US\$63.60 million in the financial statements based on the estimated fair value of the assets and liabilities on the acquisition date and accounted for in accordance with the accounting policies of the Group. The goodwill represents an excess on the fair value of purchase consideration over the fair value of the net identifiable assets of Stanmore. The Group has appointed an independent valuer to perform the Purchase Price Allocation ("PPA") exercise.

The fair value of identifiable assets and liabilities as of acquisition date were as follows:

	Estimated Fair value recognised on acquisition
	US\$'000
Mining properties	66,568
Property and equipment	41,180
Other non current assets	3,458
Other current assets	60,116
Cash and cash equivalents	25,498
Trade/other payables and accruals	(64,639)
Loan payable	(8,277)
Tax payable	(4,958)
Deferred tax liabilities	(8,091)
Total identifiable net assets at fair value	110,855
Total consideration transferred in cash	79,293
Total consideration transferred in equity investment	52,123
NCI, based on FV of the equity interests that the NCI has in SMR (24.67%)	43,037
	174,453
Provisional goodwill arising from acquisition	63,598

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 2019, 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 2020. The directors expect that the adoption of the other new standards will have no material impact on the financial statements in the period of initial application.

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	
Half year	
30.6.2020	30.6.2019
0.70	0.53
2,353,100	2,353,100
0.70	0.53
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	
30.6.2020	31.12.2019
16.18	15.27
2,353,100	2,353,100

Company	
30.6.2020	31.12.2019
54.93	57.40
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\$93.16 million or 18.6% from US\$500.38 million in 1H2019 to US\$593.54 million in 1H2020. The overall increase in revenue was mainly due to an increase in revenue from the Group's Coal Mining division and Non-coal Businesses, partially offset by decrease in revenue from Coal Trading division.

Coal Mining Division

Revenue from the Group's Coal Mining division reported an increase in revenue by US\$121.42 million or 26.8% from US\$452.75 million in 1H2019 to US\$574.17 million in 1H2020. This is mainly due to increase in sales volume from 12.65 million tonnes in 1H2019 to 16.70 million tonnes in 1H2020 which was partially offset by a decrease in average selling price (thermal coal) of 6.8% from US\$35.80 per metric tonne in 1H2019 to US\$33.38 per metric tonne in 1H2020. The average Indonesia Coal Index 4 ("ICI4") in 1H2020, a better proxy for the majority of the Group's coal quality, was US\$30.55 per metric tonne. The Group's thermal coal production volume increased by 3.98 million tonnes or 31.7% from 12.56 million tonnes in 1H2019 to 16.54 million tonnes in 1H2020. In addition, the increase in revenue was due to the revenue from consolidation of Stanmore results after the Company acquired control on 18 May 2020.

Coal Trading Division

Revenue generated by the Group's Coal Trading division decreased by US\$28.57 million or 62.5% from US\$45.71 million in 1H2019 to US\$17.15 million in 1H2020. The decrease was mainly due to lower sales volume and average selling price as compared to corresponding reporting period.

Non-coal Businesses

Revenue from non-coal businesses comprises dividend income from investment securities and plywood sales. Revenue increased by US\$0.30 million from US\$1.92 million in 1H2019 to US\$2.22 million in 1H2020 mainly due to dividend income received from shares of Stanmore before Stanmore became a subsidiary of the Company.

Cost of sales

The Group reported an increase in cost of sales of US\$48.93 million or 14.9% from US\$327.63 million in 1H2019 to US\$376.56 million in 1H2020. This was mainly due to increase in sales volume and coal production costs as a result of coal production ramp up from the Coal Mining division and inclusion of Stanmore's cost of sales arising from consolidation of Stanmore results, partially offset by decrease in coal purchases from Coal Trading division. Cash cost (excluding royalty) from Coal Mining division (thermal coal) was relatively lower at US\$22.53 per tonne in 1H2020 compared to US\$23.56 per tonne in 1H2019. This was partly attributable to lower strip ratios and lower fuel cost as compared to corresponding reporting period.

Gross profit

The Group's gross profit increased by US\$44.23 million or 25.6% from US\$172.75 million in 1H2019 to US\$216.98 million in 1H2020 as a result of the factors above.

Other income

The Group's other income decreased by US\$1.10 million or 20.2% from US\$5.45 million in 1H2019 to US\$4.34 million in 1H2020, mainly due to a decrease in miscellaneous income of US\$0.71 million and a decrease in interest income of US\$0.39 million.

Expenses

Selling and distribution expenses

The Group's selling and distribution expenses increased by US\$25.42 million or 32.1% from US\$79.26 million in 1H2019 to US\$104.69 million in 1H2020 mainly due to increase in barging, trucking and stevedoring expenses as a result of the increase in sales volume.

Administrative expenses

The Group's administrative expenses remained relatively stable at US\$38.31 million in 1H2020.

Other operating expenses

The Group's other operating expenses increased by US\$4.71 million or 330.0% from US\$1.43 million in 1H2019 to US\$6.14 million in 1H2020 mainly due to increase in foreign exchange loss as a result of weakening SGD.

Fair value gains

The Group recorded a fair value gain of US\$1.11 million in 1H2020 mainly due to remeasurement of provisions arising from consolidation of Stanmore results.

Finance costs

The Group's finance costs increased by US\$1.86 million or 12.0% from US\$15.53 million in 1H2019 to US\$17.39 million in 1H2020 mainly due to an increase in interest expenses resulting from drawdown of loan.

Share of loss of a joint venture (net of tax)

The Group's share of loss of a joint venture (net of tax) amounting to US\$3.86 million in 1H2020 pertains to investment in Ravenswood Gold project.

Income tax expenses

Income tax expenses remained relatively stable at US\$17.02 million in 1H2020.

Profit after tax

Due to the factors above, the Group's net profit increased by US\$10.09 million or 40.5% to US\$35.03 million in 1H2020 as compared to US\$24.94 million in 1H2019, and profit attributable to owners of the Company increased by US\$4.04 million or 32.4% to US\$16.50 million in 1H2020 as compared to US\$12.46 million in 1H2019.

Other comprehensive income

The Group's other comprehensive income decreased by US\$38.2 million or 86.3% from a net gain of US\$44.27 million in 1H2019 to a net gain of US\$6.07 million in 1H2020 due to a decrease in share price of Westgold Resources Limited ("Westgold") from A\$2.29 as at 31 December 2019 to A\$2.09 as at 30 June 2020 as compared to increase in share price from A\$0.88 as at 31 December 2018 to A\$1.88 as at 30 June 2019. In addition, there was a decrease in share price of Stanmore Coal Limited ("Stanmore"), from A\$1.05 as at 31 December 2019 to A\$1.00 as at 18 May 2020 (when Stanmore became a subsidiary) as compared to increase in share price from A\$1.00 as at 31 December 2018 to A\$1.43 as at 30 June 2019. The decrease in share price of Westgold and Stanmore was partially offset by foreign currency translation difference.

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 ("PPE") increased by US\$40.45 million to US\$132.57 million at 30 June 2020 mainly due to addition of property, plant and equipment arising from the consolidation of Stanmore results partially offset by depreciation during the period under review.
- Right-of-use-assets ("ROU") increased by US\$0.55 million at 30 June 2020 as a result of additions arising from the consolidation of Stanmore results partially offset by amortisation during the period under review.
- Mining properties increased by US\$68.78 million to US\$300.69 million at 30 June 2020 primarily due to additions to mining properties arising from consolidation of Stanmore results, offset by amortisation during the period under review.
- Intangible assets increased by US\$1.65 million to US\$12.34 million at 30 June 2020 as a result of additions arising from consolidation of Stanmore results, partially offset by amortisation during the period under review.
- Goodwill on consolidation increased by US\$67.81 million to US\$174.56 million at 30 June 2020 as a result of additions of provisional goodwill arising from the acquisition of Stanmore.
- Investment in joint venture increased by US\$27.35 million at 30 June 2020 due to investment in Ravenswood Gold project.
- The decrease in investment in securities of US\$95.07 million to US\$20.04 million at 30 June 2020 was due to (i) decrease of US\$53.55 million due to the derecognition of Stanmore as investment in securities and reclassifying to investment in subsidiaries after Company acquired control of Stanmore in May 2020; (ii) US\$36.60 million related to partial disposal of shares in Westgold; (iii) Fair value loss of US\$5.93 million in Westgold due to decrease in share price; partially offset by increase in investment of US\$1.00 million in renewable energy project.
- The decrease in non-current other receivables was mainly relating to repayment.

Current assets

- The increase in inventories of US\$49.27 million to US\$72.54 million at 30 June 2020 was due to additions arising from consolidation of Stanmore results.
- The decrease in trade and other receivables of US\$29.55 million to US\$106.56 million at 30 June 2020 was mainly due to collection.
- The increase in other current assets of US\$21.52 million to US\$136.66 million at 30 June 2020 was mainly due to an increase in advances to suppliers.

Current liabilities

- Lease liabilities decreased by US\$0.54 million at 30 June 2020 as a result of lease payments partially offset by interest expense on lease liabilities .
- Provision for taxation increased by US\$9.91 million to US\$12.92 million at 30 June 2020 as a result of additions arising from consolidation of Stanmore results and corporate tax charged during the period under review partially offset by a reduction in tax rate of subsidiaries in Indonesia.
- Provision for mining activities increased by US\$2.70 million at 30 June 2020 as a result of additions arising from consolidation of Stanmore results.

Non-current liabilities

- Non-current other payables increased by US\$11.41 million to US\$37.12 million at 30 June 2020 mainly due to additions arising from consolidation of Stanmore results.
- Non-current lease liabilities increased by US\$0.73 million at 30 June 2020 mainly due to additions arising from consolidation of Stanmore results.
- Loans and borrowings increased by US\$34.58 million to US\$293.73 million at 30 June 2020 as a result of additions arising from consolidation of Stanmore results and new loan facility for investment purposes.
- Deferred tax liabilities increased by US\$8.05 million to US\$39.4 million at 30 June 2020 as a result of additions arising from consolidation of Stanmore results.
- Provision for mining activities increased by US\$19.84 million to US\$24.91 million at 30 June 2020 as a result of additions arising from consolidation of Stanmore results.

As at 30 June 2020, the Group has net current assets of US\$224.26 million and the Company has net current assets of US\$91.18 million. The Group has loans and borrowings totalling US\$359.68 million of which US\$65.94 million is due within the next 12 months. The Group's cash and cash equivalents stood at US\$220.01 million as at 30 June 2020.

Review of Statement of Cash Flows

The Group had net cash inflows of US\$36.15 million mainly due to the following:

Net cash generated from operating activities of US\$40.64 million comprised of operating cash inflow before working capital changes of US\$85.52 million, net working capital outflow of US\$22.89 million, various taxes paid of US\$11.64 million and interest and other financial charges paid of US\$14.29 million. The Group also recorded interest income received of US\$3.94 million. The net working capital outflow of US\$22.89 million was mainly due to (i) a decrease in trade and other payables of US\$45.01 million; (ii) an increase in inventories of US\$11.08 million partially offset by decrease in trade and other receivables, advances and other current assets totalling US\$33.88 million.

Net cash flows used in investing activities of US\$59.32 million mainly due to (i) Cash outflows on acquisition of subsidiary (Stanmore) of US\$53.80 million; (ii) Investment in Ravenswood Gold project of US\$31.40 million; (iii) Purchase of property, plant and equipment of US\$6.50 million; partially offset by cash inflow from disposal of investment securities (Westgold) of US\$36.6 million.

Net cash flows generated from financing activities of US\$54.84 million was mainly due to (i) proceeds from loans and borrowings of US\$72.77 million; (ii) Capital contribution from non-controlling interest of a subsidiary of US\$27.47 million partially offset by (i) repayments of loans and borrowings of US\$43.23 million; (ii) payment of dividend to NCI of subsidiaries of US\$1.47 million and (iii) lease payment of US\$0.7 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.

Thermal Coal

Weak demand of thermal coal in the key markets of China and India due to the COVID-19 pandemic led to coal prices dropping to one of its lowest points in June 2020, levels which were last seen during the downturn in the coal industry in 2015/2016. The IC14 index decreased to around US\$24/tonne in June 2020 compared to an average IC14 index of US\$35/tonne in 2019. Demand from China and India was weak due to reduced economic activities, import restrictions and prioritization of domestic coal due to large inventory built-up.

As seen from the recent power generation data in China, economic and social activities seem to be returning to normal at an accelerated pace. In June 2020, China's power generation increased 6.5% year-on-year, while thermal power increased by 5.4% year-on-year.

In Southeast Asia, coal procurement activities in Thailand and Vietnam remained robust in recent months. Vietnam imported a record 7.5 million tonnes of coal in May, jumping 105% year-on-year, while Thailand imported 9.32 million tonnes of coal in the first four months of 2020, an increase of 18% year-on-year.

Despite corporates shifting away from coal and the recent decline in coal shipments to China and India, Indonesia is expected to remain as the world's top thermal coal exporter.

Metallurgical Coal

Demand for metallurgical coal has been impacted by lower steel production. Steel output in ex-China markets was down as pandemic containment policies had shut blast furnaces and downstream industries in April and May. On the other hand, Chinese steel demand has improved and is expected to be strong due to government stimulus in the construction sector. Due to lower overall demand, metallurgical coal prices have significantly decreased. Australian Prime Hard Coking Coal prices averaged around US\$130/tonne for YTD ended 30 June 2020 (and reached an average of US\$105/tonne for the month of June 2020) compared to an average of US\$175/tonne for 2019.

Recently, activity outside China is picking up, with several Indian buyers resuming shipping schedules and starting to clear contracted cargoes that were earlier deferred and planning post-monsoon coal procurements. Most major Indian steel mills are expecting to boost capacity utilization this quarter as industrial activity picks up. Traditional markets Japan, Korea and Taiwan are showing signs of recovery with buyer patterns starting to resume to normal, but time frames are shorter than usual.

On the supply side, Australian supply has had few direct effects from COVID-19. While cases are growing in Australia specifically in the state of Victoria, a meaningful spread to the coal mining regions is unlikely.

GEAR remains cautiously optimistic on the near to medium term outlook recovery for thermal and metallurgical coal demand and prices.

11 Dividend

(a) Current Financial Period Reported On

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

None

(b) Previous Corresponding Period

Name of Dividend:	Interim
Dividend type:	Cash
Dividend Amount per Share:	0.29 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 current financial period.

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	Nature of relationship	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)
		Half year	Half year
		30.6.2020 US\$'000	30.6.2020 US\$'000
Sales :			
PT Indah Kiat Pulp & Paper Tbk	*	-	43,824
PT Sinar Mas Agro Resources and Technology Tbk	^	-	2,759
PT Pabrik Kertas Tjiwi Kimia Tbk	*	-	6,103
PT SOCI Mas	^	-	2,941
PT Ivo Mas Tunggal	^	-	941
PT Energi Sejahtera Mas	^	-	901
PT Pindo Deli Pulp and Paper Mills	*	-	3,608
PT DSSP Power Kendari	#	-	10,270
PT Lontar Papyrus Pulp and Paper Industry	*	-	10,729
PT Sinarmas Bio Energy	^	-	1,946
Interest income :			
PT Bank Sinarmas Tbk	^	-	2
Purchases :			
PT Rolimex Kimia Nusamas	^	-	153
Rental expenses :			
PT Royal Oriental	^	-	279
Freight & Demurrage :			
PT Wirakarya Sakti	^	-	523
Office Consumption :			
PT Sinarmas Distribusi Nusantara	^	-	9
Telecommunication :			
PT Smart Telecom	^	-	2
PT Smartfren Telecom Tbk	^	-	1
Insurance expenses :			
PT Asuransi Sinar Mas	^	-	3,463

Note:

^ An associate of the Ultimate Controlling Shareholders¹

* An associate of a sibling of the Ultimate Controlling Shareholders¹

An associate of the Ultimate Controlling Shareholders¹ and DSS²

¹ Ultimate Controlling Shareholders means Messrs Franky Oesman Widjaja, Indra Widjaja and Muktar Widjaja, who collectively indirectly owns more than 30% controlling interest in these companies and DSS

² DSS means PT Dian Swastatika Sentosa Tbk, the immediate parent company of Golden Energy and Resources Limited. DSS directly owns more than 30% controlling interest in these companies

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 2020 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
14 August 2020