G-Resources Group Limited
國際資源集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1051)

FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

HIGHLIGHTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

- **Revenue was USD212.5 million (Full Year 2013: USD429.0 million)**
- **EBITDA was USD107.1 million (Full Year 2013: USD221.2 million)**
- **Net Profit was USD39.1 million (Full Year 2013: USD76.4 million)**
- **Production from the Martabe Mine was 147,632 ounces of gold and 888,525 ounces of silver (Full Year 2013: 281,477 ounces of gold and 1,515,228 ounces of silver)**
- **NAGIS mine site cash cost was USD422 per ounce poured (Full Year 2013: USD483 per ounce poured)**
- **AISC (all-in sustaining costs) was USD708 per ounce sold (Full Year 2013: USD799 per ounce sold)**

FINANCIAL SUMMARY

	(Six Months) 1.7.2013 to 31.12.2013 USD'000	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000	(Twelve Months) 1.1.2013 to 31.12.2013 USD'000
Revenue	**212,505**	#258,378	428,961
EBITDA	**107,058**	117,900	221,179
Profit before taxation	**52,193**	58,888	118,495
Profit for the period/year	**39,105**	29,280	76,375
Gold Sold (ounces)	**149,359**	153,351	280,363
Silver Sold (ounces)	**881,444**	701,648	1,464,079

Exclude bullion sale proceeds of USD16 million from test production

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased and proud to deliver to you another profit making Annual Report of G-Resources Group Limited ("G-Resources") since our acquisition of the Martabe Project in 2009. Our Financial Year is now aligned with the Calendar Year starting with 2013.

2013 was another defining year for G-Resources. It was our first full calendar year of operations since beginning production of gold and silver in the second half of 2012. For the six months ended 31 December 2013, we recorded a Net Profit of USD39.1 million.

I must say we could not have made all these achievements without the patient support, trust and confidence of our shareholders. During construction and commissioning of the Martabe Project, we faced a number of challenges, both technical and commercial, but with the support of the Government of Indonesia, the local community and our loyal shareholders, we overcame all those challenges and we have successfully brought the Martabe Mine into profitable operation. Martabe is one of Asia's high performing gold and silver mines.

The Martabe Mine is designed to produce 250,000 ounces of gold per annum. In 2013, which included final ramp up in the first half, we produced over 280,000 ounces of gold and 1.5 million ounces of silver. The credit for these excellent production numbers must go to the professional and dedicated operations team led by our CEO, Mr. Peter Albert. I would like to take this opportunity to publicly thank our department heads, senior managers and all of our staff for their contribution and effort. Without this seasoned management team led by Peter, we would not have been able to ramp up our production so rapidly and outperform.

I am also grateful for the support of the Governments within Indonesia at the Central, Provincial and District levels and also the local community. The Martabe Mine has been recognized as one of the businesses able to contribute to Indonesia's strategic plan to become one of the top ten world economies by 2025. We shall try our best to meet this expectation.

As the Chairman of G-Resources, I am very proud of our Martabe Mine, a rare, high quality world class mining asset. It is located in North Sumatra, Indonesia, a highly mineralized region with great prospects for further discoveries of gold and other precious and base metals. Our exploration team has identified a number of exciting prospects in our Contract of Work area.

For gold price, I see continued strong demand for gold. Pursuant to World Gold Council, demand for gold in China set a remarkable new record of 1,065.8 ton in 2013.

I am pleased to see that gold price rebound from USD1,221/ounce to over USD1,350/ounce in the early months of 2014. The Martabe Mine has now entered the ranks of one of the world's best and lowest cost gold producers. Through a continued focus on lowering production costs, delivering optimal production ounces and increasing our Resources and Reserves, we intend to sustain and cement this position for the longer term benefit of all of our stakeholders.

We see a good start in 2014 and we are well-positioned to benefit from any positive movement of gold price. In 2013, we have better performed than all expectations and targets. In 2014, we shall continue our effort, especially on cost control. I have strong confidence in Peter and our team. I believe we shall meet our guidance for 2014.

I am confident that all of our staff at G-Resources will continue to work with professionalism and dedication in order to create the best value and return for our shareholders.

Lastly, I would like to thank again all our staff and contractors for their support and contribution to G-Resources.

G-Resources Group Limited
Chiu Tao
Chairman

Hong Kong, 28 March 2014

CEO'S REPORT

Dear shareholders,

This Annual Report for the six months ended 31 December 2013 is G-Resources first Annual Report aligned to the calendar year and also aligned to the reporting calendar for the Indonesian subsidiary, PT Agincourt Resources.

2013 was the Company's first full year of operations post commissioning and whilst the first three months was a time of ramping up the mine to capacity, the operating year as a whole was very successful.

In January 2013, the Company provided guidance to the market of 250,000 ounces of gold production in 2013; in July 2013, this guidance was revised upwards to 280,000 ounces. In this first full production year 2013, over 280,000 ounces of gold and 1,500,000 ounces of silver were produced. The operational performance of the mine has been better than expected with a head grade of 2.76 grammes per tonne of gold and a much better than anticipated gold recovery of 88.4% over the year. Gold production has consistently exceeded plan. Silver production, due to lower than anticipated head grade at the top of the ore body, has been lower than the plan, though silver production typically increased month by month during the year.

The rapid ramp up of the operations and acceleration to design levels is a testament to the highly skilled and dedicated management team at Martabe led by Tim Duffy, the Executive General Manager Operations and Linda Siahaan, the Deputy President Director responsible for External Affairs. In the early part of the year an organization re-structure saw the appointment of two new key roles, being Deputy General Manager Services – Matthew Orr and Deputy General Manager Operations – Ed Cooney. These two appointments have added considerably to the depth and capability at Martabe.

In April 2013, the prices of gold and silver dropped dramatically and the team at G-Resources responded immediately to consider what actions could be taken to curtail, suspend, defer and/or optimize costs. We called this our margin improvement plan ("MIP25/25"), i.e. more ounces for less dollars, where the target was to produce 25,000 more ounces and reduce costs by USD25 million. Both of these were achieved with the mine producing more than 30,000 more ounces than plan and reducing costs in excess of target. These outcomes were a great achievement and resulted in significantly reducing Martabe's overall unit costs. By year end Martabe's all-in sustaining costs ("AISC") was down to USD750/ounce (with the year average less than USD800/ounce). This outcome puts Martabe in the lowest cost quartile of global gold mines, reflecting the mine's very robust and competitive position. Reported against the North American Gold Industry Standard ("NAGIS") the mine site cash cost for the year was USD483/ounce.

Earlier in 2013 our two outstanding technical challenges were silver production and mill throughput. A detailed study of the silver deportment in the ore reserves provided the reason for the initially lower production of silver and in latter months the mine is operating at close to anticipated long term silver levels. Mill throughput remains a challenge and whilst a number of significant technical improvements were made during the year, the issue is yet to be fully resolved. Improvements have been made in the mining drill and blast performance, in the crusher performance and in the circuits around the mills. There remain a number of initiatives still to be finally implemented including the potential installation of a secondary crusher to improve overall plant throughput. The target is to be producing at mill throughput design levels by the end of 2014 and then increasing upwards to 5mtpa in 2015.

The Government Relations, Community Relations and Public Relations teams continued their good work. All operating licences remain in place, including a number of standard renewals; the Social Licence at Martabe is probably as good as it has historically ever been, and the recognition by multiple stakeholders of the performance and benefits of Martabe due to our PR efforts has been especially pleasing.

During the latter half of the year, the Company paid all of its outstanding debts to the syndicate of international banks who had provided USD100 million facility to the Company. Prior to this happening, the mine achieved and passed its technical and environmental performance tests – including an assessment against the International Finance Corporation's Equator Principles.

At Martabe, we are absolutely committed to the training and development of our workforce; we are committed to a culturally sensitive leadership style; we are committed to excellence in everything we do; and we are committed to engagement and listening by, and with, everybody in the team. In no other area does this get demonstrated more clearly than in the safety performance at the mine site. In the full year 2013, there were just two accidents at Martabe that caused a worker to be absent from work. The management takes both of these incidents very seriously, however the overall statistics are still an excellent achievement at any mine site, but at a new mine with a new workforce, this is even more remarkable.

Regional exploration programmes continued to generate additional geological information on the tenement area with additional work targeted and planned for the future.

I must also make mention of the support disciplines at the mine – the administration staff, the HR team, the finance and accounting group, the camp management, supply and logistics and everybody at Martabe, Jakarta and Hong Kong who help to keep the wheels turning, but more importantly are ever striving to continuously improve the Company performance.

I would like to take this opportunity to recognize the support of the Governments within Indonesia at the Central, Provincial and District levels. Without their support and guidance, our tasks would be that much harder. Within the Indonesian Government, there is a clear recognition of the sustained value that can be added to the country and standards of living by long term mining projects.

I would also like to give my thanks to our Directors for their encouragement over the past year as well as our shareholders who continued to demonstrate their confidence in the Martabe operation. In particular, I would like to give special mention to our staff and contractors at the Martabe Mine, who have worked so hard over the past year to achieve all of the milestones that we have met.

In only its first year of operation, G-Resources has demonstrated its outstanding qualities and has taken its place amongst the top tier of Asian mines.

G-Resources Group Limited
Peter Geoffrey Albert
Chief Executive Officer

Hong Kong, 28 March 2014

GROUP RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

The Board of Directors (the "Board") of G-Resources Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2013 together with the comparative figures for the twelve months from 1 July 2012 to 30 June 2013:

Consolidated Statement of Profit or Loss

For the six months ended 31 December 2013

	NOTES	**(Six Months) 1.7.2013 to 31.12.2013 USD'000**	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000
Revenue	*5*	**212,505**	258,378
Cost of sales		**(123,592)**	(148,488)
Gross profit		**88,913**	109,890
Other income		**937**	1,530
Loss attributable to temporary suspension of production		**-**	(7,244)
Administrative expenses		**(33,892)**	(38,430)
Fair value changes of held for trading investments		**(480)**	90
Finance cost		**(3,285)**	(6,948)
Profit before taxation		**52,193**	58,888
Taxation	*6*	**(13,088)**	(29,608)
Profit for the period/year	*7*	**39,105**	29,280
Profit for the period/year attributable to:			
Owners of the Company		**38,320**	26,444
Non-controlling interests		**785**	2,836
		39,105	29,280
Earnings per share			(Restated)*
– Basic and diluted (US cent)	*8*	**0.17**	0.13

* *Restated due to rights issue.*

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2013

	(Six Months)	(Twelve Months)
	1.7.2013 to	1.7.2012 to
	31.12.2013	30.6.2013
	USD'000	USD'000
Profit for the period/year	**39,105**	29,280
Other comprehensive income/(expenses):		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**310**	(83)
	310	(83)
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on:		
Available-for-sale investment	**343**	1,300
Hedging instruments designated in cash flow hedges	**-**	1,204
	343	2,504
Other comprehensive income for the period/year	**653**	2,421
Total comprehensive income for the period/year	**39,758**	31,701
Total comprehensive income for the period/year attributable to:		
Owners of the Company	**38,973**	28,865
Non-controlling interests	**785**	2,836
	39,758	31,701

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	**31.12.2013 USD'000**	30.6.2013 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**885,575**	897,174
Exploration and evaluation assets	*10*	**11,340**	10,051
Available-for-sale investment	*11*	**7,081**	6,738
Other receivable	*12*	**19,703**	68,093
Inventories		**6,225**	3,830
		929,924	985,886
CURRENT ASSETS			
Inventories		**42,980**	44,022
Other receivables	*12*	**57,841**	11,561
Held for trading investments	*13*	**1,418**	1,898
Pledged bank deposits		**42**	-
Bank balances and cash		**200,575**	51,133
		302,856	108,614
CURRENT LIABILITIES			
Trade and other payables	*14*	**35,891**	57,355
Borrowings		**-**	48,521
Tax payable		**21,691**	13,831
		57,582	119,707
NET CURRENT ASSETS/(LIABILITIES)		**245,274**	(11,093)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,175,198**	974,793
NON-CURRENT LIABILITIES			
Other payables	*14*	**2,805**	2,439
Deferred tax liabilities		**21,005**	15,777
Provision for mine rehabilitation cost		**14,453**	12,170
		38,263	30,386
		1,136,935	944,407

Consolidated Statement of Financial Position (continued)

At 31 December 2013

	NOTES	**31.12.2013**	30.6.2013
		USD'000	USD'000
CAPITAL AND RESERVES			
Share capital	*15*	**34,150**	24,390
Reserves		**1,082,899**	900,916
Equity attributable to owners of the Company		**1,117,049**	925,306
Non-controlling interests		**19,886**	19,101
TOTAL EQUITY		**1,136,935**	944,407

Consolidated Statement of Cash Flows

For the six months ended 31 December 2013

	(Six Months)	(Twelve Months)
	1.7.2013 to	1.7.2012 to
	31.12.2013	30.6.2013
	USD'000	USD'000
OPERATING ACTIVITIES		
Profit before taxation	**52,193**	58,888
Adjustments for:		
Interest income	**(937)**	(1,514)
Amortisation and depreciation	**51,580**	52,064
Share-based payment expenses	**520**	4,626
Fair value changes of held for trading investments	**480**	(90)
(Reversal of provision)/provision for impairment of inventories	**(723)**	723
Finance cost	**3,285**	6,948
Operating cash flows before movements in working capital	**106,398**	121,645
Increase in inventories	**(746)**	(38,428)
Increase in other receivable (non-current portion)	**(9,138)**	(27,969)
Decrease in other receivables	**11,248**	2,955
(Decrease)/increase in trade and other payables	**(11,612)**	35,925
Net cash generated by Operating Activities	**96,150**	94,128

Consolidated Statement of Cash Flows (continued)

For the six months ended 31 December 2013

	(Six Months)	(Twelve Months)
	1.7.2013 to	1.7.2012 to
	31.12.2013	30.6.2013
	USD'000	USD'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(47,674)**	(167,083)
Additions of exploration and evaluation assets	**(1,289)**	(4,713)
Interest received	**937**	1,514
(Increase in)/withdrawal of pledged bank deposits	**(42)**	81
Net cash used in Investing Activities	**(48,068)**	(170,201)
FINANCING ACTIVITIES		
Finance costs paid	**(1,164)**	(5,675)
Net proceeds from issue of shares	**152,250**	98,998
Bank borrowings raised, net of transaction costs	**-**	1,000
Repayments of bank borrowings	**(50,000)**	(36,000)
Net cash from Financing Activities	**101,086**	58,323
Net increase/(decrease) in cash and cash equivalents	**149,168**	(17,750)
Cash and cash equivalents at beginning of the period/year	**51,133**	65,338
Effect of foreign exchange rate changes	**274**	3,545
Cash and cash equivalents at end of the period/year, represented by Bank Balances and Cash	**200,575**	51,133

Notes to the Consolidated Financial Statements

For the six months ended 31 December 2013

1. Basis of Preparation of Consolidated Financial Statements

During the current financial period, the financial year end date of the Group was changed from 30 June to 31 December because the directors of the Company determine to bring the annual financial year end date of the Group in line with that of the Indonesian subsidiary. Such alignment will facilitate the preparation and reporting of the Group's consolidated financial statements. Accordingly, the consolidated financial statements for the current period cover the six months ended 31 December 2013. The corresponding comparative amounts shown for the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve-month period from 1 July 2012 to 30 June 2013, and therefore may not be comparable with amounts shown for the current period.

2. Application of New and Revised Hong Kong Financial Reporting Standards

Adoption of new and revised HKFRSs

In the current period, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS"s), Hong Kong Financial Reporting Standards ("HKFRS"s), amendments and interpretations ("Int"s) (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time.

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The directors of the Company reviewed and assessed its interests in subsidiaries and determined that none of the Group's subsidiaries that have non-controlling interests are material to the consolidated financial statements as a whole to disclose more extensive information in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of *HKFRS 2 Share-based Payment*, leasing transactions that are within the scope of *HKAS 17 Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements. HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the June 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

The application of other new and revised HKFRSs in the current period has had no material effect on the amounts reported in the consolidated financial statements and/or disclosures set out in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

At the date of this report, the Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-financial Asset[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) - Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[5] Effective for annual periods beginning on or after 1 January 2016

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. *HKFRS 9 Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of *HKAS 39 Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the reporting periods. All other debt investments and all equity investments are measured at fair value at the end of accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that based on the Group’s financial statements as at 31 December 2013 the adoption of HKFRS 9 in the future will not affect the classification and measurement of the Group’s financial instruments.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group’s accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Group’s accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Value added tax recoverable (included in other receivable)

Included in other receivable (non-current portion) of USD19,703,000 (30 June 2013: USD68,093,000) and other receivables (current portion) of USD44,377,000 (30 June 2013: nil) are value added tax ("VAT") paid by an Indonesian subsidiary of the Group in connection with its purchase of equipment and services from suppliers for the operation and construction of the mine site. According to relevant tax law and regulations in Indonesia, such VAT payment is refundable upon application by the Group, subject to approval by the relevant Indonesian tax authority. The directors are not aware of any non-compliance with the relevant tax laws and are of the opinion that the approval from relevant tax office will be obtained and VAT will be fully refunded.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Ore reserve and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of future operating performance, future capital requirements, short and long term commodity prices, and short and long term exchange rates. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, provision for rehabilitation obligations, as well as the amount of depreciation and amortisation recognised.

Estimated impairment on mining properties, plant and equipment and construction in progress

In determining whether there is an impairment of the mining properties, plant and equipment and construction in progress of the Group’s gold and silver mine located in the Regency of South Tapanuli, Northern Sumartra, Indonesia (the "Martabe Gold Mine"), management will consider whether there is any objective evidence that indicates the carrying value of these assets are less than the recoverable value. As at 31 December 2013, the carrying amount of mining properties, plant and equipment and construction in progress are USD539,688,000 (30 June 2013: USD567,096,000), USD221,468,000 (30 June 2013: USD238,031,000) and USD106,557,000 (30 June 2013: USD72,279,000) respectively.

Estimated impairment on exploration and evaluation assets

In determining whether there is an impairment of the exploration and evaluation assets of the Martabe Gold Mine, management is required to assess whether there is any impairment indicator which indicates that there is impairment on the exploration and evaluation assets including (a) the period for which the Indonesian subsidiary has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Indonesian subsidiary has decided to discontinue such activities in the specific area; (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. As at 31 December 2013, the carrying amount of exploration and evaluation assets is USD11,340,000 (30 June 2013: USD10,051,000).

Provision for mine rehabilitation cost

Provision for mine rehabilitation cost has been estimated by the directors based on current regulatory requirements and the area affected in drilling and construction activities in the Martabe Gold Mine area estimated by the management and discounted to their present value. Significant changes in the regulatory requirements in relation to such costs will result in changes to the provision amounts from period to period. In addition, the expected timing of cash outflows of such mine rehabilitation cost is estimated based on the expected closure date of the Martabe Gold Mine and is subject to any significant changes to the production plan. As at 31 December 2013, the balance of provision for mine rehabilitation cost was USD14,453,000 (30 June 2013: USD12,170,000).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fluctuation in the fair value of the assets and liabilities is reported and analysed periodically.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

4. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the nature of their operations and types of products and services provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Segment information reported externally was analysed on the basis of the following operating divisions, namely:

- Mining business; and
- Securities trading.

(a) Segment revenue and results

An analysis of the Group's revenue and results by operating segment is as follows:

For the six months ended 31 December 2013

	Securities trading USD'000	Mining business USD'000	Total USD'000
Segment revenue	-	212,505	212,505
Segment results	111	56,310	56,421
Unallocated corporate expenses			(4,314)
Unallocated income			86
Profit before taxation			52,193

For the year ended 30 June 2013

	Securities trading USD'000	Mining business USD'000	Total USD'000
Segment revenue	-	258,378	258,378
Segment results	1,274	68,443	69,717
Unallocated corporate expenses			(10,967)
Unallocated income			138
Profit before taxation			58,888

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segment is as follows:

At 31 December 2013

	Securities trading USD'000	Mining business USD'000	Total USD'000
ASSETS			
Segment assets	48,606	1,183,684	1,232,290
Unallocated corporate assets			490
Total assets			1,232,780
LIABILITIES			
Segment liabilities	2	90,995	90,997
Unallocated corporate liabilities			4,848
Total liabilities			95,845

At 30 June 2013

	Securities trading USD'000	Mining business USD'000	Total USD'000
ASSETS			
Segment assets	8,747	1,085,414	1,094,161
Unallocated corporate assets			339
Total assets			1,094,500
LIABILITIES			
Segment liabilities	2	149,472	149,474
Unallocated corporate liabilities			619
Total liabilities			150,093

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segment other than certain property, plant and equipment and other receivables.
- All liabilities are allocated to operating segment other than certain other payables.

(c) Other segment information

For the six months ended 31 December 2013

Amounts included in the measure of segment profit or loss or segment assets:	Securities trading USD'000	Mining business USD'000	Unallocated USD'000	Total USD'000
Additions to non-current assets (Note)	-	41,115	3	41,118
Depreciation				
Cost of sales	-	48,028	-	48,028
Administrative expenses	-	3,549	3	3,552

For the year ended 30 June 2013

Amounts included in the measure of segment profit or loss or segment assets:	Securities trading USD'000	Mining business USD'000	Unallocated USD'000	Total USD'000
Additions to non-current assets (Note)	-	146,140	7	146,147
Depreciation				
Cost of sales	-	47,408	-	47,408
Administrative expenses	-	4,548	108	4,656

Note: Non-current assets excluded available-for-sale investment, other receivable (non-current portion) and inventories (non-current portion).

(d) Geographical information

The following is an analysis of the non-current assets by the geographical area in which the assets are located:

	Non-current assets excluding financial instruments	
	31.12.2013 USD'000	30.6.2013 USD'000
Hong Kong	**6**	6
Indonesia	**903,134**	911,049
	903,140	911,055

Note: Non-current assets excluded available-for-sale investment and other receivable (non-current portion).

For the six months ended 31 December 2013 and the year ended 30 June 2013, the Group's revenue arose from the production of gold and silver in Indonesia from the mining business segment.

(e) Information about major customers

For the six months ended 31 December 2013, an individual customer contributed over 10% of the total revenue. For the year ended 30 June 2013, revenue was derived from a single customer under a sales agreement at spot price less fixed sales commission.

5. Revenue

Revenue represents revenue arising on sale of gold and silver for the period/year.

	(Six Months) 1.7.2013 to 31.12.2013 USD'000	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000
Gold	**194,041**	239,484
Silver	**18,464**	18,894
	212,505	258,378

Bullion sale from test production were credited to property, plant and equipment until commercial production was achieved in September 2012.

6. Taxation

	(Six Months) 1.7.2013 to 31.12.2013 USD'000	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000
Current tax		
Hong Kong	**-**	-
Indonesia	**7,860**	13,831
	7,860	13,831
Deferred tax		
Undistributed profits of subsidiary	**1,737**	5,143
Accelerated tax depreciation	**3,491**	10,634
	5,228	15,777
Taxation for the period/year	**13,088**	29,608

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for period/year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Under the relevant tax law, the corporate income tax rate of the Indonesian subsidiary is 25%.

No provision for Hong Kong Profits Tax or taxation in other jurisdictions besides Indonesia has been made in the consolidated financial statements for period/year as neither the Company nor any of its subsidiaries had any assessable profits or they had sufficient tax loss to cover assessable profits in period/year.

Pursuant to the relevant laws and regulations in Indonesia, dividend withholding tax is imposed at a rate of 7.5% on dividend declared in respect of profits earned by Indonesian subsidiary that are received by non-Indonesian resident entities. Dividend withholding tax of approximately USD1,737,000 (the year ended 30 June 2013: USD5,143,000) was recognised as deferred tax expense in the current reporting period.

The taxation for the period/year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	(Six Months) 1.7.2013 to 31.12.2013 USD'000	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000
Profit before taxation	**52,193**	58,888
Tax at Indonesian Corporate Income Tax rate of 25%	**13,048**	14,722
Tax effect of expenses not deductible for tax purpose	**1,870**	5,791
Tax effect of income not taxable for tax purpose	**(5,616)**	(221)
Tax effect of tax losses not recognised	**771**	1,289
Utilisation of tax losses previously not recognised	**-**	(16)
Effect of different tax rates of group companies operating in other jurisdictions	**(1,761)**	2,900
Withholding tax on interest	**3,039**	-
Deferred tax for undistributed profits of subsidiary	**1,737**	5,143
Taxation for the period/year	**13,088**	29,608

The domestic tax rate, which is Indonesian corporate income tax in the jurisdiction where the operation of the Group is substantially based is uses.

7. Profit for the Period/Year

	(Six Months) 1.7.2013 to 31.12.2013 USD'000	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000
Profit for the period/year has been arrived at after charging/(crediting):		
Staff costs		
– Directors' emoluments	**2,632**	7,688
– Other staff costs		
– Cost of sales	**7,102**	12,774
– Administrative expenses	**3,003**	6,716
– Contributions to retirement benefits schemes, excluding directors	**256**	416
– Share-based payment expenses, excluding directors	**98**	888
Total staff costs	**13,091**	28,482
Auditors' remuneration	**199**	208
Amortisation and depreciation of property, plant and equipment, included in		
– Cost of sales	**48,028**	47,408
– Administrative expenses	**3,552**	4,656
Operating lease payments in respect of office premises and warehouse	**288**	427
Exchange loss, net	**10,713**	4,167
(Reversal of Provision)/Provision for impairment of inventories	**(723)**	723
Royalties expense	**1,146**	1,197
Other taxes	**2,924**	2,291
Interest income	**(937)**	(1,514)
Gain on disposal of held for trading investments	**-**	(14)

8. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	(Six Months) 1.7.2013 to 31.12.2013 USD'000	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000
Profit for the period/year attributable to owners of the Company, for the purposes of basic and diluted earnings per share	**38,320**	26,444

	Number of shares	
	31.12.2013	30.6.2013 (Revised)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**22,911,447,833**	21,072,350,524

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the period/year has been adjusted for the rights issue of shares as detailed in note 15(b).

The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price for shares for the six months ended 31 December 2013 and the year ended 30 June 2013.

9. Property, Plant and Equipment

	Buildings USD'000	Plant and equipment USD'000	Mine property & development assets USD'000	Mining properties USD'000	Construction in progress USD'000	Leasehold improvements USD'000	Furniture, fixtures & equipment USD'000	Motor vehicles USD'000	Total USD'000
COST									
At 1 July 2012	390	107	332,590	-	492,005	265	535	239	826,131
Exchange realignments	-	-	-	(10)	-	-	-	(1)	(11)
Additions	-	-	47,782	21,695	71,950	-	7	-	141,434
Transfer to/(from) mine property & development assets	-	-	(380,372)	380,372	-	-	-	-	-
Transfer to/(from) construction in progress	16,155	255,248	-	211,452	(491,676)	-	7,765	1,056	-
Disposals	-	-	-	-	-	-	(21)	-	(21)
On disposals of subsidiaries	-	-	-	-	-	-	(3)	(238)	(241)
At 30 June 2013 and 1 July 2013	16,545	255,355	-	613,509	72,279	265	8,283	1,056	967,292
Exchange realignments	-	-	-	37	-	-	-	-	37
Additions	-	-	-	5,404	34,422	-	3	-	39,829
Transfer to/(from) construction in progress	10	100	-	-	(144)	-	-	34	-
At 31 December 2013	16,555	255,455	-	618,950	106,557	265	8,286	1,090	1,007,158
ACCUMULATED DEPRECIATION									
At 1 July 2012	135	86	-	-	-	200	491	219	1,131
Exchange realignments	-	-	-	(1)	-	-	-	-	(1)
Provided for the year	3,082	17,238	-	46,414	-	65	1,740	709	69,248
Eliminated on disposals	-	-	-	-	-	-	(21)	-	(21)
On disposal of subsidiaries	-	-	-	-	-	-	(1)	(238)	(239)
At 30 June 2013 and 1 July 2013	3,217	17,324	-	46,413	-	265	2,209	690	70,118
Exchange realignments	-	-	-	1	-	-	-	-	1
Provided for the period	319	16,663	-	32,848	-	-	1,498	136	51,464
At 31 December 2013	3,536	33,987	-	79,262	-	265	3,707	826	121,583
CARRYING VALUES									
At 31 December 2013	13,019	221,468	-	539,688	106,557	-	4,579	264	885,575
At 30 June 2013	13,328	238,031	-	567,096	72,279	-	6,074	366	897,174

Construction in progress represents the construction of mine structures and mining site infrastructure for the Martabe Gold Mine.

Depreciation on the mining properties and plant and equipment related to production are provided using the unit of production method ("UOP") based on the actual production volume over the total estimated proved and probable reserves of the gold and silver mine. These estimations are prepared by appropriately qualified party who is independent of the Group.

The effective depreciation rate of mining properties and plant and equipment related to production is approximately 6% (the year ended 30 June 2013: 7%).

The other items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Buildings	10%
Plant and equipment	12.5% to 25%
Leasehold improvements	10% to 50% or over the terms of the leases whichever is shorter
Furniture, fixtures and equipment	20% to 50%
Motor vehicles	20% to 25%

Note: Depreciation expense of USD7,037,000 (the six months ended 31 December 2013: nil) incurred during the year ended 30 June 2013 by a subsidiary in respect of the development of the gold and silver mine was capitalised as part of mine property and development assets (included in property, plant and equipment). Depreciation of USD47,912,000 (the year ended 30 June 2013: USD57,555,000) incurred during the six months ended 31 December 2013 were capitalised as inventories of which USD48,028,000 (the year ended 30 June 2013: USD47,408,000) were subsequently charged to profit or loss as cost of sales during the period.

10. Exploration and Evaluation Assets

	USD'000
At 1 July 2012	5,338
Additions	4,713
At 30 June 2013 and 1 July 2013	10,051
Additions	1,289
At 31 December 2013	11,340

Exploration and evaluation assets represent the costs of acquiring exploration rights and expenditures in the search for mineral resources on an area of interest basis. The addition on the exploration and evaluation assets represents drilling, assaying costs, consultancy and advisory fee, staff costs and other expenditures incurred in the search for mineral resources during the period/year in mining areas where the existence of economically recoverable reserves could not be reasonably assessed.

11. Available-For-Sale Investment

	31.12.2013	30.6.2013
	USD'000	USD'000
Listed debt securities, at fair value		
Senior Note Due 2015	**7,081**	6,738

The available-for-sale investment represents the Group's investment in senior notes with principal amount of USD10,000,000 issued by a company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") with maturity date of 18 May 2015 (the "Senior Notes Due 2015"). These notes are listed on the Singapore Exchange Securities Trading Limited, carry interest at a fixed rate of 11.75% per annum, payable semi-annually in arrears on 18 May and 18 November of each year, commencing on 18 November 2010.

The Senior Notes Due 2015 may be redeemed anytime under certain conditions before the maturity date in the following circumstances:

(1) At any time prior to 18 May 2013, the Senior Notes Due 2015 issuer may redeem up to 35% of the aggregate principal amount of the Senior Notes Due 2015 at a redemption price equal to 111.75% of the principal amount of the Senior Notes Due 2015 redeemed, plus accrued and unpaid interest, if any, to the redemption date, subject to not less than 30 nor more than 60 days notice.

(2) At any time prior to 18 May 2013, the Senior Notes Due 2015 issuer may at its option redeem the Senior Notes Due 2015, in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes Due 2015 redeemed, plus the make-whole premium as of, and accrued and unpaid interest, if any, to the redemption date, subject to not less than 30 nor more than 60 days notice.

(3) At any time on or after 18 May 2013, the Senior Notes Due 2015 issuer may redeem the Senior Notes Due 2015, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Senior Notes Due 2015 redeemed, to the redemption date, if redeemed during the 12-month period commencing on 18 May of any year set forth below:

Period	Redemption Price
2013	105.8750%
2014 and thereafter	102.9375%

The Senior Notes Due 2015 were initially measured at fair value. In the absence of quoted market price in an active market, the fair value measurements are derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). During the six months ended 31 December 2013, an increase in fair value of USD343,000 (the year ended 30 June 2013: USD1,300,000) was recognised in the investment revaluation reserve.

The fair value of the Senior Notes Due 2015 as at 31 December 2013 and 30 June 2013 are determined using the Hull-White term structure model with the following assumptions:

	31.12.2013	30.6.2013
Discount rate:	48.16%	42.50%
Time to maturity:	1.38 years	1.88 years
Mean Reverting rate:	0.01905	0.01887
Volatility:	0.01192	0.01222

12. Other Receivables

	31.12.2013	30.6.2013
	USD'000	USD'000
Other receivables, net of allowance *(Note a)*	**77,544**	79,654
Less: Other receivable classified as non-current assets (*Note a*)	**(19,703)**	(68,093)
Other receivables classified as current assets (*Note c*)	**57,841**	11,561

Notes:

(a) As at 31 December 2013, USD19,703,000 (30 June 2013: USD68,093,000) and USD44,377,000 (30 June 2013: nil) of VAT paid by an Indonesian subsidiary of the Group, were classified as other receivables non-current portion and current portion respectively based on the expected time span, in connection with its purchase of equipment and services from suppliers for the operation and construction of the mine site. As at 31 December 2013, USD44,377,000 was classified as current portion as the Indonesian subsidiary received the refund in March 2014.

(b) There are no trade receivables as at 31 December 2013 and 30 June 2013. The Group allows a credit period of less than a week for its trade customers.

(c) An amount of USD4,000,000 (30 June 2013: USD4,000,000), which is the consideration of capital injection into PT Agincourt Resources ("PTAR"), due from PT Artha Nugraha Agung ("PTANA") was included in other receivables. The balance will be settled by PTANA through reduction of its share of dividend declared by PTAR.

13. Held for Trading Investments

	31.12.2013	30.6.2013
	USD'000	USD'000
Equity securities listed in Hong Kong, at fair value	**1,418**	1,898

All held for trading investments are Hong Kong listed equity securities held by the Group as at the end of the reporting periods. The fair value is determined based on the closing price per share quoted on the Hong Kong Stock Exchange as at the end of the respective reporting periods.

14. Trade and Other Payables

	31.12.2013	30.6.2013
	USD'000	USD'000
Trade payables *(Note a)*	**3,423**	14,203
Other payables *(Note b)*	**35,273**	45,591
Trade and other payables	**38,696**	59,794
Less: Other payables classified as non-current liabilities	**(2,805)**	(2,439)
Trade and other payables classified as current liabilities	**35,891**	57,355

Notes:

(a) The following is an analysis of trade payables by age, presented based on the invoice date.

	31.12.2013	30.6.2013
	USD'000	USD'000
0-60 days	**3,268**	9,502
61-90 days	**97**	4,184
> 90 days	**58**	517
	3,423	14,203

(b) Included in other payables are USD21,783,000 and USD11,638,000 (30 June 2013: USD23,929,000 and USD21,044,000) relating to payables by an Indonesian subsidiary of the Group for the operation of the Martabe Gold Mine and to its consultants and contractors in connection with the construction of the Martabe Gold Mine, respectively.

15. Share Capital

	Number of shares	Value
		USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 July 2012, 30 June 2013 and 31 December 2013	**60,000,000,000**	76,923
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 July 2012	**16,880,195,950**	21,757
Issue of shares *(Note a)*	**2,041,287,000**	2,633
At 30 June 2013	**18,921,482,950**	24,390
Issue of shares *(Note b)*	**7,568,593,180**	9,760
At 31 December 2013	**26,490,076,130**	34,150

Notes:

(a) On 24 August 2012, 2,041,287,000 shares of HKD0.01 each were issued and allotted at a price of HKD0.38 per share pursuant to the placing agreement with the placing agent dated 17 August 2012. Details of the share placement were announced on 17 August 2012 and 24 August 2012.

(b) 7,568,593,180 shares of HKD0.01 each were issued through 7,568,593,180 rights shares at a subscription price of HKD0.16 per rights share on the basis of two rights shares for every five existing shares held. Details of the rights issue were set out in the Company's announcement dated 28 August 2013 and prospectus dated 11 September 2013.

All the shares issued by the Company during the six months ended 31 December 2013 and the year ended 30 June 2013 rank pari passu with the then existing ordinary shares in all respects.

16. Transfer of Interest in a Subsidiary without Losing Control

During the year ended 30 June 2013, the Group effected the transfer of 5% interest in a subsidiary PTAR to the Provincial Government of North Sumatra (“PGNS”) and Government of South Tapanuli Regency (“GSTR”). The transfer was made pursuant to the terms of a memorandum of intent (the “MOI”) signed by Agincourt Resources (Singapore) Pte Ltd, PTANA, PGNS, GSTR and a shareholder of PTANA on 12 June 2008, prior to the acquisition of the Martabe Gold Mine by the Group in July 2009. The MOI provided for the transfer of 5% interest of PTAR at Nil consideration to PGNS and GSTR upon the commencement of production at Martabe. Such transfer resulted in a decrease of the Group's interest in PTAR to 95% and recognition of non-controlling interests of an amount of USD12,265,000, which was determined based on the original consideration amount paid by the Group for acquisition of PTAR in 2009. Corresponding adjustment was made to mine property and development assets included in property, plant and equipment.

17. Capital Commitments

At the end of the reporting periods, the Group had the following capital commitments:

	31.12.2013	30.6.2013
	USD’000	USD’000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	**4,352**	6,162
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**57,302**	42,225

DIVIDENDS

The Board has resolved not to declare any final dividend for the six months ended 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

2013 is the first full year of production for the Group's Martabe Gold Mine in Indonesia. In December 2013, the Group announced that the change of its financial year end from 30 June to 31 December effective immediately and that the next financial year end date of the Company will be 31 December 2013. Accordingly, this Report covers the six months period from 1 July 2013 to 31 December 2013.

Operational Review

Mining

For the six month ended 31 December 2013, total materials mined met plan and 2.2 million tonnes of ore were mined, with a slightly lower waste to ore strip ratio of approximately 1.4:1 as compared to the previous 12 months period of 2:1. The Purnama ridge was lowered by up to 55 metres during the period. Reverse circulation drilling provided samples from grade control drilling for ore and grade definition. A total of 1,331,000 tonnes of ore at 1.1 g/t gold and 8.8 g/t silver was stockpiled at the end of December 2013.

Processing

In 2013, the process plant operated at better than design output leading to a revised forecast in July 2013 for 2013's full year production of 280,000 ounces of gold from the previous guidance of 250,000 ounces.

In the six months ended 31 December 2013, the plant continued to operate at better than design output and 147,632 ounces of gold were produced. This improved production was largely as a result of good grades and good recoveries. Achieving milled ore throughput proved problematic throughout the year, with a number of mechanical and electrical challenges holding back the full potential of the milling circuit. By end of December 2013, most of these had been resolved, but the hardness of parts at the ore body was preventing design throughput from being achieved. A number of improvement options are being investigated with the assistance of experienced consultants. The Mine operating staff is confident of achieving design tonnage throughput by the end of 2014.

Mining and Milling statistics are as follows:

	(Six Months) July 2013 to December 2013	(Twelve Months) July 2012 to June 2013	(Twelve Months) Full year 2013
Tonnes Mined Ore	2,213,000	2,957,000	3,999,000
Tonnes Mined Waste	3,079,000	7,137,000	7,381,000
Tonnes Milled	1,841,000	2,527,000	3,615,000
Gold Head Grade, g/t	2.89	2.54	2.76
Silver Head Grade, g/t	20.4	13.5	17.2
Gold Recovery, %	86.7	91.2	88.4
Silver Recovery, %	74.8	80.88	77.5
Gold Poured, ounces	147,632	181,703	281,477
Silver Poured, ounces	888,525	845,064	1,515,228

Business Review and Results

For the six months ended 31 December 2013, the Group continued its strong operational and financial performances and achieved a net profit after tax of USD39.1 million representing a 33% increase from the previous 12 months ended 30 June 2013.

There was large volatility in spot gold prices in 2013 falling from a high of USD1,694 per ounce in January 2013 to a low of USD1,192 per ounce in June 2013 and for the remainder of the year (July 2013 to December 2013) it ranged between USD1,195 to USD1,400 per ounce. Revenue generated for the six month ended 31 December 2013 was USD212.5 million from the sale of 149,359 ounces of gold and 881,444 ounces of silver at an average selling spot price of USD1,299 per ounce of gold and USD21.0 per ounce of silver respectively. For the previous 12 months (year ended 30 June 2013), revenue was USD258.4 million, gold sold was 153,351 ounces, silver sold was 701,648 ounces, and the average selling spot prices were USD1,562 per ounce of gold and USD26.9 per ounce of silver respectively.

The Group's gross profit margin was 41.8% and it earned a gross profit of USD88.9 million (the year ended 30 June 2013: 42.5% and USD109.9 million respectively). Gross profit margin was in line with the previous 12 months even though there was a fall in the average selling spot price of gold achieved of USD1,299 from USD1,562 per ounce (or 16.8% decrease) as the Group successfully reduced costs through a number of efficiency improvements.

Below is a summary of the financial information:

PROFIT OR LOSS	**(Six Months) 1.7.2013 to 31.12.2013 USD'000**	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000
Revenue	**212,505**	#258,378
Cost of sales	**(123,592)**	(148,488)
Gross Profit	**88,913**	109,890
EBITDA	**107,058**	117,900
Profit before taxation	**52,193**	58,888
Taxation	**(13,088)**	(29,608)
Profit for the period/year	**39,105**	29,280
Gold sold (ounces)	**149,359**	153,351
Silver sold (ounces)	**881,444**	701,648
Average gold price achieved (USD)	**1,229**	1,562
Average silver price achieved (USD)	**21.0**	26.9

Exclude bullion sale proceeds of USD16 million from test production

The cash cost for the mine calculated according to the Gold Institute reporting guideline for the six months ended 31 December 2013 was USD422 per ounce of gold poured, a decrease of 28% from the previous 12 months ended 30 June 2013 due to the implementation of a number of operational efficiency measures.

	(Six Months) July – December 2013	**(Twelve Months) July 2012 – June 2013**	**(Twelve Months) Full Year 2013**
	USD	USD	USD
Cash cost per ounce poured[1&2]	422	585	483

The all-in sustaining costs ("AISC") for the six months ended of December 2013 were USD708 and a reduction of 22% from the previous six months ended 30 June 2013 of USD904.

	(Six Months) January – June 2013	**(Six Months) July – December 2013**	**(Twelve Months) Full Year 2013**
	USD	USD	USD
AISC per ounce sold[2]	904	708	799

	31 December 2013	30 June 2013
FINANCIAL POSITION	**USD'000**	USD'000
Current Assets		
Bank balances and cash	**200,575**	51,133
Inventories	**42,980**	44,022
Others	**59,301**	13,459
Non-current Assets	**929,924**	985,886
Total Assets	**1,232,780**	1,094,500
Total Debts	**-**	(48,521)
Other Liabilities	**(95,845)**	(101,572)
Net Assets	**1,136,935**	944,407

Total assets were USD1,232.8 million (30 June 2013: USD1,094.5 million) an increase of USD138.3 million as the Group invested in both non-current and current assets. Non-current assets were USD929.9 million (30 June 2013: USD985.9 million) a decrease of USD56.0 million as the Group reclassified other receivables of USD44.4 million from non-current to current as a VAT refund was received subsequent to year end. Current assets were USD302.9 million (30 June 2013: USD108.6 million) an increase of USD194.3 million which was mainly due to an increasing bank balance and cash after the Rights Issue of USD152.3 million as well as reclassification of other receivables.

---

[1] Cash costs are calculated according to the Gold Institute reporting guidelines, commonly referred to as NAGIS and include all site based costs on a per ounce poured basis.

[2] Both NAGIS and AISC are non-GAAP financial performance measures and are intended to provide additional information only. They do not have any standardized definitions under HKAS, HKFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with HKFRS. Although WGC has published a standardised definition, other companies may calculate these measures differently.

Total liabilities were USD95.8 million (30 June 2013: USD150.1 million) a decrease of USD54.3 million as the Group repaid bank borrowings of USD50.0 million, repaid trade and other payables of USD21.1 million which is offset by an increase in tax payable of USD7.9 million and deferred tax liability of USD5.2 million.

Net Asset Value

As at 31 December 2013, the Group's total net assets amounted to approximately USD1,136.9 million, representing an increase of USD192.5 million as compared to approximately USD944.4 million as at 30 June 2013. The increase in net assets was mainly due to the profit for the year of USD39.1 million and net proceeds from the rights issue of USD152.3 million in September 2013.

Cash Flow, Liquidity and Financial Resources

CASH FLOW SUMMARY

	(Six Months) 1.7.2013 to 31.12.2013 USD'000	(Twelve Months) 1.7.2012 to 30.6.2013 USD'000
Net cash generated by Operating Activities	**96,150**	94,128
Net cash used in Investing Activities	**(48,068)**	(170,201)
Net cash from Financing Activities	**101,086**	58,323
Net increase/(decrease) in cash and cash equivalents	**149,168**	(17,750)
Cash and cash equivalents at the beginning of the period/year	**51,133**	65,338
Effect of foreign exchange rate changes	**274**	3,545
Cash and cash equivalents at the end of the period/year	**200,575**	51,133

The Group's cash balance at the end of December 2013 was USD200.6 million (30 June 2013: USD51.1 million). The Group generated net cash inflows from operating activities for the six months ended 31 December 2013 of USD96.2 million, mainly from the sale of gold and silver in the period. Cash used in investing activities was USD48.1 million as USD47.7 million was invested in property, plant and equipment (which included USD4.1 million in near mine exploration and evaluation), USD1.3 million for regional exploration and USD0.9 million from interest received.

There were net cash inflows from financing activities of USD101.1 million as receipts of USD152.3 million from the Rights Issue and offset by USD50.0 million was used to repay the syndicated revolving credit facility in the period.

During the period the Group repaid in full its secured revolving credit facility with a syndicate of four banks, BNP Paribas, Commonwealth Bank of Australia, Hang Seng Bank Limited and Sumitomo Mitsui Banking Corporation.

	31 December 2013 USD'000	30 June 2013 USD'000
Within one year	-	48,521
More than one year, but not exceeding two years	-	-
Total borrowings	-	48,521

The Group's gearing ratio as a percentage of the Group's total borrowing over shareholders' equity was nil as at 31 December 2013 (30 June 2013: 5%).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies during the period.

Exposure to fluctuations in exchange rates and related hedge

The Group conducted most of its business in United States dollars ("USD"), Australian dollars ("AUD"), Indonesian Rupiah ("IDR") and Hong Kong dollars ("HKD"). The foreign currency exposure of HKD to USD is minimal as HKD is pegged to USD. The Group has exposure to foreign currency risk that is denominated in AUD and IDR. Management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

Business Outlook

Spot gold and silver prices in 2013 were highly volatile and at the end of the year, gold and silver prices reached a low of USD1,195 per ounce (gold) and USD19 per ounce (silver). At the time of writing, spot gold and silver prices have recovered to around USD1,300 per ounce and USD20 per ounce respectively.

The production guidance for calendar year 2014 is between 230,000 to 250,000 ounces of gold and 2 million ounces of silver. AISC is estimated to range between USD750/ounce and USD850/ounce for the full year. The above demonstrates the robustness and highly competitive position of the Group's Martabe Gold Mine against global peers.

The Group will closely monitor cost and changes in the operating environment. It will continue to focus on operational improvements in costs and production and optimise its resources to enhance and create value for shareholders.

The Group will continue its near mine and regional exploration programs at Martabe.

The Group continues to review opportunities in the gold sector for quality gold projects or gold producing assets in Asia Pacific region which could deliver substantial value to shareholders.

Human Resources

As at 31 December 2013, the Group had 18 employees in Hong Kong, 698 employees in Indonesia and 1 employee in Australia, respectively. Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include a medical scheme, group insurance, mandatory provident fund, performance bonus and options for senior staff.

According to the share option scheme adopted by the Company on 30 July 2004, share options may be granted to directors and eligible employees of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its securities during the six months ended 31 December 2013. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the period.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months ended 31 December 2013, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company has adopted the principles and complied with the rules and codes of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules for the six months ended 31 December 2013.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company comprises of Mr. Or Ching Fai, Ms. Ma Yin Fan and Mr. Leung Hoi Ying. All of them are independent non-executive directors. The audited consolidated financial statements of the Group for the six months ended 31 December 2013 have been reviewed by the audit committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of our shareholders and dedication of all our staff over the past year.

By Order of the Board
G-Resources Group Limited
Chiu Tao
Chairman

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises:

(i) Mr. Chiu Tao, Mr. Owen L Hegarty, Mr. Peter Geoffrey Albert, Mr. Ma Xiao, Mr. Wah Wang Kei, Jackie and Mr. Hui Richard Rui as executive directors of the Company; and

(ii) Mr. Or Ching Fai, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.

For media or investor enquiries please contact:

Hong Kong:
Mr. Richard Hui
T. +852 3610 6700

Ms. Joanna Ip
T. +852 3610 6700

Melbourne, Australia:
Mr. Owen Hegarty
T. +61 3 8644 1330

Mrs. Murraya Nuzli
T. +61 3 8644 1330

** For identification purpose only*