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**G-Resources Group Limited**

**國際資源集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1051)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

- G Revenue was USD213.7 million (six months ended 30 June 2014: USD191.4 million)**
- G EBITDA was USD130.3 million (six months ended 30 June 2014: USD112.5 million)**
- G Net profit was USD39.1 million (six months ended 30 June 2014: USD34.3 million)**
- G Production from the Martabe Mine was 156,316 ounces of gold and 1,288,553 ounces of silver (six months ended 30 June 2014: 134,937 ounces of gold and 1,046,535 ounces of silver)**
- G AISC (all-in sustaining costs) was USD520 per ounce sold (six months ended 30 June 2014: USD695 per ounce sold)**

**CHAIRMAN AND ACTING CHIEF EXECUTIVE OFFICER'S STATEMENT**

Dear Shareholders,

The first six months of calendar 2015 saw continued operating and financial success for G-Resources. The Company generated gold and silver revenue of some USD211.0 million, an EBITDA of USD130.3 million and a Profit After Tax of USD39.1 million. At the end of June 2015, the Company had a very strong balance sheet with USD461.0 million held in cash and investments and no debt. In March 2015, the Company announced its first dividend of HK0.48 cents per share based on the full 2014 financial results.

Operating performance at the Martabe gold and silver mine for the first six months of 2015 was excellent. 156,316 ounces of gold and 1,288,553 ounces of silver were produced and this was significantly ahead of budget. During the period, production guidance for the full 2015 year was increased to 285,000 ounces of gold and 2,300,000 ounces of silver.

Safety performance continued to be outstanding with a LTIFR of 0.31; which compares very favourably with our world peers. Safety, security and general wellbeing of our employees and contractors is a priority for the Company. It is also very pleasing to note that, International Mining Industry Underwriters Limited (“IMIU”), in their recent underwriting report to insurers has classified Martabe Mine as Low risk category in their Insurability Matrix. The IMIU Insurability Matrix classifies mines into High risk, Moderate risk and Low risk after combining percentage of risk reduction adopted and IMIU risk exposure number.

Costs of production were very much under control and contained. The Martabe mine is very cost competitive by world standards due to its good scale, relatively high grades, open pit setting and access to nearby infrastructure in North Sumatra. All-in-Sustaining Costs (“AISC”), according to the World Gold Council standards, were a very low USD520/ounce of gold sold for the six months period.

The management team has continued to deliver on cost reduction via the Martabe Improvement Programme – a site wide programme with multiple ongoing individual projects aimed at increasing volumes and reducing costs and continuing to improve Martabe’s already excellent world competitive position.

Capital expenditure for the six months was USD22.2 million – and this was mainly continuing to raise the Tailings Storage Facility (“TSF”). Over time, the TSF annual capital spend is likely to lessen as the TSF wall is raised enabling greater volumes of tailings to be stored per extra metre of wall height.

Expenditure on exploration in and around the Purnama Pit and other nearby orebodies and in the region was USD3.1 million for the six months: this was under budget. Some excellent results from exploration drilling were achieved which continues to provide confidence that

Resources and Reserves will continue to increase and further extend the life of the Martabe Mine well into the future. At the end of June, six drill rigs were deployed in and around the existing deposits and on the 1,639 km<sup>2</sup> Contract of Work exploration area – targeting further gold and silver plus gold/copper discoveries.

The Company has a strong record of attaining and sustaining its “social licence” with the nearby communities and regional Governments. At Martabe, the Company maintains an active suite of programmes partnering with the communities on health and hygiene, training and education, agricultural advancement, environmental protection, infrastructure development, religious and cultural advancement and local business enterprise encouragement. G-Resources is proud of its achievements in this area and in May this year, published its first stand-alone Annual Sustainability Report.

During these past six years, we are indeed fortunate to have developed internal organisational strength with Mr. Xiao Ma as Deputy CEO of the Company, Mr. Tim Duffy as President Director of PTAR, the Indonesian operating subsidiary, and Ms. Linda Siahaan, Deputy President Director of PTAR. This senior team plus the Indonesian operating and administration teams will continue to manage and drive the Company’s superb operating performance at the Martabe Mine.

This strong operating and financial performance in these six months has been against the backdrop of weakening gold and silver prices. Gold averaged USD1,207/oz for the first six months of 2015 versus USD1,284/oz for the comparable period in 2014. At the end of July 2015, it continued its downtrend to under USD1,100/oz.

The Board has been very focused on what we can control to find opportunities to generate returns to our shareholders. Besides the volatile gold price, there are many uncertainties in global economics, whether the United States, Europe, China, or the developing countries. In light of the recent market environment, the Board sees the necessity to broaden the revenue base of the Group and has adopted a diversifying strategy.

In the last six months, we have invested approximately USD76.6 million in our Principal Investment Business. We have also commenced a Money Lending Business through our wholly-owned subsidiary, Global Access Development Limited (“Global Access”). Global Access is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

We have seen some preliminary achievements in our new businesses and will continue to execute our diversifying strategy diligently.

Finally, on behalf of the Board of Directors, I would like to thank our employees and contractors for their contribution to the Company’s excellent performance in the first half of 2015. And of course, we want to thank our shareholders for their continuing support for the Company.

I also wish to take this opportunity to thank our outgoing Chief Executive Officer, Mr. Peter Geoffrey Albert, for his various contribution in the past few years and wish him all the best in his future endeavors.

**G-Resources Group Limited**

**Chiu Tao**

*Chairman and Acting Chief Executive Officer*

Hong Kong, 18 August 2015

## GROUP RESULTS

The Board of Directors (the “Board”) of G-Resources Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the six months ended 30 June 2014.

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

		For the six months ended	
		30 June	30 June
		2015	2014
	NOTES	USD'000	USD'000
		(Unaudited)	(Unaudited)
Revenue	4	213,689	191,433
Cost of sales		(137,190)	(134,248)
Gross profit		<u>76,499</u>	<u>57,185</u>
Other income		1,538	5,409
Administrative expenses		(20,227)	(17,180)
Fair value changes of held for trading investments		865	3,841
Finance cost		(1,094)	(854)
Profit before taxation		<u>57,581</u>	<u>48,401</u>
Taxation	5	(18,435)	(14,144)
Profit for the period	6	<u><u>39,146</u></u>	<u><u>34,257</u></u>
Profit for the period attributable to:			
Owners of the Company		37,758	33,475
Non-controlling interests		1,388	782
		<u><u>39,146</u></u>	<u><u>34,257</u></u>
Earnings per share			
– Basic and diluted (US cent)	8	<u><u>0.14</u></u>	<u><u>0.13</u></u>

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	<b>For the six months ended</b>	
	<b>30 June</b>	30 June
	<b>2015</b>	2014
	<b>USD'000</b>	USD'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period	<b>39,146</b>	34,257
Other comprehensive income/(expenses):		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	<b>236</b>	83
	<u><b>236</b></u>	<u>83</u>
Items that may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on:		
Available-for-sale investments	<b>2,868</b>	2,105
Hedging instruments designated in cash flow hedges	<b>510</b>	(694)
	<u><b>3,378</b></u>	<u>1,411</u>
Other comprehensive income for the period	<u><b>3,614</b></u>	<u>1,494</u>
Total comprehensive income for the period	<u><b>42,760</b></u>	<u>35,751</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	<b>41,346</b>	35,004
Non-controlling interests	<b>1,414</b>	747
	<u><b>42,760</b></u>	<u>35,751</u>

# Condensed Consolidated Statement of Financial Position

At 30 June 2015

	NOTES	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	755,572	805,807
Exploration and evaluation assets		22,392	19,292
Available-for-sale investments	10	142,024	39,039
Other receivable	11	21,233	29,438
Inventories		8,841	7,780
		<u>950,062</u>	<u>901,356</u>
<b>CURRENT ASSETS</b>			
Inventories		45,518	47,685
Trade and other receivables	11	34,065	17,890
Held for trading investments		30,527	29,216
Available-for-sale investments	10	-	39,419
Pledged bank deposits		1,543	1,543
Bank balances and cash		286,899	260,750
		<u>398,552</u>	<u>396,503</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	24,567	28,161
Derivative financial liabilities		572	1,082
Dividend payable	7	16,402	-
Tax payable		24,827	15,559
		<u>66,368</u>	<u>44,802</u>
<b>NET CURRENT ASSETS</b>		<u>332,184</u>	<u>351,701</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,282,246</u>	<u>1,253,057</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	12	4,592	3,925
Deferred tax liabilities		35,093	33,982
Provision for mine rehabilitation cost		19,566	18,472
		<u>59,251</u>	<u>56,379</u>
		<u>1,222,995</u>	<u>1,196,678</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	34,150	34,150
Reserves		1,166,119	1,141,216
Equity attributable to owners of the Company		<u>1,200,269</u>	<u>1,175,366</u>
Non-controlling interests		22,726	21,312
<b>TOTAL EQUITY</b>		<u>1,222,995</u>	<u>1,196,678</u>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	For the six months ended	
	30 June 2015 USD'000 (Unaudited)	30 June 2014 USD'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	57,581	48,401
Adjustments for:		
Interest income	(3,369)	(2,584)
Amortisation and depreciation	71,582	63,252
Unvested share options lapsed	(41)	-
Fair value changes of held for trading investments	(865)	(3,841)
Provision for impairment of inventories	448	2,346
Loss on disposal of property, plant and equipment	157	-
Gain on disposal of available-for-sale investments	(8)	-
Finance cost	1,094	854
Operating cash flows before movements in working capital	126,579	108,428
Decrease/(increase) in inventories	756	(4,377)
Decrease/(increase) in other receivable (non-current portion)	8,205	(8,374)
(Increase)/decrease in trade and other receivables	(16,175)	44,523
Increase in held for trading investments	(442)	-
Decrease in trade and other payables	(2,893)	(985)
<b>Cash generated from operations</b>	<b>116,030</b>	<b>139,215</b>
Income taxes paid	(8,056)	(4,034)
<b>Net cash from Operating Activities</b>	<b>107,974</b>	<b>135,181</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(22,276)	(38,845)
Additions of exploration and evaluation assets	(3,100)	(708)
Proceeds from disposal of property, plant and equipment	676	-
Purchase of available-for-sale investments	(76,649)	(30,000)
Proceed from disposal of available-for-sale investments	17,308	-
Interest received	2,427	1,525
Increase in pledged bank deposits	-	(2)
<b>Net cash used in Investing Activities</b>	<b>(81,614)</b>	<b>(68,030)</b>
<b>Net increase in cash and cash equivalents</b>	<b>26,360</b>	<b>67,151</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>260,750</b>	<b>200,575</b>
<b>Effect of foreign exchange rate changes</b>	<b>(211)</b>	<b>54</b>
<b>Cash and cash equivalents at end of the period, represented by Bank Balances and Cash</b>	<b>286,899</b>	<b>267,780</b>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

## 2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical basis, except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014. In addition, the Group has applied the following accounting policy for available-for-sale financial assets recognised during the current interim period:

Equity securities held by the Group that are classified as available-for-sale financial assets are measured at fair value at the end of each reporting period. When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above new amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 3. 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.

The Group has three (the six months ended 30 June 2014: two) operating business units which represent three (the six months ended 30 June 2014: two) operating segments, namely, principal investment business, money lending business and mining business (the six months ended 30 June 2014: securities trading and mining business). In late 2014, the

Group is actively engaged in investment and securities trading. The interest income and dividend income earned from financial products are presented as segment revenue under principal investment business segment. Money lending business is newly commenced during six months ended 30 June 2015.

**(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 30 June 2015 (Unaudited)**

	Principal investment business USD'000	Money lending business USD'000	Mining business USD'000	Total USD'000
Sale of gold and silver	-	-	210,996	210,996
Interest income from financial products	2,632	-	-	2,632
Interest income from money lending business	-	61	-	61
Segment revenue	<u>2,632</u>	<u>61</u>	<u>210,996</u>	<u>213,689</u>
Segment results	<u>5,211</u>	<u>61</u>	<u>55,539</u>	60,811
Unallocated corporate expenses				(3,230)
Profit before taxation				<u>57,581</u>

**For the six months ended 30 June 2014 (Unaudited)**

	Principal investment business USD'000	Mining business USD'000	Total USD'000
Segment revenue – sale of gold and silver	<u>-</u>	<u>191,433</u>	<u>191,433</u>
Segment results	<u>5,591</u>	<u>45,409</u>	51,000
Unallocated corporate expenses			(2,808)
Unallocated income			209
Profit before taxation			<u>48,401</u>

**(b) Segment assets and liabilities**

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

**At 30 June 2015 (Unaudited)**

	Principal investment business USD'000	Money lending business USD'000	Mining business USD'000	Total USD'000
<b>ASSETS</b>				
Segment assets	<u>395,363</u>	<u>18,340</u>	<u>918,138</u>	1,331,841
Unallocated corporate assets				16,773
Total assets				<u>1,348,614</u>
<b>LIABILITIES</b>				
Segment liabilities	<u>3</u>	<u>336</u>	<u>107,736</u>	108,075
Unallocated corporate liabilities				17,544
Total liabilities				<u>125,619</u>

**At 31 December 2014 (Audited)**

	Principal investment business USD'000	Mining business USD'000	Total USD'000
<b>ASSETS</b>			
Segment assets	328,219	969,139	1,297,358
Unallocated corporate assets			501
Total assets			<u>1,297,859</u>
<b>LIABILITIES</b>			
Segment liabilities	3	99,710	99,713
Unallocated corporate liabilities			1,468
Total liabilities			<u>101,181</u>

#### 4. Revenue

Revenue represents revenue arising on sale of gold and silver and interest income from financial products and money lending business for the period.

	For the six months ended	
	30 June 2015 USD'000 (Unaudited)	30 June 2014 USD'000 (Unaudited)
Gold	189,451	174,135
Silver	21,545	17,298
Interest income from financial products	2,632	-
Interest income from money lending business	61	-
	<u>213,689</u>	<u>191,433</u>

#### 5. Taxation

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. 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%.

	For the six months ended	
	30 June 2015 USD'000 (Unaudited)	30 June 2014 USD'000 (Unaudited)
Current tax		
Hong Kong	22	-
Indonesia	17,302	2,002
	<u>17,324</u>	<u>2,002</u>
Deferred taxation	1,111	12,142
Taxation for the period	<u>18,435</u>	<u>14,144</u>

## 6. Profit for the Period

	<b>For the six months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>USD'000</b>	<b>USD'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period has been arrived at after charging/(crediting):		
Amortisation and depreciation of property, plant and equipment, included in		
– Cost of sales	<b>68,006</b>	59,981
– Administrative expenses	<b>3,576</b>	3,271
Royalties expense	<b>1,206</b>	1,024
Other taxes	<b>1,140</b>	1,636
Provision for impairment of inventories	<b>448</b>	2,346
Exchange loss/(gain), net	<b>2,429</b>	(2,796)
Interest income	<b>(3,369)</b>	<b>(2,584)</b>

## 7. Dividend

During the current interim period, a final dividend of HK0.48 cents per share in respect of the year ended 31 December 2014 was declared to be payable to the owners of the Company. The amount of the final dividend declared to be payable in the current interim period amounted to approximately USD16,402,000 (equivalent to approximately HKD127,000,000). Scrip dividend elections were offered to all shareholders.

## 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:

	<b>For the six months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>USD'000</b>	<b>USD'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period attributable to owners of the Company, for the purposes of basic and diluted earnings per share	<b>37,758</b>	<b>33,475</b>
	<b>Number of shares</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<b>26,490,076,130</b>	<b>26,490,076,130</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 30 June 2015 and 30 June 2014.

## 9. Movement in Property, Plant and Equipment

During the period, the Group increased its property, plant and equipment by approximately USD22,242,000 (the six months ended 30 June 2014: USD29,616,000), of which USD4,957,000 (the six months ended 30 June 2014: USD9,467,000), USD17,282,000 (the six months ended 30 June 2014: USD20,140,000) and USD3,000 (the six months ended 30 June 2014: USD9,000) were attributable to additions of the mining properties, construction in progress for the construction of Martabe Gold Mine and furniture, fixtures and equipment respectively.

## 10. Available-For-Sale Investments

	<b>30 June 2015 USD'000 (Unaudited)</b>	31 December 2014 USD'000 (Audited)
Listed debt securities, at fair value		
Senior Notes Due 2015 (Notes a, d)	-	9,300
Senior Notes Due 2021 (Notes b, d)	<b>32,487</b>	31,608
Senior Notes Due 2020 (Notes c, d)	<b>22,879</b>	-
Unlisted securities		
Managed investment funds (Note e)	<b>47,104</b>	37,550
Other security investments (Note f)	<b>39,554</b>	-
	<b>142,024</b>	78,458
Less: Available-for-sale investments classified as non-current assets	<b>(142,024)</b>	(39,039)
Available-for-sale investments classified as current assets	<b>-</b>	<b>39,419</b>

### Notes:

- (a) The balance 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 Hong Kong Stock Exchange with maturity date of 18 May 2015 (the "Senior Notes Due 2015"). These notes were listed on the Singapore Exchange Securities Trading Limited, carried 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. During the year end 31 December 2014, prior to the maturity, the issuer of the Senior Note Due 2015 offered repurchase of Senior Note Due 2015, it was accepted by the Group and was confirmed by the issuer. The cumulative loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss and an impairment loss amounting to USD626,000 (the six months ended 30 June 2015: nil) was recognised in the profit or loss.
- (b) The balance represents the Group's investment in senior notes with principal amount of USD30,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange with maturity date of 22 January 2021 (the "Senior Notes Due 2021"). These notes are listed on the Singapore Exchange Securities Trading Limited, carry interest at a fixed rate of 8.125% per annum, payable semi-annually in arrears on 22 January and 22 July of each year, commencing on 22 July 2014.
- (c) During the period, the Group acquired senior notes with principal amount of USD30,000,000 issued by a company with its shares listed on the Hong Kong Stock Exchange with maturity date of 17 February 2020 (the "Senior Notes Due 2020"). These notes are listed on the Singapore Exchange Securities Trading Limited, carry interest at a fixed rate of 12% per annum, payable semi-annually in arrears on 17 February and 17 August of each year, commencing on 17 August 2015. During the period, the Group disposed of 8,000,000 units and realised gain of USD8,000 is recognised.
- (d) The Senior Notes Due 2015, Senior Notes Due 2021 and Senior Notes Due 2020 were measured at fair value. In the absence of quoted market price in an active market, the fair value measurements are derived from valuation

techniques using the discounted cash flow model and the Hull-White term structure model that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). During the six months ended 30 June 2015, an increase in fair value of USD815,000 (the six months ended 30 June 2014: increased in fair value of USD2,105,000) was recognised in the investment revaluation reserve.

- (e) The Group held three unlisted investment funds which are managed by financial institutions investing real estate properties, financial products and unlisted equity investments with aggregate carrying value of USD47,104,000. The financial products include listed equity shares, straight bonds, convertible bonds, REITs, business trusts and derivatives. The fair value of the real estate properties is determined by the market transaction prices of similar properties of the relevant locations. The underlying financial products and unlisted equity investments are valued at quoted market prices in the open market or observable prices of comparable investments, or measured using valuation techniques in which significant input is based on observable market data. During the period ended 30 June 2015, an increase in fair value of USD2,053,000 is charged to the other comprehensive income.
- (f) The other security investment of the Group include an investment with carrying value of USD5,000,000, which was stated at fair value as at 30 June 2015. In the absence of quoted market price in an active market, the fair value measurement is determined by the financial institution using valuation techniques including earnings multiples (based on the budget earnings or historical earnings of the issuer and earnings multiples of comparable listed companies) and discounted cash flows. The valuation may be adjusted for factors such as non-maintainable earnings, tax risk, growth stage and cash traps as deemed necessary by the financial institution.

The remaining investments with an aggregate carrying value of USD34,554,000 represent six other security investments which were stated at cost less impairment as the range of reasonable fair value estimates are so significant that the directors are of the opinion that the fair value cannot be measured reliably. As at 30 June 2015, three out of these six other security investments accounted for 92% (the six months ended 30 June 2014: Nil) of the aggregate carrying value, which the investment portfolio are focused in unlisted equity investments in information technology companies on consumer business and finance industry.

## 11. Trade and Other Receivables

	<b>30 June 2015 USD'000 (Unaudited)</b>	31 December 2014 USD'000 (Audited)
Trade receivables (Note a)	<b>13,302</b>	-
Other receivables, net of allowance (Note b)	<b>41,996</b>	47,328
Less: Other receivable classified as non-current assets (Note b)	<b>(21,233)</b>	(29,438)
Trade and other receivables classified as current assets (Note c)	<b>34,065</b>	17,890

Notes:

- (a) The Group allows a credit period of less than two weeks for its trade customers. The following is an ageing analysis of trade receivables at the end of the reporting periods which is determined based on the invoice date:

	<b>30 June 2015 USD'000 (Unaudited)</b>	31 December 2014 USD'000 (Audited)
0-14 days	<b>13,302</b>	-

- (b) As at 31 December 2014, USD29,438,000 (30 June 2015: USD21,233,000) and USD5,495,000 (30 June 2015: nil) of value added tax ("VAT") paid by an Indonesian subsidiary of the Group, were classified as other receivables non-current portion and current portion respectively based on their expected refund 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 2014, USD5,495,000 was classified as current portion as the Indonesian subsidiary received the refund in February 2015.
- (c) An amount of USD3,875,000 (31 December 2014: USD3,875,000), 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.

An amount of USD6,450,000 (31 December 2014: nil) is a fixed-rate loans receivable.

## 12. Trade and Other Payables

	<b>30 June 2015 USD'000 (Unaudited)</b>	31 December 2014 USD'000 (Audited)
Trade payables (Note a)	<b>3,001</b>	1,826
Other payables (Note b)	<b>26,158</b>	30,260
Trade and other payables	<b>29,159</b>	32,086
Less: Other payables classified as non-current liabilities	<b>(4,592)</b>	(3,925)
Trade and other payables classified as current liabilities	<b>24,567</b>	28,161

Notes:

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

	<b>30 June 2015 USD'000 (Unaudited)</b>	31 December 2014 USD'000 (Audited)
0-60 days	<b>2,251</b>	1,299
61-90 days	<b>353</b>	71
> 90 days	<b>397</b>	456
	<b>3,001</b>	1,826

- (b) Included in other payables are USD22,795,000 (31 December 2014: USD19,177,000) and USD2,637,000 (31 December 2014: USD9,588,000) 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.

## 13. Share Capital

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2014 (Audited), 31 December 2014 (Audited) and 30 June 2015 (Unaudited)	<u>60,000,000,000</u>	<u>76,923</u>
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2014 (Audited), 31 December 2014 (Audited) and 30 June 2015 (Unaudited)	<u>26,490,076,130</u>	<u>34,150</u>

## 14. Capital Commitments

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

	At 30 June 2015 USD'000 (Unaudited)	At 31 December 2014 USD'000 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	<u>1,242</u>	<u>796</u>
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	<u>47,682</u>	<u>64,423</u>

## 15. Litigation

On 10 April 2015, a civil suit has been lodged in the Central Jakarta District Court in which the plaintiff has claimed that he is a descendant and inheritor of King Datu Nalnai Pasaribu's land covering 1 million hectares in Sumatra, Indonesia. The Company's subsidiary PTAR is a defendant including Indonesia's Ministry of Forestry, Ministry of Energy and Mineral Resources, Ministry of Finance. The plaintiff has claimed damages and compensation from the defendants and to hand over the disputed land to the plaintiff. The Company management has obtained legal advice on this matter. The advice is that PTAR has sufficient legal grounds to challenge the claim and request the court to dismiss the case on the basis that the plaintiff has insufficient legal basis for the claim.

## 16. Events after the Reporting Period

On 11 August 2015, the Group entered into a sale and purchase agreement with an independent third party in relation to the acquisition of the entire issued share capital in Supreme Racer Limited, a company incorporated in the British Virgin Islands, at a consideration of HKD780 million (equivalent to approximately USD101 million). The assets to be acquired in this acquisition are three properties and several car parks located in Hong Kong.

Completion of the proposed acquisition is subject to the fulfillment of a number of conditions precedent as stated in the sale and purchase agreement. As at the date of approval for the issuance of the condensed consolidated financial statements, the conditions have not been satisfied. Details of the acquisition and the condition precedent are set out in the announcement of the Company dated 11 August 2015.



## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (no interim dividend for 2014).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operational Review

#### A. Martabe Gold Mine

Mining and Milling statistics are as follows:

	For the six months ended	
	30 June 2015	30 June 2014
Tonnes Mined Ore	<b>2,202,000</b>	2,948,000
Tonnes Mined Waste	<b>4,275,000</b>	4,252,000
Tonnes Milled	<b>2,056,000</b>	1,816,000
Gold Head Grade, g/t	<b>2.89</b>	2.76
Silver Head Grade, g/t	<b>29.2</b>	25.7
Gold Recovery, %	<b>82.5</b>	83.3
Silver Recovery, %	<b>66.5</b>	69.8
Gold Poured, ounces	<b>156,316</b>	134,937
Silver Poured, ounces	<b>1,288,553</b>	1,046,535

#### Mining

The mining team continues to perform very well. For cost control purposes and alignment of materials mined with tonnes milled there was a reduction in the mining fleet in the current 6 month period ended 30 June 2015. Therefore, there was a decrease of total material mined of 6.5 million tonnes as compared to the corresponding period in 2014 of 7.2 million tonnes. With an improvement in the efficiency of the mining fleet, there was approximately 16% increase in materials mined than budget. The majority of the additional materials, being waste, were used to complete the TSF buttress supporting an ultimate RL360 crest elevation and ensuring a profile with an improved factor of safety on the western side. The crest of the TSF will be completed to RL330 by year end on target for tails containment and the rate of rise.

Ore mined was on budget matching the process throughput and maintaining the ROM stockpiles. Actual ore mined was 2.2 million tonnes (2014: 2.9 million tonnes).

The pit has progressed with an even profile from north to south, the elevations being RL380m to RL410m respectively, including a new central water management sump and

extensions of the main northern. A new southern haulage was constructed to enable pit access from either end.

Ore delivery direct to the crusher has increased from 30% to in excess of 50% reducing stockpile rehandling costs, and placing a greater emphasis on in pit blending for smoothing of grade and hardness.

At 30 June 2015, the stockpiles for ROM were 122,000 tonnes and remote combined low grade and mineralized waste were 2,556,000 tonnes. The reconciliation of ore mined/milled to ore reserve remains positive for the six months period ended 30 June 2015, and supports the current reserve upgrade drilling program with RC infill in high variability zones for a greater data density.

### Processing

The process plant continued to improve for the first six months of 2015 with 2.1 million tonnes milled (2014: 1.8 million tonnes) at an average throughput rate of 525 tonnes per hour. Improvements to SAG mill operating strategy has enabled the mill to operate in cascade mode within some boundary conditions. A supervisory control system will be installed by the last quarter of 2015 that will provide further optimization to milling performance. Treatment of the "Very Hard" ore component of the pit remains an issue and a hindrance to achieving name-plate throughput rates. The Maintenance department continue to identify and re-design areas of high wear to further improve mill availability.

The last half of 2014 saw higher cyanide soluble copper values in the ore that presented initial issues with a high cyanide consumption and a lower precious metal recovery. During 2015, the copper level continued to increase and strategies were put in place to mitigate the impact.

A Geology-Mining-Processing collaboration was established with the objective of better identifying and communicating the existence of high copper zones, put in blending strategies and report back on actual mill performance. A cyanide dosing philosophy was also established during the first quarter of 2015 utilising existing equipment. This provides early recognition of high cyanide consumers and automatically adjusts cyanide addition. The first 6 months of 2015 have been subjected to high copper but managed to maintain at or above recovery predictions while optimizing cyanide consumption.

## **B. Principal Investment Business**

With the volatility of commodities prices and the global investment environment in 2014, the Group in late 2014 announced adopting a strategy to expand its business to include a Principal Investment Business. The goal of which is to identify investment opportunities and to invest in different industries, including mining, to provide better risk weighted return and capital value to the Group.

An Investment Management Committee (“IC”) has been established with the responsibilities for this Principal Investment Business. The IC identifies, reviews and considers for approval different investment opportunities taking into account the Group’s liquidity requirements, risk to capital and reasonable returns on investment with the risk taken.

During the period, the Group, as part of its Principal Investment Business, invested about USD76.6 million in listed and unlisted financial assets such as shares, bonds, other security investments and managed investment funds. The Group recorded realised and unrealised gain of USD3.7 million and interest income of USD2.6 million from the financial assets held by the Group. As at 30 June 2015, the Group was holding approximately USD172.6 million non-cash financial assets.

	<b>30 June 2015</b>	31 December 2014
	<b>USD’000</b>	USD’000
Listed shares	<b>30,527</b>	29,216
Listed bonds	<b>55,366</b>	40,908
Unlisted managed investment funds	<b>47,104</b>	37,550
Unlisted other security investments	<b>39,554</b>	-
Total	<b>172,551</b>	107,674

### **C. Money Lending Business**

During the period, a Group’s wholly-owned subsidiary received a money lending license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). As at 30 June 2015, the fixed-rate loans receivable was USD6.5 million.

## Business Review and Results

Below is a summary of the financial information:

PROFIT OR LOSS	For the six months ended	
	30 June 2015 USD'000	30 June 2014 USD'000
Revenue	213,689	191,433
Cost of sales	(137,190)	(134,248)
Gross profit	76,499	57,185
EBITDA	130,257	112,507
Profit before taxation	57,581	48,401
Taxation	(18,435)	(14,144)
Profit for the period	39,146	34,257
Gold sold (ounces)	156,946	135,665
Silver sold (ounces)	1,308,951	879,643
Average gold price achieved (USD)	1,207	1,284
Average silver price achieved (USD)	16.4	19.7
Mine site production costs	57,610	66,618
Staff costs	6,425	7,318
Refining and bullion transportation costs	1,992	1,677
Inventory movement	3,157	(1,346)
	<u>69,184</u>	<u>74,267</u>
Depreciation	68,006	59,981
<b>Total cost of sales</b>	<b><u>137,190</u></b>	<b><u>134,248</u></b>
Royalties	1,206	1,024
Other taxes	1,140	1,636

For the six months ended 30 June 2015, the Group continued its strong operational and financial performances and achieved a net profit after tax of USD39.1 million (the six months ended 30 June 2014: USD34.3 million).

Revenue generated for the six months ended 30 June 2015 was USD213.7 million from the sale of 156,946 ounces of gold and 1,308,951 ounces of silver at an average selling spot price of USD1,207 per ounce of gold and USD16.4 per ounce of silver. For the previous six months (the six months ended 30 June 2014), revenue was USD191.4 million from the sale of 135,665 ounces of gold and 879,643 ounces of silver at an average selling spot price of USD1,284 per ounce of gold and USD19.7 per ounce of silver.

The Group's gross profit margin was 35.8% with a gross profit of USD76.5 million as compared to the six months ended 30 June 2014, being 29.9% and USD57.2 million respectively. The gross profit margin increased as compared to the previous six months mainly due to higher gold and silver sales and tonnes milled despite the average gold and silver price decreased. In addition, the cost of sales has only increased by USD2.9 million to USD137.1 million as compared to the previous six months of USD134.2 million.

The all-in sustaining costs ("AISC") for the six months ended June 2015 was USD520 per ounce of gold sold resulting in a reduction of 25.2% from the previous six months ended 30 June 2014 of USD695 per ounce of gold sold. The good cost results are a result of strong project fundamentals including favourable energy costs, the Company's focus on the MIP seeking to improve on ounces recovered and to reduce costs so as to increase the margin per ounce of gold produced and also some specific deferrals of expenditure during the six months period, such as exploration as the geology group undertook a complete top to bottom review of the current knowledge base and considered the programme and strategy going forward.

	<b>(Six Months) January – June 2015 USD</b>	(Six Months) January – June 2014 USD
AISC per ounce sold <sup>1</sup>	<b>520</b>	695

FINANCIAL POSITION	<b>30 June 2015 USD'000</b>	31 December 2014 USD'000
Current Assets		
Bank balances and cash	<b>286,899</b>	260,750
Held for trading investments	<b>30,527</b>	29,216
Available-for-sale investments	-	39,419
Inventories	<b>45,518</b>	47,685
Others	<b>35,608</b>	19,433
Non-current Assets		
Available-for-sale investments	<b>142,024</b>	39,039
Others	<b>808,038</b>	862,317
Total Assets	<b>1,348,614</b>	1,297,859
Other Liabilities	<b>(125,619)</b>	(101,181)
Net Assets	<b>1,222,995</b>	1,196,678

<sup>1</sup>AISC is a non-GAAP financial performance measures and is intended to provide additional information only. It does not have any standardised definitions under HKAS and HKFRS, it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with HKAS and HKFRS. Although the World Gold Council has published a standardised definition, other companies may calculate these measures differently.

Total assets were USD1,348.6 million (31 December 2014: USD1,297.9 million) an increase of USD50.7 million which was contributed by the profit from operations. Non-current assets were USD950.1 million (31 December 2014: USD901.4 million) an increase of USD48.7 million as the Group invested USD22.2 million in property, plant and equipment, USD76.6 million in available-for-sale investments, these increases offset by amortisation and depreciation charge of USD71.6 million, repurchase of available-for-sale investment by issuer of USD9.3 million and the remaining reclassification of available-for-sale investment from non-current assets to current assets of USD30.1 million. Current assets were USD398.6 million (31 December 2014: USD396.5 million) an increase of USD2.1 million mainly due to an increase in cash of USD26.1 million.

## Net Asset Value

As at 30 June 2015, the Group's total net assets amounted to approximately USD1,223.0 million, representing an increase of USD26.3 million as compared to approximately USD1,196.7 million as at 31 December 2014. The increase in net assets was mainly due to the profit for the period of USD39.1 million and set off by the final dividend for the year ended 31 December 2014 of USD16.4 million.

## Cash Flow, Liquidity and Financial Resources

### CASH FLOW SUMMARY

	<b>For the six months ended</b>	
	<b>30 June 2015</b>	30 June 2014
	<b>USD'000</b>	USD'000
Net cash from Operating Activities	<b>107,974</b>	135,181
Net cash used in Investing Activities	<b>(81,614)</b>	(68,030)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	<b>26,360</b>	67,151
Cash and cash equivalents at the beginning of the period	<b>260,750</b>	200,575
Effect of foreign exchange rate changes	<b>(211)</b>	54
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	<b>286,899</b>	267,780

The Group's cash balance at the end of June 2015 was USD286.9 million (31 December 2014: USD267.8 million). The Group generated net cash inflows from operating activities for the six months ended 30 June 2015 of USD108.0 million, mainly from the sale of gold and silver in the period. Cash used in investing activities was USD81.6 million as USD76.6 million was invested in available-for-sale investment, USD22.2 million for property, plant and equipment (which included USD3.5 million in near mine exploration and evaluation) and USD3.1 million for regional exploration, which was offset by USD17.3 million from disposal

of available-for-sale investments.

## **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.

In 2014, the Group entered into foreign currency forward contracts to sell USD and purchase IDR at a fixed rate in the normal course of business in order to limit its exposure to adverse fluctuations in currency exchange rates. Management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

## **Business Outlook**

### Martabe Gold Mine

Spot gold and silver prices in 2015 continued to be volatile and fluctuated between USD1,081 to USD1,252 per ounce of gold and USD14.49 to USD17.10 per ounce of silver. At the time of writing, spot gold and silver at near the lows in 2015 and were USD1,119 per ounce and USD15.23 per ounce respectively. Whilst the Company does not forecast or provide guidance on metal prices, a conservative approach has been taken with respect to internal budgeting.

The production guidance for calendar year 2015 is 285,000 ounces of gold and 2.3 million ounces of silver at an anticipated AISC between USD600 and USD700 per ounce of gold sold. The Group will closely monitor costs 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 programmes at Martabe.

### Principal Investment Business

The Company will continue to evaluate suitable investments with a view to increase short and long term returns. As at 30 June 2015, the Principal Investment Business of the Group was holding approximately USD173 million of investments. The investments include Hong Kong listed equity securities, senior note, unlisted investments funds investing in real estate properties, financial products and other security investments in information technology companies on consumer business and finance industry in China.

On 11 August 2015, the Group entered into a Sale and Purchase Agreement (“SPA”) to purchase 100% of Supreme Racer for approximately USD101 million. Following completion of the SPA, Supreme Racer’s main assets will be three office units located in Wanchai, Hong Kong with an aggregate gross area of approximately 46,477 square feet and an aggregate saleable area of approximately 34,857 square feet.

### Money Lending Business

The Company will continue to expand its activities in money lending and will continue to balance between returns on interest rates and appropriate risks. At the time of writing, the Group advanced approximately USD26 million to various borrowers and received approximately USD6 million repayment.

### Financial Services

On 7 August 2015, the Group announced that it intends to extend the scope of its existing principal activities to include the provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, provision of margin financing, investment advisory and management services.

Hong Kong is the leading financial centre in Asia. With the Shanghai-Hong Kong Stock Connect programme launched in November 2014, as well as the upcoming Shenzhen-Hong Kong Stock Connect programme, the Board believes that there will be many business opportunities in the financial services sector.

The extension of the Group’s scope of principal activities to include a wide range of financial services is to diversify its business scope with a view to broaden the Group’s revenue base and to achieve better returns to the Company.

### **Human Resources**

As at 30 June 2015, the Group had 21 employees in Hong Kong and 755 employees in Indonesia. 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 our employees.

According to the new share option scheme adopted by the Company on 18 June 2014, 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**

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.



## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has adopted the principles and complied with the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 30 June 2015, except for the deviation as set out below:

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing independent non-executive directors do not have a specific term of appointment but are subject to retirement by rotation and re-election at the annual general meeting under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Enquiry has been made of all directors, and the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2015.

## **AUDIT COMMITTEE**

The Audit Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members who were all independent non-executive directors of the Company for the six months ended 30 June 2015. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters. The interim report for the six months ended 30 June 2015 has been reviewed by the Company’s Audit Committee and the Company’s auditors, Deloitte Touche Tohmatsu.

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

*Chairman and Acting Chief Executive Officer*

Hong Kong, 18 August 2015

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

- (i) Mr. Chiu Tao, Mr. Owen L Hegarty, Mr. Ma Xiao, Mr. Wah Wang Kei, Jackie and Mr. Hui Richard Rui as executive directors of the Company; and*
- (ii) Dr. Or Ching Fai, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.*

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*\* For identification purpose only*